



*Safety*



*Environment*

AIR CANADA 

# Citizens of the world

CORPORATE SUSTAINABILITY REPORT 2013



*Employees*



*Community*

**pil·lar.**

*noun.*

A fundamental part or feature of a system or organization

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## At a glance

*In fulfillment of its commitment to regularly update stakeholders on its corporate sustainability activities, Air Canada presents Citizens of the World 2013, its most recent corporate sustainability report.*

The following document has been approved by the Board of Directors' Corporate Governance Committee and is structured around four broad areas – safety, environment, employees and community – identified as being of primary concern in stakeholder consultations. The current report expands on previous reports, notably with the inclusion of the Air Canada Leisure Group, consisting of Air Canada rouge™ and Air Canada Vacations®, two wholly-owned operating subsidiaries of Air Canada.

The report has been prepared in accordance with the principles developed by the Global Reporting Initiative (GRI), an internationally-recognized standard for corporate reporting of economic, environmental and social performance. Development of the report was the responsibility of a 15-member steering committee composed of senior managers representing all major branches of Air Canada and chaired by the Vice President of Corporate Communications. Air Canada declares that its 2013 report has been prepared in accordance with the Core option of the Global Reporting Initiative G4 guidelines.

August 5, 2014



## Introductory letter from Calin Rovinescu

The boundaries of communities are defined in many different ways. There are local communities, communities of interest such as for business, health or the arts, ethnic or national communities, and even a single global community.

However they are conceived, communities are of central importance to Air Canada. They are where our employees and customers live, work and play; connecting people and communities is the essence of our business. We therefore share responsibility for the well-being of all communities and our decision-making must be informed by considerations of economic, environmental and social sustainability.

Demonstrating our commitment to meet such obligations, Air Canada is pleased to issue *Citizens of the World, Air Canada's 2013 Corporate Sustainability Report*. It is our third report and improves upon previous editions with a greater degree of disclosure, including more quantified reporting on our sustainability activities. Stakeholders can use this document to evaluate our performance over the year in the areas of most concern to them – safety, the environment, our employees and Air Canada's community investments.

More than just a report card on past activities, *Citizens of the World* also provides a means to hold Air Canada accountable for its future actions. By explicitly stating goals for the coming year and beyond, the report lays down markers by which our progress can be measured.

Finally, the process of preparing a sustainability report has the beneficial effect of heightening awareness throughout the organization of our social obligations. The recognition of achievements, the candid admission of shortcomings and the setting of goals serve to renew our determination to conduct our business in a sustainable, responsible manner. It is a way we can challenge ourselves to do better.

For all these reasons, I am proud to present our 2013 sustainability report and I look forward to future reports detailing more of our accomplishments. You can assist our efforts by providing feedback both on this report and our sustainability programs through [sustainability.developpement\\_durable@aircanada.ca](mailto:sustainability.developpement_durable@aircanada.ca).

Sincerely

A handwritten signature in black ink that reads "Calin Rovinescu". The signature is written in a cursive, flowing style.



# Sustainability performance highlights

## Key achievements 2013

## Key goals for 2014

### Safety

Air Canada successfully completed the Transport Canada Safety Management System audit. Air Canada's corrective action plans are pending final approval

Successful completion of its biennial IATA Operational Safety Audit (IOSA)

### Environment

Air Canada continued its support for the development of alternative, environmentally-friendly fuels

Continue to advance greenhouse gas (GHG) reductions through the four pillar approach

### Employees

Air Canada concluded the planned labour agreements for Air Canada rouge™, further rolled out elements of the AC Way and completed the restructuring of employee communications

Launch new employee portal

### Community

The Air Canada Foundation increased its donation capability through greater awareness and visibility for the foundation and its activities

Incorporate the Air Canada Foundation into Air Canada's brand marketing initiatives

# Financial performance

## Strategy

Over the last several years, Air Canada has made significant progress in positioning itself to improve services to customers, create value for shareholders and transform its corporate culture to one that embraces leadership, accountability and entrepreneurship among its employees. The airline has been taking concrete, aggressive and targeted actions to successfully improve its earnings and lower the overall risk profile of the company through the execution of strategic initiatives designed to lower its cost structure, improve its balance sheet, increase its return on invested capital, further improve its market-leading customer service programs, de-risk its pension plans and provide a more stable and positive environment to its employees.

