

CITIZENS OF THE WORLD

AIR CANADA'S CORPORATE SUSTAINABILITY REPORT
2011



Best International Airline
in North America

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President's Message

Nearly every minute of every day, an Air Canada plane is taking off somewhere. This means that more than 1,300 times a day, in over 180 locations around the world, Air Canada is making an impact, on people, the environment, the economy and the broader community in which it operates. This presents the company and its employees with a unique opportunity to make a positive difference and it is our commitment to ensure we do so.

Our business strategy strives to balance economic, environmental and social considerations. It is quite simple; we believe that a company that considers environmental and social issues in its business decisions, will make better business decisions. It is the way forward for us to create a more robust enterprise that attracts and retains talented employees and delivers value to our shareholders.

Our commitment to conducting ourselves as a responsible corporate citizen is not new. Throughout our history there have been many examples of Air Canada giving back to the community, providing humanitarian relief and supporting its employees in their efforts to support causes dear to their hearts. The publication of a stand-alone report focused on our corporate sustainability initiatives, however, is new and I am proud to introduce our first Corporate Sustainability Report.



Our Mission: Connecting Canada and the World

The process of putting together our first report has been extremely instructive to us. It is both a source of pride, as we capture the many initiatives taking place in all corners of the organization in one place, and a source of inspiration as we gain insight into areas for improvement and new opportunities to make a difference.

We believe disclosure is an important tool to evaluate how we are managing the environmental and social factors in our business. We hope that the report will provide an opportunity for all of our stakeholders to better understand our commitment to sustainable business practices and for us to better understand the issues that matter to our stakeholders.

On that note, we invite your constructive feedback on this report at **sustainability.viabilite@aircanada.com** and look forward to building on the foundation of our first report in years to come. We have put in place more effective management processes to oversee our activities and enable us to report back to you in greater detail and depth in the future.

Thank you for your interest and your support as we strive to continue to be responsible *Citizens of the World*.

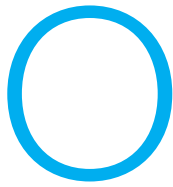
Calin Rovinescu

Contribution to the Canadian economy

According to a recent independent study for the National Airlines Council of Canada, the air transport industry directly generated \$6.5 billion of Canada's GDP in 2009. The total GDP impact of the industry is estimated at \$12 billion and once the aggregate economic impact is taken into account, the impact exceeds \$35 billion in GDP. Air Canada's own contribution is estimated at slightly more than 50 percent of all aviation activity in Canada, including that of foreign airlines operating here.



Introduction



Our first Corporate Sustainability Report is inspired by the best practices promoted by the Global Reporting Initiative (GRI). The GRI provides us with a helpful framework for disclosure and tools to manage and measure our sustainability initiatives.

We are committed to transparent reporting to our stakeholders and nurturing a culture of continuous improvement within our organization. We intend to move towards more detailed disclosure and closer alignment with the GRI in each future report.

We have organized this report, and our sustainability program, around four pillars; safety, the environment, employees and the broader community. Per the GRI guidelines, we have done so because we believe that these are the areas in which we have the greatest responsibility and opportunity. We also believe that these are the issues that matter most to our stakeholders. We look forward to exploring these issues with our stakeholders in the course of our engagement activities in the years ahead.

This report provides an overview of our work related to each of the four areas.



Safety



Safety is the foremost consideration in all that we do. The safety of our customers, of our employees and of those in communities where we fly is always our prime focus. Throughout its history Air Canada has been an innovator with respect to new safety technology and procedures and we are committed to remaining at the forefront of advances in safety.



Environment



Environmental factors are incorporated into our decision-making as we seek to reduce the footprint resulting from our operations. This entails reducing energy and emissions, noise and waste, choosing more sustainable options, educating employees and engaging those outside the company who can assist us in reaching our environmental goals.



Employees



We aim to create a healthy and rewarding work environment where everyone can excel and realize their full potential within the extremely competitive and complex business environment we work in. We recognize the contribution each employee makes to the success of our business and the critical role employees play in our sustainability initiatives. We seek to inspire, encourage and challenge our employees to be the best in all that they do.



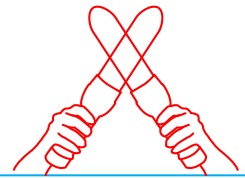
Broader community



We are committed to contributing to the communities in which we operate. We realize this commitment as a company and as individuals acting with support of the company. We seek to make a difference by using our core business offering, the ability to connect people, places and things, the care and dedication of our employees in terms of their time as well as offering financial support.



1) Safety





An Air Canada pilot performs his pre-flight walkaround.

Safety First and Last

Safety is the number one priority at Air Canada. It is our core value and the first pillar in our approach to sustainability.

For airlines, meticulous attention to safety training, policies, systems and programs is the industry standard. The nature of our business demands it. Many of our employees work in operations where the risk of serious injury is ever-present. As such, the focus on safety must influence everything we do as an organization. We strive to meet and exceed industry standards for safety.

Our safety strategy is anchored by two key principles:

1. We implement industry-leading safety and health systems to provide a solid foundation for a safe work environment.
2. We work to ensure our employees are emotionally engaged in safety issues in a way that actually changes behaviour. We ensure that along with training, our employees meet and interact with injury survivors, putting a human face on issues that too often seem regimented and arbitrary. We encourage our people to correct suboptimal conditions and behaviours wherever they encounter them, regardless of organizational hierarchies.

An emphasis on safety extends throughout our supply chain, and includes manufacturers, suppliers and distributors. It includes rigorous training for all maintenance providers including those located outside the USA, Canada and Europe. We conduct regular and meticulous audits throughout our operations, which are reviewed by senior management. For instance we hire external auditors to ensure all our caterers worldwide comply with strict food safety regulations and procedures.

With respect to cabin safety, we go above and beyond the safety infrastructure mandated by the industry and regulatory bodies. In so doing, we provide a layer of additional equipment and training to ensure each of our passengers arrives at their destination safely. We also follow a strict water management system to provide pure water to our aircraft.

Nowhere is Air Canada's focus on safety more readily apparent than in the cockpit. Our pilot selection and training process is one of the most rigorous and thorough in the industry. We are immensely proud of the calibre of our flight crews and the exemplary safety record that attests to their unwavering professionalism.



Safety in Practice

Pilot Screening and Advanced Qualification Program (AQP)

Our commitment to safety starts before pilot training begins. Our pilot selection process looks beyond textbook pilot proficiencies, and vets potential candidates on their psychological fitness to lead and problem-solve under pressure. This enhanced candidate screening ensures we begin training with individuals whose psychological profile is ideally suited to team dynamics and risk-reduction, and who exhibit a natural aptitude for performing in high-stress environments.

Once selected, our pilots begin the Advanced Qualification Program, an in-depth training regimen significantly more intensive than anything mandated by the industry or regulatory bodies. Unlike template-based pilot training programs, the Advanced Qualification Program uses advanced metrics to home in on each candidate's areas of strength and weakness, providing tailored instruction rather than a one-size-fits all approach. The Advanced Qualification Program doesn't focus on the candidates solely; it also raises the standard for "evaluators", ensuring more fair, objective and consistent evaluations across the board.

Safety Management Systems

Safety management systems (SMS) identify emerging areas of risk before they become larger problems, and provide a comprehensive snapshot of risk exposure and appropriate solutions. At Air Canada we analyze vast amounts of data from throughout the organization to identify risk areas and allocate resources to address issues proactively and strategically. This process of data mining, evaluation, and trend analysis is constant, and enables us to better understand areas of potential risk, and how best to address them at the root level.

Enhanced In-Cabin Safety

A safe travel environment for all our passengers is a critical aspect of our daily operations, but our commitment to passenger safety doesn't stop there. We prepare for the unexpected, including a range of training and specialized equipment to deal with in-flight medical emergencies. Air Canada cabin crew are trained to provide lifesaving procedures over and above those mandated by aviation authorities, and have access to advanced equipment such as onboard defibrillators while in flight.

Air Canada crews also have access to expert medical advice. In partnership with the University of Pittsburgh Medical Centre, Air Canada flights are equipped with STAT MD Communications, ensuring real-time medical consultation while in transit.

IATA Operational Safety Audit (IOSA)

The IOSA is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline. Air Canada successfully passed its 2010 IATA Audit with an exemplary report of, "no findings, no observations." With over 900 standards to be met using a structured audit methodology, including standardized checklists, "no findings, no observations" is a remarkable testament to our meticulous approach to safety.

The IATA Operational Safety Audit occurs every two years. The results of the 2012 audit will be part of our next sustainability report.



Case Studies of Injury: The Air Canada Corporate Safety Symposiums



Our focus on affecting real behavioural and emotional change demands that our employees truly understand the human component of workplace safety. To achieve this, we invite injured workers from a variety of industries to share their stories with our employees. These accounts are a powerful tool in fostering a culture where the importance of safe working procedures is truly respected.

In 2011, hundreds of our employees took part in the Air Canada Corporate Safety Symposiums with keynote speaker Charlie Morecraft. Charlie has over 15 years experience with Exxon Corporation and is a world-renowned speaker on the subject of safety. His firsthand account of workplace injury captivated our employees, and cut through the clutter of workplace safety clichés. Real-life case studies such as Charlie's have an emotional and cognitive impact that conventional training cannot achieve.

Following the success of the 2011 Corporate Safety Symposium, another Corporate Safety Symposium is being planned for 2012.

Case Study: Winnipeg Terminal Risk Assessment



We strive to eliminate safety risks before they pose a threat. This proactive mindset informed the development of the new Winnipeg Airport Terminal, where we implemented a complete risk assessment on all aspects of the facility to identify and address potential safety hazards to our employees.

To ensure the new Winnipeg Airport Terminal met our stringent safety standards for our team, we undertook a rigorous two-day session hosted by the Airports Employee Safety Manager that included the participation of both the Customer Sales & Service Agents and Ramp and Baggage Health and Safety committees, local management, Ground Service Equipment (GSE) and Corporate Real Estate, Air Canada Maintenance, and Corporate Safety. We began with a briefing meeting and a full day tour of the new facility to identify and list all employee safety-related hazards. Day Two consisted of a risk assessment, mitigation and recommendation development session. From this we developed a base hazard registry for the new terminal. Over 90 potential employee safety-related hazards were identified, which are now being addressed. This is our first effort at a risk assessment of this scale on a new facility, and as new facilities are developed we will continue to expand this program.



North American Occupational Safety and Health

Air Canada has participated in NAOSH (North American Occupational Safety and Health) week for a number of years. The event helps to foster and strengthen our Safety Culture. Increasing numbers of employees are participating each year, demonstrating how employees are embracing the safety values we promote at Air Canada.

In 2011, Air Canada held a number of NAOSH events to continue to engage employees in health and safety issues that included blood pressure clinics provided by Occupational Health Services, walking challenges and healthy lunches across the organization.

Defibrillators in the Workplace



Automated External Defibrillators (AED) have been on our aircraft for a number of years, and Air Canada is further moving forward with the installation of AEDs in the workplace. Combined with CPR, the use of an AED can increase the likelihood of saving a person's life

by 75 per cent or more over CPR alone.

In 2012, Air Canada will install AEDs at key locations throughout our network. The locations include those with high employee traffic and especially areas deemed difficult to reach by emergency authorities within three minutes.

Installation will be undertaken using a phased-in approach throughout 2012. The first AEDs will be installed at the Montreal Headquarter buildings and operational offices in Toronto, including System Operations Control, the Flight Operations simulator building, and our Cargo terminal building.

Although AEDs are designed to be easy to use by any Good Samaritan, we are following "best demonstrated practices" and will be training employees on a voluntary basis on proper AED use. The Red Cross is undertaking our AED training program, with a focus on those employees currently qualified in First Aid.

Performance and Goals

2011 Achievements against Air Canada safety performance targets

	Target	Actual
Accidents	0	0
High or Severe Risk Incidents	0	0
Civil Aviation Daily Occurrence Reporting System (CADOR) reports	Below 3 per 1000 flights	2.16
IATA Operational Safety Audit	100%	Completed
Emergency Response Exercises	One every 3 years	3 Completed

	2010	2011
Rates of Injury	1,889 lost time injuries	1,814 lost time injuries
Lost Days	31% decrease in lost days between 2010 and 2011	



Moving Forward

We are proud of our safety track record and 2011 accomplishments. In 2012 we will work to strengthen the processes and practices that are now in place to ensure that our safety management processes are as efficient and effective as possible. In 2012 we will once again strive to meet or exceed our 2011 safety targets.

This will include launching a new and enhanced Safety Information Management System. This will enhance our data-driven approach and integrate all risk-related activities across our organization; from safety, quality and security management to occupational safety and beyond. It is an essential tool to mitigate risk and realize the financial benefits from enhanced operational efficiencies.

Our 2012 Safety Priorities:

- Successfully complete the Transport Canada SMS Program Validation Inspection (PVI)
- Successfully complete the IATA Operational Safety Audit (IOSA) renewal audit
- Identify and implement initiatives to reduce incidents, accidents and injuries
- Enhance the management of safety risks associated with the introduction of new initiatives and projects



2) Environment





The Environment

We believe that the aviation industry has an important role to play in mitigating its environmental impact. Air Canada focuses on reducing its environmental footprint in four priority areas:

1. Energy and emissions
2. Aircraft noise
3. Waste
4. Supply chain

1) Energy and Emissions

Aviation accounts for approximately 2 per cent of global carbon emissions, but this is expected to grow to 5 per cent by 2050 unless action is taken. We recognize that we have a responsibility to take action and have adopted the ambitious International Air Transport Association (IATA) collective targets to:

- Improve fuel efficiency by an average of 1.5 per cent / year from 2009 to 2020;
- Cap aviation CO₂ emissions from 2020 (carbon-neutral growth); and
- Reduce CO₂ emissions by 50 per cent by 2050 relative to 2005 levels.

Through the National Airline Council of Canada (NACC), we also continue to develop a voluntary agreement with the Canadian Government to limit greenhouse gas (GHG) emissions. This agreement will commence in 2012 and follows a first voluntary agreement signed in 2005 to improve fuel efficiency by 24 per cent by 2012, an objective that the industry achieved ahead of schedule in 2007.



To meet the IATA collective targets and reduce our GHG emissions, our strategy is to invest in and apply technological advances, make changes to ensure that our operations are effective and our infrastructure is efficient, and identify opportunities to leverage economic instruments as appropriate.

The strategy is working. Over the last 11 years, Air Canada has increased fuel efficiency significantly. In 2011, our fuel efficiency was 36.84 litres per 100 revenue tonne kilometres, a measure calculating the number of litres it takes to transport 100 tonnes of cargo and passengers one kilometre. This represents a 31 per cent improvement in our average fuel efficiency since 1990.

Investing in technology to reduce emissions

... in the air

Investment in a young, modern fleet has been instrumental in delivering efficiency gains. At the end of 2011, our young, fuel-efficient fleet had an average aircraft age of only 11.6 years. Our fleet includes 18 B777s, airplanes that use 15 per cent less fuel per available seat mile on a Toronto to Hong Kong flight than the aircraft they replaced. With delivery of 37 ultra-efficient Boeing 787's slated to begin in 2014, we are poised to have one of the most fuel-efficient long-haul fleets in the global aviation industry.

Sustainable alternative jet fuels that are safe, reliable and economically viable are also integral to reducing our GHG emissions. As such, we strongly support the development and commercialization of alternative fuel technologies with a lower life cycle carbon footprint.

In 2011, Air Canada, with other leading airlines, signed a letter of intent with Solena Fuels for a future supply of jet fuel derived from post-recycled urban and agricultural wastes. It will produce jet fuel with lower emissions of GHG and local pollutants than petroleum-based fuels. We have also been actively engaged in opportunities to convert woody biomass into biofuel in Ontario and will continue pursuing the potential for developing an aviation biofuel industry in Canada.

In 2009, along with partners, we also signed a Memorandum of Understanding (MOU) with AltAir Fuels LLC and Rentech, Inc. for an annual output of 75 million gallons of jet fuel and diesel fuel derived from camelina oils and comparable feedstock, with another 250 million gallons of synthetic jet fuel produced from a mixture of coal and biomass.

... And on the ground

Currently, our ground handling fleet includes close to 500 electrically-powered ground support equipment as well as more than 400 propane-powered vehicles. Conversion to propane alone has resulted in a 33 per cent reduction in GHG emissions. Over the years, Air Canada has also partnered on a number of innovative technology projects involving hydrogen fuel cells and hybrid technology.

Air/ground emissions*

	Unit	2011	2010
ENERGY AND EMISSIONS			
Air Operations			
Aircraft fleet fuel consumption (excluding Air Canada Jazz)	Million litres	3,513	3,373
Aircraft fleet emissions (excluding Air Canada Jazz)	Metric tonnes of CO ₂	8,963,547	8,607,427
Fuel Efficiency	Litre per 100 revenue tonnes kilometres	36.84	36.47
CO ₂ efficiency	kg CO ₂ per 100 revenue tonne km	93.99	93.05

	Unit	2011	2010
ENERGY AND EMISSIONS			
Ground Operations			
Greenhouse gas emissions from stationary combustion	Metric tonnes of CO ₂ e	3,491	4,178
Greenhouse gas emissions from ground support equipment	Metric tonnes of CO ₂	21,006	19,999
Greenhouse gas emissions from electricity consumption	Metric tonnes of CO ₂ e	11,939	11,803

* In 2011, emissions and fuel consumption increased due to increased aircraft operations.



Reduction of energy consumption through:

Effective operations

Air Canada has also adopted creative best practices in our maintenance, ground handling, and flight operations procedures to increase efficiency and reduce fleet-wide fuel burn. A small sample includes:

- Our engine-washing program improves engine performance and lessens the engine’s environmental impact by preventing overheating. This provides ongoing fuel efficiency benefits of approximately 1.2 per cent.
- We are flying at slightly slower but much more fuel efficient speeds and maximizing the advantage of tailwinds when our flights are forecasted to be early. We have worked with airspace designers to optimize the routes and flight profiles.
- We have also changed the way we approach the runway during landing by reducing the use of flaps, making it a low drag approach, and increasing the use of wheel brakes and idle reverse. The result: our landings are more fuel-efficient and quieter.
- We focus on flying lighter, for example by carrying the appropriate amount of fuel and potable water required to operate each flight safely, and using lightweight cargo containers.

We have also implemented a number of improvements in how we maintain and operate our buildings, including equipment upgrades, employee awareness campaigns and energy audits.

The impact: From 2006 to 2011, the program achieved over 318,000 tonnes of CO₂ emission reductions.

Efficient Infrastructure

To encourage and increase efficiency in air traffic management systems, Air Canada advocates shorter, more direct routes. Most recently, in 2011 Air Canada operated a green corridor demo flight as part of the ENGAGE trial, a joint undertaking with NavCanada, the UK National Air Traffic Services (NATS) and other airlines. The initiative demonstrated the positive environmental impact of more flexible routings across the North Atlantic, one of the world’s busiest corridors.

Economic Instruments

We recognize the potential role of market instruments as a tool for global management of GHG emissions, and support a global sectoral approach for aviation that is fair for all industry interests and jurisdictions. We will continue to collaborate with our industry partners and associations to further develop a cohesive global airline framework on industry emissions.

2) Aircraft Noise

At Air Canada, we strive to reduce our noise in three ways: by upgrading our fleet of aircraft with quieter technology; by adopting noise abatement procedures; and through active participation on all local airport aeronautical noise committees across Canada and in partnership with other stakeholders.

2011 was the first year that we tracked our noise infractions in detail. We are pleased to report minimal infractions and intend to maintain these high standards in years to come.

	Unit	2011
NOISE		
Ground Operations		
Noise infractions	Number and location	Reports of noise infractions relating to 5 flights in Brussels; 4 fines paid for noise procedure violations at Vancouver International Airport.



3) Waste

We continuously seek new opportunities to reduce our waste from operations on the ground and divert waste from landfill. Depending on what is recyclable in a particular municipality, we recycle materials collected from our aircraft (such as old issues of in-flight magazines and soap containers) as well as materials used in our facilities (such as paper, cardboard, wood, and metal).

In 2006, we formalized our on-board recycling program for all North American flights. At present we are constrained by federal regulations pertaining to international waste, which dictate that all material containing organic material be disposed of in an appropriate manner to avoid the spread of certain diseases. As a result, some Canadian airports have complex procedures for segregating recyclables and, in some cases, do not allow for recycling at all. In cooperation with other national airlines, we are working on a pilot project at Ottawa International Airport to develop better recycling programs in keeping with federal regulations.

In certain operations associated with aviation, the use of hazardous materials cannot be avoided and must be managed and disposed of responsibly. Air Canada follows a rigidly prescribed process to ensure that hazardous wastes are disposed of in accordance with all regulatory requirements and that our contractors are licensed and certified to handle, transport, recycle (if applicable) and dispose of hazardous wastes.



	Unit	2011	2010
WASTE			
Non-hazardous waste from Air Canada buildings			
Recycled:			
Paper	Metric tonnes	366	393
Cardboard	Metric tonnes	221	460
Wood	Metric tonnes	124	111
Metal	Metric tonnes	853	1,338
Mixed recycling	Metric tonnes	37	44
Sent for landfill*	Metric tonnes	2,881	2,855
Waste diverted from landfill**	%	36	45
Hazardous waste from Air Canada buildings			
Total hazardous waste	Metric tonnes	578	454
Percentage of hazardous waste recycled and used for alternative fuel	%	41	48

*Adjusted weight

**In 2010 a considerable amount of old ground equipment was recycled causing a spike in the quantity of scrap metal recycled. This contributed to a significantly higher percentage of waste diverted from landfill for 2010 relative to 2011.



4) Supply Chain

In 2010 Air Canada updated its corporate purchasing policies, requiring that our supply chain be comprised of suppliers who demonstrate a respect for the environment. We are also working to codify best practices throughout our supply chain to ensure that all our partners share our emphasis on responsible environmental practices and are committed to the ongoing reduction of their environmental footprints.

To support our environmental strategy we also seek out opportunities to engage employees and others in the industry to raise awareness of environmental causes and initiatives.

Employees



Our employees are instrumental in how well we manage our environmental footprint. Many have been key drivers for new environmental initiatives ranging from recycling programs to testing new technologies to the creation of our car-pooling program using software developed internally.

Air Canada in turn has engaged employees on environmental issues through an "Acts of Green" forum for ideas on environmental workplace initiatives; by holding employee contests and Earth Day events; by developing a "Work@home" program for our Tampa reservations agents, which



reduces employee commuting by more than 1 million kilometres each year; and, most recently, by developing a "Work@home" program for our Calgary Customer Relations Department.

Industry

In the industry, Air Canada plays an active role in policy development, program implementation and international dialogue on the environment through involvement in national and international industry associations. These associations are:

IATA: Air Canada is a member of the International Air Transport Association (IATA) Environment Committee. We have provided support in developing IATA fuel efficiency targets and helped define the Climate Change Strategy. We were also involved in the production of IATA's first Alternative Fuels Report in 2007.

NACC: A key participant of the Environment Sub-Committee of the National Airline Council of Canada (NACC), Air Canada provides a core role in the voluntary agreement for GHG reduction with the federal government. We are also taking the lead in developing ways to reduce onboard waste through improved recycling initiatives.

A4A: Air Canada is an associate member of Airlines for America (A4A). As such, we actively participate in the Environment Council and the International Noise and Emissions Committee (INEC).

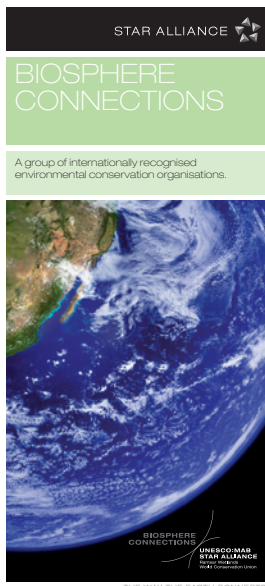
CAAFI: Air Canada is an active member in the Commercial Aviation Alternative Fuel Initiative (CAAFI), which enables its participants to build relationships; share and collect data; identify resources; and direct research, development and deployment of alternative jet fuels.



Environmental Sponsorships

Together with our Star Alliance partners, Air Canada sponsors a program called Biosphere Connections to promote biodiversity and further the sustainable use of natural resources in all countries and regions in which Air Canada and Star Alliance carriers operate.

Domestically, Air Canada is a long-term sponsor of the Responsible Travel and Tourism Forum and the Forum's annual awards for Environmental Excellence and Annual Leadership to travel and tourism organizations.



Moving Forward

Our environmental programs and initiatives across our operations have yielded strong results; and where issues and challenges remain, we are committed to developing solutions that will ensure our sustainability well into the future.

Our Environmental Management System drives continuous improvement in how we manage our environmental footprint across our operations. We have highlighted three commitments to focus on in the short to medium term:

Maximize emissions reductions opportunities: Given the critical need to reduce global GHG emissions, our goal is to fine-tune our onboard fuel efficiency program and build and enhance our opportunities to adopt the amount of sustainable alternative jet fuels required for our 2020 target for carbon neutral growth.

Improve waste management: We will continue to strive to adopt waste management practices to divert more waste from landfill or incineration.

Improve our measurement of Air Canada's environmental footprint: We will enhance our data capture, reporting and management practices to improve our measurement of Air Canada's environmental footprint.



3) Employees



[Employees continued]

Our Values:

- Safety first and last
- Make every customer feel valued
- Working together
- Act with integrity
- All employees are valued
- Drive for excellence



The Workplace

Our third pillar focuses on our employees. We are committed to creating working conditions that are safe, fair, and rewarding.

Air Canada positions are among the most desirable and highly compensated airline jobs in North America, providing industry-leading pay and benefit programs to our employees. Air Canada is the only major Canadian airline, and one of the increasingly few corporations in Canada, that maintains a Defined Benefit Pension Plan for its unionized employees. In 2011 the company contributed \$308 million to its registered pension plans.

As an organization we are also committed to fostering a performance-based culture where leadership, entrepreneurship and ownership are valued and rewarded. In 2010 when the company made a profit, the company granted shares to employees through the 2010 Employee Recognition Award as a means of further aligning our employees' personal interests with corporate goals.

In September of 2011 Air Canada was ranked among the Top Five Most Attractive Companies to work for in Canada, according to a survey of 7,000 Canadian job seekers and workers conducted by Randstad Canada, a leading staffing, recruitment and HR Services company.

As a global enterprise, inclusivity comes naturally to us. Multilingual and multicultural, Air Canada continues to work to remove barriers to the workplace, and within it. We are proud of the inclusive nature of our business, and of our history that, among other benchmarks, includes being one of the first enterprises to bring women into the workforce. Our company mirrors the ethnic diversity of the country we serve and includes members of our First Nations, persons with disabilities, gays and lesbians, and other minorities exhibiting the talent and skill-set that make us a better airline.

We strive to provide our employees a positive work-life balance, increasingly difficult to achieve in many companies. These are just some of the things that differentiate our company and reflect our history as a progressive employer.



2011 Total Workforce (As of Dec. 31, 2011)

Country	Total Employees by Country by Gender		
	F	M	Total Employees
Argentina	9	3	12
Antigua		1	1
Australia	11	2	13
Belgium	1	1	2
Bahamas		1	1
Bermuda	7	4	11
Brazil	27	40	67
Barbados		5	5
Canada	10,581	15,008	25,589
Switzerland	5	6	11
Chile	1	2	3
China	2	1	3
Colombia	1		1
Germany	82	67	149
Denmark		1	1
Dominican Republic	1		1
France	36	22	58
United Kingdom	247	410	657
Guadeloupe		2	2
Hong Kong	24	13	37
India		1	1
Israel	11	2	13
Italy	5	2	7
Jamaica	12	6	18
Japan	16	18	34
Korea		1	1
Saint Lucia	1		1
Mexico	9	5	14
United States	362	280	642
TOTAL Workforce	11,451	15,904	27,355

- 93.5% of total employees work in Canada
- 41.9% of total employees are women

Employee Satisfaction and Working Environment

Since 2007 we have engaged an independent market research company to conduct broad-based surveys of our employees. These surveys are designed to be statistically representative of all of our employee groups and factor in geographic location, occupational distribution and union affiliation.

The surveys ask questions that allow us to measure our year-to-year progress regarding overall employee satisfaction. The surveys also measure our success in making improvements in areas such as employee empowerment, work-life balance, and recognition.

Our most recent survey in 2010 showed a 20 per cent improvement in the number of employees who believe that Air Canada is a good company to work for. Since 2007 there has been a 21 per cent improvement in employees reporting that they have the tools required to do their jobs and 37 per cent more employees believe managers are listening to their ideas and concerns. According to the most recent survey the majority of employees agree that their working environment is safe, healthy and friendly, and since 2007, that the sense of community at Air Canada has increased substantially. We will continue to report on the results of employee surveys in subsequent sustainability reports as we strive to provide fulfilling careers and a safe and progressive work environment for all of our employees.

Employment Equity Plan



Air Canada is subject to the Canadian Employment Equity Act. As such, we focus specifically on four designated groups: women, visible minorities, persons with disabilities and First Nations peoples. Overall, our workforce is balanced as it relates to women and visible minorities. The hiring and promotion rate of women and visible minorities is twice as



high as their actual representation in our workforce. Our employee demographics show that persons with disabilities are more present in skilled and technical positions, while First Nations peoples tend to be more present in our clerical and office positions, and typically work in seasonal positions. In the coming years, our talent acquisition strategy will be focused on even greater participation from persons with disabilities and those from our First Nations.

Following our 2009 Employment System Review, Air Canada's HR team and representatives of certain branches launched the Employment Equity Plan, which includes the following initiatives:

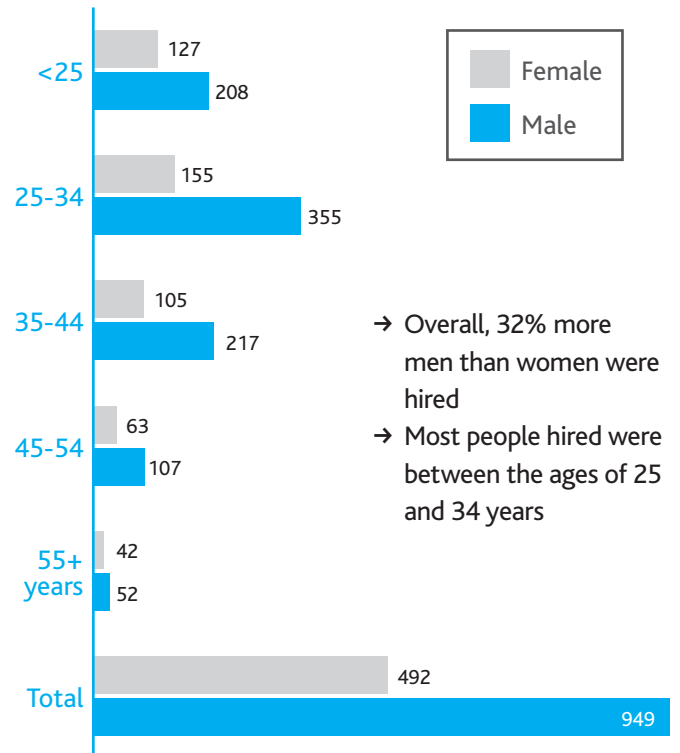
- Refocusing Air Canada's recruitment practices to ensure that, where appropriate, a diverse slate of candidates is being presented for every Air Canada vacancy.
- All Air Canada employees are subject to our Code of Conduct which describes, among other things, the company's commitment to honesty, integrity and respect for ethical standards in all activities and practices. The Code of Conduct contains a section on employment policies, and more specifically on discrimination and harassment and a number of employees have received awareness training in this regard.

Our Commitment to First Nations

Since 2009 we have worked with our partner Breakfast Clubs of Canada to develop community-based school breakfast programs for First Nations and aboriginal children including in Manitoba. We were key in developing and implementing the project as we provide 10 airline tickets a year to assist with transportation specifically for this purpose.

We have over 250 Aboriginal employees at Air Canada including more than 35 pilots. We continue to actively recruit among First Nations people by regularly posting job opportunities in Aboriginal newspapers such as The Drum (Manitoba) and Sweet Grass (Alberta) as well as on the website aboriginalcanada.gc.ca. We have also worked with counselors at Aboriginal Human Resources Development.

2011 Hiring Count by Age Group and Gender



Employment Type by Group and Gender (As of Dec. 31, 2011)

Employee Type	Categories of Employees by Gender		
	F	M	Total
Permanent	11,377	15,826	27,203
Temporary	74	78	152
TOTAL employees	11,451	15,904	27,355

→ 99.4% of the workforce is permanent



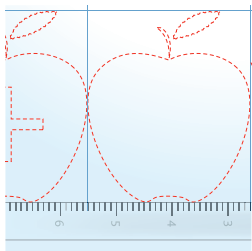
Collective Agreements

As of December 2011, Air Canada had 27,355 employees, with approximately 95 per cent of our workforce represented by one of five major union groups. We are committed to building and maintaining a foundation of mutual respect and understanding with each of these groups.

Our efforts to work harmoniously with our unions are not without challenges. In 2011, collective agreements representing the majority of our unionized workforce expired and, as is now the case with most legacy carriers, the process leading to new collective agreements was protracted and difficult. An impasse with the CAW, the union representing our Call Centre and Airport Customer Service employees, over the issue of pension arrangements for newly-hired employees led to a three-day strike in June during which the airline maintained full operations. In 2011, new collective agreements were concluded with the CAW and UNITE, representing our customer service, aircraft services, cargo and in addition, clerical staff in the United Kingdom. A collective agreement was achieved through arbitration with CUPE, representing the airline's flight attendants.

Concluding labour agreements with the other Canadian unions is a priority for 2012. This is essential so that the company and employees can move forward together, transforming Air Canada into a sustainably profitable company for the long term.

Commitment to Health and Wellness



As part of our continued commitment to employee health and wellness, particularly illness prevention, Air Canada has been providing free flu vaccination clinics to employees since 2004. Air Canada also partners with its unions to offer a comprehensive

Employee Assistance Plan (EAP) – a completely confidential service which assists employees grappling with emotional challenges or family, marriage or stress-related issues. Available to all employees, the EAP offers counseling and/or prompt referrals to appropriate external community services or agencies which can help with a broad range of issues.

Promoting Talent From Within

Our "talent pool" numbers over 27,000 employees, many of whom wish to develop long term careers with Air Canada. Air Canada provides an easy-to-use online tool which lets employees tell the company about their skills, expertise and career aspirations, view available positions, and apply for those that interest them.

In 2011, approximately 200 management employees also participated in a new leadership training program that allowed them to develop projects for consideration by the executive management team.

Training

Employees who are likely to have a significant impact on safety receive on average more training hours than others. We also devote significant training hours to ground and technical workers who are hired seasonally twice a year. In 2011 we held sensitivity training sessions with regards to customers with disabilities for front line employees. With help from our In-Flight, Customer Relations and Training groups, these dynamic training sessions covered information relevant to the travel of customers with disabilities as well as our responsibilities as an air carrier.

In addition to our leadership program, management employees have access to training through a tailored approach in line with their own particular technical and soft skill development needs.



2011 Average Training Hours by Category & Gender

(Population = 17,344)

Employee Category	Female	Male	Total Employees
Management	24.3	19.5	824
Flight Management		59.7	26
Clerical Workers	7.3		7
Pilots	38.8	38.2	3,041
Flight Dispatchers	122.0	146.2	70
Flight Attendants	32.1	30.8	6,317
Customer Service Agents	24.9	23.1	2,953
Ground & Technical Workers	51.3	49.4	4,106

Employee Recognition



Calin Rovinescu, President and CEO presents the Excellence Award to Giacinto Rico, Manager, Global Distribution Strategy and Planning

Air Canada is proud of the many employees who regularly go above and beyond to take care of our customers, our brand and each other. We have a number of avenues for recognizing employees who live our values. These range from simple thank you cards to featured stories in employee news channels and a number of recognition programs including our most prestigious program – the Excellence Awards. Established in 1981, the Excellence Awards celebrate at least 50 employees each year who are selected from the hundreds of employees nominated by their colleagues as being “role models” for exceptional performance. In addition to a two-day celebration event, each winning employee is featured on the landing page of our employee portal and in an issue of *enRoute* magazine sharing our pride with employees and customers alike.

An Open Dialogue



We believe in keeping the lines of communication open throughout the organization, and have created multiple conduits, conventional and digital, to solicit employee feedback

and foster constructive dialogue throughout the company. In 2011, Air Canada President and CEO Calin Rovinescu undertook a series of town hall meetings across the country in order to meet and exchange with employees from all areas of the operation. The town halls were extremely well attended and a significant portion of the meetings was devoted to Q&A sessions in order to answer questions and gather employee feedback.

From Creative Juices, our online suggestion forum to our online employee portal, we welcome feedback, ideas and recommendations from our employees on subjects including the environment, our community, employee recognition and engagement, improved customer service and a host of related topics. E-mails to the president are monitored by Employee Communications and responded to by the President’s Office.

The Company also invites employee comments and feedback through *Horizons*, which is a monthly magazine for employees, and through *The Daily*, a newsletter published 5 days per week throughout the year.

Looking Forward

Working with Human Resources, Labour Relations and representatives from the CAW, we are actively working on a joint program with the CAW, representing approximately 3,900 employees, that would provide greater support for integrating persons with disabilities into the Air Canada unionized workforce. We hope to further develop this initiative in 2012.



4) Community



In May 2010 Air Canada employees helped clothe more than 1000 children in three orphanages in Haiti.



The Community

Air Canada has a proud history of supporting organizations that focus on improving the lives of Canadians. Our support of community organizations has made Air Canada an active participant in their efforts and in their successes.

Our Community support is twofold:

- We invest in the social fabric of local communities across Canada by supporting charitable organizations that help children and youth.
- We also sponsor local events or activities by non-profit organizations which contribute to your community's economic growth.

In addition to our charitable and economic programs Air Canada also supports a wide range of commercial events and activities including sports, arts and culture.

We are particularly proud of our employees' involvement in the community, as well as their support of our humanitarian relief activities around the world. Corporate philanthropy combined with an engaged employee community has proven to be a powerful combination for making a real difference in the lives of people locally and internationally.

Humanitarian Relief

Under the leadership of Air Canada's Executive Vice President and Chief Operating Officer, Duncan Dee, our employees moved quickly and effectively to provide aid to the people of Haiti following the devastating 2010 earthquake. Air Canada undertook six relief flights to the quake zone, the first mission taking place just four days after the initial earthquake. We transported 183,650 kilograms of relief supplies, evacuated 777 Canadians, and provided transport and medical support for the evacuation of 89 Haitian adoptees.

Driven by the participation of our employees, our "Dress a Child" program resulted in much-needed clothing for 1000 children in Haitian orphanages, while our school supplies initiative provided 2500 children with essential educational materials. Employee initiatives raised over \$100,000 in 2010 for Haitian rebuilding projects targeting children and youth.

In 2011, after carefully evaluating multiple proposals, the Action Haiti Committee announced its partnership with the KANPE Foundation, a Montreal-based organization whose name means "Stand Up" in Creole. KANPE works to break the cycle of poverty by providing aid to Haitian families





Left to right: Marie-Ève Reynaud and Gihan Hanna from Air Canada, Marika Anthony-Shaw and Régine Chassagne of Arcade Fire and Tanya Mayar from Air Canada.

with an eye to eventual self-sufficiency. KANPE provides guidance to villagers on nutrition, health care, education and agriculture, while providing secure housing to vulnerable families. Air Canada's donation of \$100,000 was doubled by way of a matched donation from the award-winning group Arcade Fire, who are also proud ambassadors of KANPE.

In an effort to take immediate action following the cholera outbreak in Haiti at the end of 2010, Air Canada made a donation of \$60,000 to Doctors without Borders and World Vision Canada.

Following the Japan earthquake in March 2011, employees across Canada reached out to support their colleagues in Japan through a \$30,000 donation to the Japanese Red Cross.

Each of these initiatives is in keeping with Air Canada's history of reaching out in the face of global tragedies. Previous operations included the delivery of humanitarian supplies in response to the 2010 floods in Pakistan, to the Sichuan Province following the 2008 earthquake, and to Peru following the 2007 earthquake. In 2006, Air Canada provided evacuation flights from Adana, Turkey, for Canadian citizens fleeing the conflict in Lebanon. Air Canada was also in New Orleans providing rescue and supply flights in the wake of Hurricane Katrina and aid flights to Indonesia following the Boxing Day Tsunami in 2004.

Canadian Forces Support

Air Canada has a long history with the Canadian Forces including the granting of leave to employees who are members of the Reserve Force for training and other operations. The company strives to ensure that these special leaves do not result in a negative impact on the reservists' careers with us, including pay, benefits, company service, and other privileges.

In 2011, The Canadian Forces Liaison Council presented Air Canada with a "Special Award for Support to the Reserve Force" in recognition of our efforts on their behalf. Nowhere is our respect for the Canadian Forces more evident than in our ramp ceremony for fallen soldiers being transported home. Over recent years, the Air Canada Cargo team at Toronto Pearson Airport have refined this process, and today employees, along with police, military personnel, and Air Canada pilots, form a spontaneous Honour Guard each time a deceased Canadian soldier travels with us. Each time one of our 767 aircraft falls into procession behind a vehicle transporting a fallen soldier, it speaks to our priorities as an airline, and as Canadians.



Raising Awareness – Hockey Safety

Air Canada is a longstanding sponsor of NHL hockey teams. For over 30 years, we have supported and invested significantly in hockey, a game regarded with pride by Canadians as this country's national sport. Its players are role models for our children. We also have a "safety first and last" priority in everything we do throughout the organization. As such, following several incidents of high-profile hits to the head in 2011, we believed it was necessary to voice our



concerns and raise the level of discussion on the important topic of head injuries and improving hockey safety. We have also provided support to the Hockey Concussion Education Project whose administration and funding is managed through the Ontario Neurotrauma Foundation and to Hockey Canada to raise Game Safety Awareness.

We received overwhelming support from ordinary Canadians who were pleased to see a corporation speaking out about their shared concern.

Children's Charities



Air Canada has a long history of being actively involved in the community with a special interest in children's causes. Guided by the desire of our

employees to focus on children at risk, Air Canada created the Kids' Horizons program to focus on charities that benefit young people in Canada and around the world. We also work with a network of strategic partners, helping to raise funds for child-focused initiatives through promotional passes and Aeroplan Miles.

Our Volunteer Involvement Program (VIP) recognizes and promotes the involvement of Air Canada employees in their communities. Through this program alone, more than 160 promotional tickets were donated in 2011 to charities supported by our employees.

Dreams Take Flight is a registered charity that was created by Air Canada employees to provide children with special needs with an unforgettable trip to Disney. To date, this remarkable organization has enabled over 20,000 dreams for children from Canada and the Northern U.S. to go to the Magic Kingdom in Orlando, Florida or Disneyland Park in Anaheim, California.

Air Canada also works in partnership with paediatric hospitals across Canada to provide support for their fundraising efforts throughout the year. Additionally, Air Canada provides an extensive Hospital Transportation Program to ensure free travel for seriously ill young people

who are unable to get the medical help they need in their local communities.

For many families, the cost of air travel is an additional burden posing serious economic and emotional hardship. As Canada's leading airline, Air Canada plays a valuable role in reducing the travel costs often associated with illness.

This is just one child who benefitted from our Hospital Transportation Program in 2011:

Teaghan Rice – Regina



Teaghan was diagnosed with Type One Diabetes at two years of age. Due to the severity of the illness he was referred to a paediatrician in Winnipeg specializing in insulin pump therapy. Teaghan requires follow-up treatment in Winnipeg that is not available in Saskatchewan. For his most recent appointment, he and his mother were transported with the help of Air Canada's Kids' Horizons Program.



Human trafficking



IBCR
BUREAU
INTERNATIONAL
DES DROITS DES ENFANTS

INTERNATIONAL
BUREAU
FOR CHILDREN'S RIGHTS

As a socially responsible global citizen, Air Canada is committed to continue raising awareness of the existence of human trafficking, and the sexual exploitation of children and youth. This is not a new area of focus for our organization. For many years, Air Canada has carried an onboard video dealing with the realities of human trafficking and sex tourism.

In 2010 Air Canada was host to a conference organized by the International Bureau for Children's Rights (IBCR) to increase awareness within the Canadian airline and travel sectors on the issue of child sex tourism. Air Canada provided complimentary advertisement space in its award-winning onboard magazine, enRoute. IBCR also organized a press conference at Montreal Trudeau Airport where Air Canada was recognized for its leadership role in fighting this global problem.

Air Canada Programs:

EVERY BIT COUNTS



Air Canada offers a change collection program in which small change can be donated on board Air Canada flights and at select airports and Maple Leaf Lounges. All proceeds are donated to the Children's Miracle Network for paediatric hospitals across Canada.

WINGS OF COURAGE



Air Canada pilots visit paediatric hospitals and participate in activities with the children. They present them with an honorary pilot certificate and a medal of courage in recognition of their bravery fighting illness.

Supported Charities:



Breakfast Clubs of Canada



Free The Children



Starlight Foundation Canada



Children's Miracle Network



Dreams Take Flight



At a Glance

The table below highlights some of the metrics that Air Canada tracked for its charitable giving in 2011. Following the launch of our new foundation in 2012, we expect to include more metrics in future reports.

	2011	2010
Number of Aeroplane Miles donated to paediatric hospitals across Canada	13.9 million	11.9 million
Number of Tickets donated to charitable organizations	1000	1000
Amount of money donated through our Every Bit Counts initiative	\$119,957	\$208,032
Number of Organizations supported through Kids' Horizons	259	277
"Action Haiti" funds raised by Air Canada employees worldwide	–	\$104,090
Number of Air Canada volunteers required to undertake our Haiti Aid Flights	–	986

Sponsorships

Air Canada supports a wide range of activities in the areas of business, sports, arts & culture and community. These events and programs allow us to be active in the communities we serve and provide integrated marketing support for key strategic initiatives.

Professional Sports

Hockey – NHL

Canada

- Calgary Flames
- Edmonton Oilers
- Montreal Canadiens
- Ottawa Senators
- Toronto Leafs
- Vancouver Canucks
- Winnipeg Jets

USA

- Anaheim Ducks
- Carolina Hurricane
- Los Angeles Kings
- New Jersey Devils
- Washington Capitals

Hockey – AHL

- Hamilton Bulldogs
- Manitoba Moose
- St. John's Ice Caps

Basketball

- Toronto Raptors

Soccer

- Montreal Impact
- Toronto FC
- Vancouver Whitecaps

Amateur Sports

- Alpine Canada
- Canadian Olympic Committee
- Canadian Paralympic Committee
- Hockey Canada



Arts and Culture

National

- Ballet Folklorico Nacional Tour
- Canada's Youth for French
- National Aboriginal Achievement Foundation
- Norad Track Santa
- One Drop Foundation
- Rendez-vous de la francophonie
- Rick Hansen 25th Anniversary Tour

Atlantic Provinces

- Charlottetown Summer Festival
- Jack Frost Festival

Québec

- Canadian International Organ Competition
- DiversCité
- Festival des films de Montréal
- Festival Opéra de Québec
- Fondation CMA
- Fondation du Collège Édouard Montpetit
- Gala Excellence La Presse
- Grands Ballets Canadiens de Montréal
- Marché Casse-Noisette
- Montréal Passion Vin
- Musée des Beaux Arts de Montréal
- Musée Pointe-à-Callière
- Orchestre symphonique de Montréal

Ontario

- Festival Franco-ontarien
- National Ballet of Canada
- Toronto International Film Festival
- True Patriot Love Dinner Gala

Manitoba

- Festival du Voyageur
- Royal Winnipeg Ballet

Alberta

- Edmonton Symphony Orchestra

British Columbia

- Coup de cœur francophone (Vancouver)
- Festival d'été francophone de Vancouver
- S.U.C.C.E.S.S. Gala
- Vancouver Symphony Orchestra
- Walk with the Dragon

Yukon

- Air Canada Snow Sculpture Festival



Moving Forward

Introducing: The Air Canada Foundation



At Air Canada we look for increased efficiencies in all aspects of our operations and this includes our many areas of corporate giving. Streamlined processes are every bit as important to outreach programs as they are to the corporate bottom line.

It is this search for greater efficiency that has led to the introduction of the Air Canada Foundation, a new structure for our Community Investments Program. The Air Canada Foundation will raise the profile of the causes we support and increase the autonomy and accountability of our programs.

In instances where providing air transportation alone isn't sufficient, our employees and partners have worked to raise funds and direct them where the need is greatest. To date, without benefit of a foundation of our own, these initiatives have been unnecessarily complex. The creation of the Air Canada Foundation will enable us to raise funds more efficiently and build new partnerships, all of which will make us a stronger contributor to the many communities we serve.

Human Trafficking

In our quest to make an even greater impact to the global community, we are providing employees with specialized training to more effectively recognize and report suspected cases of human trafficking for the purpose of exploitation of children or youth onboard our flights.

Bilingualism



We recognize that our relationships with our customers and with our own stakeholders are always open to improvement. As Canada's largest carrier, Air Canada is proud to promote the principles of

English and French duality. While no other North American carrier offers services in both official languages throughout its world-wide network with such consistency, we are working to make our operation more seamlessly bilingual, and to ensure that in all respects Air Canada reflects the bilingual aspect of the country it represents.



Conclusion

"Air Canada's partnership with UNESCO, your generous contribution to my mission, enabled me and my team to achieve more and to bring the awareness of the plight of Haitians to different countries around the world."

*The Right Honourable Michaëlle Jean
UNESCO Special Envoy for Haiti*



Since our founding 75 years ago, Air Canada has made every effort to live up to its responsibilities as the flag carrier of the country we represent.

Since our founding 75 years ago, Air Canada has made every effort to live up to its responsibilities as the flag carrier of the country we represent.

We are very proud of our efforts to date and celebrate the fact that a desire to operate in a responsible manner and make a positive impact on the global community is engrained in our corporate DNA.

We recognize that now is the time for us to add greater depth and formality to our corporate social responsibility initiatives. The publication of our first Corporate Sustainability Report is an excellent first step towards this goal.

As referenced throughout this report we intend to put in place more detailed processes to monitor and record our sustainability initiatives. This will allow us to report back regularly to our stakeholders in more detail in future and provide insight into the areas for improvement and development.

We look forward to engaging with our stakeholders by conducting a review and materiality analysis, which will in turn help us to develop future content in line with issues

that matter to them and to our business. We want to listen and learn. We intend to be transparent and accountable as we develop in this area, and our next report will target a GRI C level of application because we believe that by strengthening our commitment to, and reporting of, sustainability we will strengthen Air Canada as a whole.

Thank you for reading. Please don't hesitate to contact us at sustainability.viabilite@aircanada.ca.

Key accomplishments in 2011:

- Maintained our outstanding aviation safety record
- Met and exceeded our 2011 safety performance goals
- Invested in technology and a more efficient fleet to mitigate our environmental impact
- Improved fuel efficiency by 31% since 1990
- Reduced CO₂ emissions by 318,000 tonnes between 2006 and 2011
- Ranked among the Top Five Most Attractive Companies to work for in Canada
- Established the Air Canada Foundation to streamline our community giving efforts



GRI

Our approach in this first report is inspired by but not fully compliant with the widely used Global Reporting Initiative (GRI) guidelines.

GRI	Description	Where Reported	Details
1. GRI TABLE			
1.1	Statement from the most senior decision-maker of the organization	Citizens of the World 2011	p. 3
1.2	Description of key impacts, risks, and opportunities.	Citizens of the World 2011 2011 Annual Report	p. 3, 4 p. 4-5, 9-11, 62-70 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
2. ORGANIZATIONAL PROFILE			
2.1	Name of the organization.	2011 Annual Report	p. 8 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
2.2	Primary brands, products, and/or services.	2011 Annual Report	p. 8 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	2011 Annual Report	p. 8 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
2.4	Location of organization's headquarters.	2011 Annual Report	p. 149 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	2011 Annual Information Form	p. 17-19 http://www.aircanada.com/en/about/investor/documents/2012_AIF.pdf
2.6	Nature of ownership and legal form.	2011 Annual Information Form	p. 4 http://www.aircanada.com/en/about/investor/documents/2012_AIF.pdf
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	2011 Annual Information Form	p. 13-19 http://www.aircanada.com/en/about/investor/documents/2012_AIF.pdf
2.8	Scale of the reporting organization.	2011 Annual Report	p. 2, 8, 36 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
2.10	Awards received in the reporting period.	Citizens of the World 2011	Back cover
3. REPORT PARAMETERS			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	GRI Table	2011
3.3	Reporting cycle (annual, biennial, etc.)	GRI Table	To be determined
3.4	Contact point for questions.	GRI Table	sustainability.viabilite@aircanada.ca



GRI	Description	Where Reported	Details
3.5	Process for defining report content.	GRI Table	The CSR Committee was created and represented by the major branches of Air Canada. The Committee met regularly, took GRI training to understand the required approach, and reviewed stakeholder issues as reported by each branch. PriceWaterhouseCoopers was consulted in the development of this report. PriceWaterhouseCoopers also provided GRI/CSR training to select CSR Committee members. Our first report is an introduction to the Air Canada family.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	GRI Table	We are reporting Air Canada's activities as well as that of its wholly owned subsidiary, Air Canada Vacations.
3.7	State any specific limitations on the scope or boundary of the report (see Completeness Principle for explanation of scope).	Citizens of the World 2011	p. 3-4
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	GRI Table	We are excluding the activities of AVEOS, Air Canada's former Maintenance, Repair and Overhaul provider, as well as Air Canada Jazz and Air Canada Express, two companies with which AC has capacity purchase agreements, as well as Aeroplan.
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Included throughout report	This is included/explained under each specific indicator, as applicable
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Table	
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	2012 Management Proxy Circular	p. 27-30 http://www.aircanada.com/en/about/investor/documents/2012_proxy.pdf
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	GRI Table	The Chairman of the Board, David I. Richardson, is a non-executive officer of the corporation.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	2012 Management Proxy Circular	p. 26 http://www.aircanada.com/en/about/investor/documents/2012_proxy.pdf
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	GRI Table	Shareholders and employees may communicate with the Board or individual Board members by contacting the Corporate Secretary or Shareholder Relations. Shareholders may also submit proposals for the corporation's annual meeting of shareholders in accordance with the provisions of the Canada Business Corporations Act. The Corporation does not have work councils. One Board member (Roy Romanow) has been designated as the director nominee of the corporation's Canadian-based unions pursuant to the Pension Memorandum of Understanding entered into in July 2009.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	2012 Management Proxy Circular	p. 24, 48 http://www.aircanada.com/en/about/investor/documents/2012_proxy.pdf
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	2012 Management Proxy Circular	p. 32-33 http://www.aircanada.com/en/about/investor/documents/2012_proxy.pdf
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	2012 Management Proxy Circular	p. 32-33 http://www.aircanada.com/en/about/investor/documents/2012_proxy.pdf



GRI	Description	Where Reported	Details
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	aircanada.com	http://www.aircanada.com/en/about/index.html
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	2012 Management Proxy Circular GRI Table	p. 32 http://www.aircanada.com/en/about/investor/documents/2012_proxy.pdf At each quarterly meeting of the Audit, Finance and Risk Committee, the General Auditor presents a report on complaints filed by employees on Air Canada's ethics reporting hotline.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	GRI Table	An annual Board evaluation is conducted by the Chair of the Governance and Corporate Matters Committee.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Citizens of the World 2011 GRI Table	p. 6 GRI Table 4.1
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Citizens of the World 2011	p. 12 We endorse IATA goals.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Citizens of the World 2011 GRI table	p. 12, 13, 16 Various Chambers of Commerce
4.14	List of stakeholder groups engaged by the organization.	GRI Table	Employees, shareholders, investors, NGOs, Canadian governments, customers.
4.15	Basis for identification and selection of stakeholders with whom to engage.	GRI Table	The Company has a number of existing mechanisms for identifying stakeholders with whom we engage including customer and employee surveys, participation in associations and committees, Air Canada Kids' Horizons, Annual General Meetings.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	GRI Table	Meetings, surveys, letters, emails, phone calls, focus groups, social media and symposiums.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	GRI Table	We do not currently have a formal strategy for identifying and responding to topics or concerns raised by stakeholders. This is one of our key objectives for the next year.

STANDARD DISCLOSURES PART III: Performance Indicators

ECONOMIC

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Citizens of the World 2011 2011 Annual Report	p. 3 p. 2, 77-80 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Citizens of the World 2011	p. 12-17
EC3	Coverage of the organization's defined benefit plan obligations.	2011 Annual Report	p. 42-43 http://www.aircanada.com/en/about/investor/documents/2011_ar.pdf?d=041112
EC4	Significant financial assistance received from government.	Not applicable	None received



GRI	Description	Where Reported	Details
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not applicable	Up to 95 per cent of Air Canada's workforce around the world is unionized with entry level salaries generally above local minimum wages as they are determined by the terms and conditions of the various collective agreements regardless of gender.
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	GRI Table	Currently, Air Canada does not have a formal policy regarding purchase from locally based suppliers as our biggest expenditures are fuel, aircraft, food and beverages. However, the Corporate Purchasing Policy outlines the business requirement to contract with vendors with the lowest Total Cost of Ownership that could be instrumental to locally based suppliers. The concept of TCO goes beyond the price of acquisition and takes into consideration evaluation of transportation costs, lead times and after-sale support services where local suppliers have a competitive edge. Additionally, we consider the environmental footprint when developing specifications wherever practical and economically feasible, encouraging local purchase. As set in the Corporate Purchasing Policy, Air Canada will award contract to suppliers meeting the specifications and appropriate regulatory requirements, who offer the lowest Total Cost of Ownership (TCO), and whose technical competence, financial stability, quality, performance and capabilities meet our corporate requirements.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	GRI Table	Subject to certain very limited exceptions, postings are done internally and externally. Hiring manager will always interview internal candidates first. If we don't have a successful candidate, we interview external candidates. Usually postings for vacancies are local but any employee from any city can apply. No new senior management hired in 2011
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Citizens of the World 2011	p. 27
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Citizens of the World 2011	p. 3

ENVIRONMENTAL

MATERIALS

EN1	Materials used by weight or volume.	Not available	This is not currently measured.
EN2	Percentage of materials used that are recycled input materials.	Not available	Although many recycled products are used on board and on the ground, we do not currently quantify them.
EN3	Direct energy consumption by primary energy source.	Citizens of the World 2011	p. 44
EN4	Indirect energy consumption by primary source.	Citizens of the World 2011	p. 44
EN5	Energy saved due to conservation and efficiency improvements.	Citizens of the World 2011	p. 44
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Citizens of the World 2011	p. 13-14, 44
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Citizens of the World 2011	Initiatives to reduce electricity consumption are listed on p. 14. The quantity of reductions is not available at this time.
EN8	Total water withdrawal by source.	Not available	Air Canada sources its water from municipal water or other water utilities. Air Canada does not meter water consumption at all Canadian or any international stations. Actual onboard potable water consumption is currently not measured.



GRI	Description	Where Reported	Details
EN9	Water sources significantly affected by withdrawal of water.	Not applicable	Within Canada, we access our water from sources managed by municipalities. Internationally, we source our water from municipalities and any other official bodies managing water.
EN10	Percentage and total volume of water recycled and reused.	Not applicable	We draw our water from municipal systems and dispose of our waste water through sanitary sewers and storm water.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable	Any local issues related to biodiversity are managed by airport authorities, not individual airlines flying into airports.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable	Any local issues related to biodiversity are managed by airport authorities, not individual airlines flying into airports.
EN13	Habitats protected or restored.	Citizens of the World 2011	p. 17 Aviation has an indirect impact on biodiversity through climate change. Air Canada's actions to help address issues related to biodiversity involve its participation in the Biosphere Connections program.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Citizens of the World 2011	See EN13
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable	The responsibility for managing any local issues related to biodiversity falls to airport authorities, not individual airlines flying into airports.
EN16	Total direct and indirect greenhouse gas emissions by weight.	Citizens of the World 2011	p. 45
EN17	Other relevant indirect greenhouse gas emissions by weight.	Citizens of the World 2011	p. 45
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Citizens of the World 2011	p. 12-13
EN19	Emissions of ozone-depleting substances by weight.	Citizens of the World 2011	p. 46
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Not applicable	There are no regulatory requirements to report these emissions in Canada, nor any other standard categories of air emissions identified in Canadian regulations that pertain to Air Canada's operations.
EN21	Total water discharge by quality and destination.	Not available	This is not measured. However, we strive to comply with all applicable discharge criteria in the jurisdictions we fly into. Air Canada strives to ensure waste water discharged into municipal sewers and storm water meets government and municipal regulations. Our standard procedure is to have process water from operations go to sanitary discharge into sanitary sewers. We have oil interceptors in place to mitigate the impact of any waste water discharges. Where minor exceedences may occur, we put in place corrective action plans. For lavatory waste from onboard aircraft, we follow the local prescribed procedures. In Canada, for example, this waste is discharged into sanitary sewers.
EN22	Total weight of waste by type and disposal method.	Citizens of the World 2011	p. 15, 46
EN23	Total number and volume of significant spills.	Citizens of the World 2011	p. 47
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable	Air Canada establishes contracts with companies that are licensed and certified to transport and dispose of hazardous waste. Air Canada does not import hazardous waste.



GRI	Description	Where Reported	Details
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable	Our water discharges go to sanitary sewers. There is no significant impacts resulting from AC's discharges of water and runoff.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Citizens of the World 2011	p. 12-17
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not available	We do not quantify any products sold and their packaging materials that are reclaimed.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Citizens of the World 2011	p. 47
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not available	Air Canada employees commute to work and travel to conduct business; however, we have not measured the carbon footprint of either employee commutes or business travel. To help mitigate the impact of road transportation, we have developed a carpooling program for employees and a work-at-home program for our Tampa call centre agents and our Calgary Customer Relations agents.
EN30	Total environmental protection expenditures and investments by type.	Not available	This is not currently quantified.

Social: Human Rights

INVESTMENT AND PROCUREMENT PRACTICES

HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	Not available	Not identified as a significant stakeholder issue, nevertheless, this is not measured as we currently don't have a central repository of contracts.
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	Not applicable	This is not relevant to stakeholders, nevertheless see HR7.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	GRI Table	All new pilots receive training on this during their induction in 2011.
HR4	Total number of incidents of discrimination and corrective actions taken.	GRI Table	No material incidents identified and incidents typically promptly resolved through informal processes rather than protracted litigation.
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	GRI Table	None identified, however we will endeavour to include a general clause in future contracts.
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	GRI Table	None identified, however we will endeavour to include a general clause in future contracts.
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	GRI Table	None identified, however we will endeavour to include a general clause in future contracts.



GRI	Description	Where Reported	Details
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	GRI Table	All security managers (7) deal with both customers and employees. All are former police officers who received extensive training prior to their arrival at Air Canada. The group works closely with our legal department whenever necessary and a representative from the legal department attends staff meetings to update on any changes or new information.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	GRI Table	2 - 1 is under investigation. The other was addressed by clarifying statements made.
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	GRI Table	None
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	GRI Table	In Canada, for IAM, CAW, CUPE, ACPA, CALDA: Filed: 50, Addressed: 49, Resolved: 41

Social: Labour Practices and Decent Work

EMPLOYMENT

LA1	Total workforce by employment type, employment contract, and region broken down by gender.	Citizens of the World 2011	p. 20, 21, 43
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Citizens of the World 2011	p. 21
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	GRI Table	Though varying by union group, the differences are generally the effective date of health and dental coverage and the level of basic life insurance.
LA4	Percentage of employees covered by collective bargaining agreements.	Citizens of the World 2011	p. 22
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	GRI Table	Notice periods depend on any statutory and/or contractual requirements applicable to employees in different jurisdictions. For example, the Canada Labour Code requires 120 days' notice of technological change affecting the employment of a significant number of employees. The collective agreement with maintenance and ramp employees also contains a technological change provision. Another example is the Canada Labour Code requirement of sixteen weeks' notice of group termination of employment.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	GRI Table	At least 88%.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	Citizens of the World 2011	p. 9
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	GRI Table	For particular pandemics, Air Canada communicates information from Health Canada and its internal professional resources and debriefs all potentially affected staff. More generally, it has established Hazard Prevention Programs, Employee Assistance Programs, communicable disease protocols for passengers and crew on board aircraft and employee wellness programs that are communicated monthly in <i>Horizons</i> , the company's news magazine for employees.
LA9	Health and safety topics covered in formal agreements with trade unions.	GRI Table	Topics are not generally determined by formal agreement with unions but through the operation of the Canada Labour Code and the joint health and safety committees established pursuant to it.
LA10	Average hours of training per year per employee by gender and by employee category.	Citizens of the World 2011	p. 23



GRI	Description	Where Reported	Details
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	GRI Table	Air Canada offers on-the-job-training, classroom training and e-learning. Each program is geared towards a job classification, group or individual. In addition, management employees who are laid off involuntarily are offered support services to assist them in finding another job.
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	GRI Table	Our performance management program is implemented across our management workforce only and does not apply to our personnel belonging to labour groups. As such, 100% of our management employees receive regular performance feedback, minimally at the mid year and at the end of the year. In 2011, we revamped our program completely as well as the supporting tools and introduced a career development component so this topic is also now covered during the feedback meetings.
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Citizens of the world 2011	p. 43
LA14	Ratio of basic salary of men to women by employee category.	GRI Table	For the majority of Air Canada employees, basic salary is determined by collective agreements. Where there are no collective agreements, Air Canada's culture is a performance based culture where salaries are based on job descriptions and classifications and ultimately tied to individual and collective performance and targets.
LA15	Return to work and retention rates after parental leave, by gender.	Citizens of the World 2011	p. 43

Social: Product responsibility

CUSTOMER HEALTH AND SAFETY

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	GRI Table	We take passenger safety seriously. We hire external auditors to ensure all our caterers worldwide comply with strict regulations and procedures to ensure food safety. We follow a strict water management system to ensure our aircraft water is pure.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable	No incidents on record.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not applicable	Not applicable to our type of product and service.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Not applicable	No incidents on record.



GRI	Description	Where Reported	Details
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	GRI Table	<p>Air Canada utilizes project or product-specific surveys to gauge customer interests, likes and dislikes in order to build or improve upon products and services. Surveys may be online or conducted face to face, depending on objectives.</p> <p>Air Canada also conducts a monthly customer satisfaction survey (CSM) which measures customer satisfaction through a number of metrics ranging from flight satisfaction to value for money. Data is also collected on key service touch points such as the airports experience and service in the air. The CSM also identifies what is most appreciated by our customers and areas for improvement. At the end of the year, a "What could Air Canada improve survey" identifies key trends which need to be addressed to improve customer satisfaction. These trends are then translated into a yearly plan with targets which is then distributed to the appropriate internal stakeholders for action.</p> <p>In late August or early September 2012 the Company will launch a pilot survey through its mobile application. A distribution and action log process will be implemented, depending on the success of the pilot project.</p> <p>In addition Air Canada also welcomes customer feedback through various social network channels such as Facebook and Twitter. All commendations and complaints are sent to the respective branches for handling to promote improved customer service.</p>
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	GRI Table	<p>Air Canada adheres to Canadian advertising standards as mandated by the Advertising Standards Council in Canada. We also follow all rules related to the Department of Transportation in the USA as it relates to all fare advertising. The same applies to all international markets.</p> <p>We also comply with all privacy standards as they relate to email marketing or any personal information gathering for all communication programs targeting individuals.</p>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	GRI Table	<p>Two incidents:</p> <ul style="list-style-type: none"> • \$50,000 fine by US authorities for failure to display total prices and charges in the proscribed manner • EUR 208 fine for failure to translate certain information on German website into German
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	GRI Table	No complaints filed.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	GRI Table	<p>Other than routine regulatory matters we have paid the following fines:</p> <p>The US advertising violation paid in July 2011: \$50,000 assessed penalty with \$25,000 actually paid, unless there are additional violations of 49 U.S.C. §§ 41712 and 14 CFR Part 399 within the next year.</p> <p>And the EC Comp Cargo fine paid in January of 2011: 21,037,500 euros (approximately \$29.4 million CAD at an exchange rate of \$1.3970)</p> <p>Air Canada is appealing the decision imposing this fine.</p>
Social: Society			
LOCAL COMMUNITIES			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Citizens of the World 2011	p. 25-28



GRI	Description	Where Reported	Details
SO2	Percentage and total number of business units analyzed for risks related to corruption.	GRI Table	The Audit, Risk & Compliance department performs an annual risk assessment in conjunction with the Enterprise Risk Management process to develop the annual internal audit plan. All of Air Canada's business units are in scope for this risk assessment. In addition, a fraud risk assessment is performed for each area identified in the audit plan. All business, IT and field audits are conducted following generally accepted standards, which include the consideration of fraud in each audit. Given the size of Air Canada, it is not possible to audit all business units in each branch in a given year. However, the annual audit plan covers significant activities in 7 to 9 of the 35 branches in the Company, or approximately 20% to 25% of the total branches in Air Canada.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	GRI Table	Air Canada employees are all subject to the Air Canada Code of Conduct when they join the Company. All management employees are required to review and sign the Code of Conduct annually. We have an automated verification and reporting process to ensure compliance.
SO4	Actions taken in response to incidents of corruption.	GRI Table	Air Canada terminated 34 IAM represented employees for defrauding the Company on benefit claims.
SO5	Public policy positions and participation in public policy development and lobbying.	GRI Table	All Air Canada lobbying and public policy development involving the Government of Canada is conducted in full compliance with the Federal Accountability Act and the Lobbyists Registration Act. Public disclosures of advocacy subject matters, Air Canada employees responsible for lobbying activities and communication logs can be viewed on the website of the Office of the Commissioner of Lobbying of Canada (http://www.ocl-cal.gc.ca/eic/site/lobbyist-lobbyiste1.nsf/eng/h_nx00274.html). Any provincial or municipal public policy advocacy is done in full accordance with the standards of public conduct applicable in those jurisdictions.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	GRI Table	None
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	GRI Table	Air Canada paid a fine of \$29M to the EU for a competition violation ruling which pre-dates 2011; there were 2 complaints of anti-competitive behaviour filed against us in India alleging collusion in the removal of commissions to travel agents. Air Canada is appealing the decision imposing this fine.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	GRI Table	Air Canada paid \$12,000 for violation of the Official Languages Act, for an incident that predates 2011.
SO9	Operations with significant potential or actual negative impacts on local communities.	Citizens of the World 2011	p. 14
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not applicable	



Annex A

Category	Categories of Employees by Gender		
	F	M	Total
Executive	5	16	21
Senior A	18	34	52
Senior B	33	63	96
Middle Management	258	496	754
Management 2nd Level	499	635	1134
Management 1st Level	174	66	240
Non Management	10,464	14,594	25,058
Total employees	11,451	15,904	27,355

→ Only the "1st Level of Management" has more women than men

Employee Type	Categories of Employees by Gender		
	F	M	Total
Permanent	11,377	15,826	27,203
Temporary	74	78	152
Total employees	11,451	15,904	27,355

→ 99.4% of the workforce is permanent

Category	Categories of Employees by Age Group					Total
	< 25 yrs	25-34 yrs	35-44 yrs	45-54 yrs	55+ yrs	
Executive			5	8	8	21
Senior A			10	29	13	52
Senior B		5	26	48	17	96
Middle Management		90	235	311	118	754
Management 2nd Level	23	252	337	369	153	1 134
Management 1st Level	3	34	90	75	38	240
Non Management	851	3,500	6,528	9,073	5,106	25,058
Total employees	877	3,881	7,231	9,913	5,453	27,355

→ 36% of the total workforce range between 45 and 54 years old

Population by Diversity	
Diversity Indicator	% Representation
First Nations	1.08%
Minority	17.48%
Disabled	1.52%

→ Percentage representation of total employees in each diversity group

Status as of Dec. 31, 2011	2011 Parental Leaves		
	Male	Female	Total
Return from Parental Leave to Active Status	230	352	582
Remaining on Leave Status	80	191	271
Terminated	0	1	1
Total Parental Leaves in 2011	310	544	854

→ Return to Active Rate: 68.1%

→ Termination Rate: 0.1%



Annex B

GRI Indicator	AC KPI	Unit	2011	2010	Comments	
ENERGY						
EN3	Direct energy consumption by source of fuel.	AIR OPERATIONS				
		Aircraft fleet fuel (excluding Air Canada Jazz)	Million litres	3,513	3,373	
		GROUND OPERATIONS				
		Diesel/gas oil	MWh	73,458	69,557	
		Propane	MWh	7,624	7,705	
		Natural gas	MWh	18,840	17,842	
		Distillate fuel oil No 2	MWh	0	3,485	
	Liquefied petroleum gas (LPG)	MWh	0	0.05		
EN4	Indirect energy consumption.	Electricity consumption (Excluding Air Canada Jazz)	MWh	152,171	156,393	Excluded from these figures is electricity consumption in airport facilities where Air Canada does not receive direct electricity invoices or annual reports of consumption from airport authorities.
		Air Canada Jazz fleet fuel consumption	Million litres	424	417	
		Electricity use for Air Canada Jazz facility operations	MWh	1,078	1,050	
		Stationary energy use for Air Canada Jazz facility operations	MWh	859	466	
EN5	Energy saved due to conservation and efficiency improvements.	AIR OPERATIONS				
		Fuel efficiency	Litre per 100 Revenue tonnes kilometres	36.84	36.47	
		Estimated fuel saving year-over-year	Million litres	35.01	101.72	This is a comparison of the estimated fuel consumption and actual fuel consumption for the current year.



GRI Indicator	AC KPI	Unit	2011	2010	Comments	
EMISSIONS						
EN16	Total Scope 1 greenhouse gas emissions	Aircraft fleet emissions	Metric tonnes of CO ₂	8,963,547	8,607,427	
		Emissions from stationary combustion	Metric tonnes of CO ₂ -e	3,491	4,178	
		Emissions from Ground Support Equipment	Metric tonnes of CO ₂	21,006	19,999	
		Emissions from halocarbon releases	Metric tonnes of CO ₂ -e	498	753	
	Total Scope 2 greenhouse gas emissions	Emissions from electricity consumption	Metric tonnes of CO ₂ e	11,939	11,803	
EN17	Total Scope 3 greenhouse gas emissions.	Air Canada Jazz has been excluded from Air Canada's direct emission, but included in Air Canada's indirect emissions, due to the capacity purchase agreement. As per this agreement, Air Canada purchases the greater part of Jazz's fleet capacity at a predetermined rate.	Metric tonnes of CO ₂			
		Emissions from Air Canada Jazz fleet		1,081,964	1,065,083	
		Emissions from Air Canada Jazz facility operations (electricity and stationary combustion)		1048	947	



GRI Indicator	AC KPI	Unit	2011	2010	Comments	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	AIR OPERATIONS				
		CO ₂ efficiency	kg CO ₂ per 100 revenue tonne km	93.99	93.05	
		CO ₂ avoidance year over year	Millions of metric tonnes of CO ₂	-89,968	261,427	Each year's value reflects the quantity of CO ₂ emissions avoided over the previous year due to emissions reductions initiatives in our air operations. In 2011, our initiatives resulted in an increase in emissions; hence we are reporting a negative reductions figure.
EN19	Emissions of ozone-depleting substances by weight.	Halocarbon releases		377	483	

WASTE

Non-hazardous waste from Air Canada buildings					
Recycled:					
Paper	Metric tonnes	366	393		
Cardboard	Metric tonnes	221	460		
Wood	Metric tonnes	124	111		
Metal	Metric tonnes	853	1338		
Mixed recycling	Metric tonnes	37	44		
Sent for landfill*	Metric tonnes	2,881	2,855		Adjusted weight
Waste diverted from landfill	%	36	45		In 2010 a considerable amount of old ground equipment was recycled causing a spike in the quantity of scrap metal recycled. This contributed to a significantly higher percentage of waste diverted from landfill for 2010 relative to 2011.
Hazardous waste from Air Canada buildings					
Total hazardous waste	Metric tonnes	578	454		
Percentage of hazardous waste recycled and used for alternative fuel	%	41	48		

GLYCOL



GRI Indicator	AC KPI		Unit	2011	2010	Comments
	Quantity of glycol sprayed	Quantity of glycol sprayed by Air Canada on all aircraft	Metric tonnes	2,789	4,975	Glycol sprayed refers to the total amount of glycol that Air Canada sprayed and includes Air Canada airplanes, Jazz airplanes, and any other airline we are contracted to de-ice. These figures do not reflect de-icing of Air Canada airplanes at airports where other companies have been retained to provide this service.
UNPLANNED EVENTS						
EN23	Fuel Jettisons	Fuel jettisons	Number of occurrences	2	8	Fuel jettisons occur at high altitudes due to safety, medical or operational emergencies. They are conducted in accordance with established flight operational protocols.
	Spills	Spills reported	Number of occurrences	79	79	These refer to spills the company was required to report due to them exceeding a reporting threshold. They range from low- to critical severity. A large number of these spills were lavatory waste spills, which have a very low threshold for reporting. The majority of all spills occurred on hard surfaces such as tarmac or concrete and were contained, resulting in minimal environmental impact.
COMPLIANCE						
EN28	Fines for non-compliance with environmental laws and regulations.	Monetary value of fines for non-compliance with environmental laws and regulations. (Excluding fines relating to noise infringement.)	\$	0	0	
	Noise infractions	Number and location of airport noise policy infractions	Number and location	Reports of noise infractions relating to 5 flights in Brussels; 4 fines paid for noise procedure violations at Vancouver International Airport.		



2011 Awards

In 2011 we were recognized as providing the "Best Flight Experience to Canada" by Executive Travel magazine, for the fourth consecutive year. In addition, Air Canada was judged "The Best Airline in North America" at the Skytrax World Airline Awards for the second consecutive year. These and other industry awards, (listed below) reflect our ongoing focus on customer service, and the inroads we are making in improving this key component of our business. It is also an encouraging indication that employees continue to participate in the airline's transformation.

Skytrax, 2011 World Airline Awards

(Second consecutive year)



"Best International Airline in North America"

Business Traveler

(Fourth consecutive year)



"Best In-Flight Services in North America" and being the "Best North American Airline for International Travel,"

Global Traveler



"Best Airline in North America"

Ipsos Reid Business Traveller Survey.



Canada's favourite airline for business travel Air Canada was preferred by 73 per cent of Canadian business travellers surveyed for 2011, the third consecutive year of improvement.

Concours Flèche d'or 2011



"Best Customer Loyalty Campaign"



2011 Business Traveller Awards

London, England by the U.K. readers of Business Traveller magazine.

"Best North American Airline"

Executive Travel magazine's 2011 Leading Edge Awards

(fourth consecutive year)



"Best Flight Experience to Canada"



Baxter Travel Media's Agents' Choice Awards.

"Agent's Choice Award for Favourite Scheduled Airline"



Best Redemption Ability, Best Promotion for Earning and Best Customer Service Frequent Traveler Awards

Program of the Year

The Canadian Forces Liaison Council (CFLC)



"Special Award for Support to the Reserve Force"

Randstad Canada



"Top Five Most Attractive Companies to work for in Canada"