## Key priorities

Air Canada's global strategy for sustained value creation and profitability is based on the following four key priorities:

-  **COST TRANSFORMATION AND REVENUE IMPROVEMENT**
-  **INTERNATIONAL GROWTH**
-  **CUSTOMER ENGAGEMENT**
-  **CULTURE CHANGE**

## Financial performance

(CANADIAN DOLLARS IN MILLIONS, EXCEPT WHERE INDICATED)	2013	2012
OPERATING REVENUES	12,382	12,114
OPERATING INCOME	619	442
NON-OPERATING EXPENSE	(617)	(522)
NET INCOME (LOSS)	10	(136)
ADJUSTED NET INCOME	340	55
EBITDAR	1,515	1,447
UNRESTRICTED LIQUIDITY AT DECEMBER 31	2,364	2,018
FREE CASH FLOW	(231)	199
ADJUSTED NET DEBT	4,351	4,137
RETURN ON INVESTED CAPITAL (ROIC)	11.0%	7.9%
NET INCOME (LOSS) PER SHARE - DILUTED	\$0.02	\$(0.51)
ADJUSTED NET INCOME PER SHARE - DILUTED <sup>1</sup>	\$1.20	\$0.20

<sup>1</sup>Adjusted net income (loss) is a measure of profitability used by Air Canada and excludes foreign exchange gains (losses) and other non-operating and unusual items.

2012 has been restated for accounting standard changes related to consolidation of special purposes entities and employee benefits, as described in Air Canada's audited consolidated financial statements and notes for 2013.

## Operational performance

	2013	2012
REVENUE PASSENGER MILES (MILLIONS) (RPM)	56,788	55,646
AVAILABLE SEAT MILES (MILLIONS) (ASM)	68,573	67,269
PASSENGER LOAD FACTOR (%)	82.8%	82.7%
YIELD (CENTS)	19.1	19.0
PASSENGER REVENUE PER ASM (CENTS)	15.9	15.8
OPERATING EXPENSE PER ASM (CENTS) <sup>2</sup>	17.3	17.5
ADJUSTED CASM (CENTS) <sup>3</sup>	11.6	11.8

<sup>2</sup>Excluding benefit plan amendments

<sup>3</sup>Adjusted CASM refers to operating expense per ASM adjusted to remove the effects of fuel expense, the cost of ground packages at Air Canada Vacations and unusual items.

## Expense breakdown

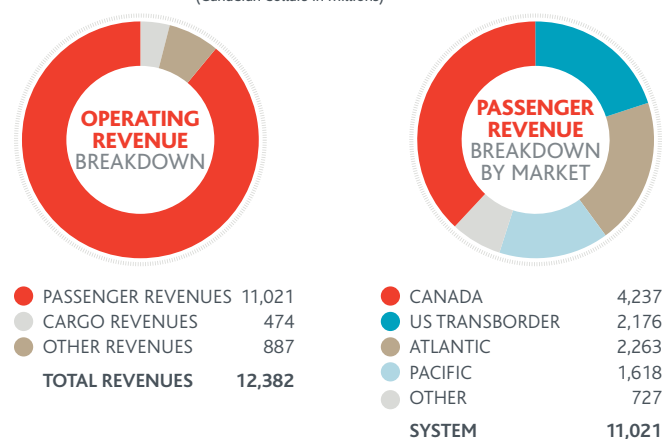
(Canadian dollars in millions)

AIRCRAFT FUEL	3,534
WAGES, SALARIES, AND BENEFITS <sup>2</sup>	2,247
CAPACITY PURCHASE AGREEMENTS	1,123
AIRPORT AND NAVIGATION FEES	983
AIRCRAFT MAINTENANCE	632
SALES AND DISTRIBUTION COSTS	613
DEPRECIATION, AMORTIZATION AND IMPAIRMENT	578
AIRCRAFT RENT	318
FOOD, BEVERAGES AND SUPPLIES	289
CIT	190
OTHER	1,338
<b>TOTAL</b>	<b>11,845</b>

<sup>2</sup>In 2013, Air Canada recorded an operating expense reduction of \$82 million related to amendments to defined benefit pension plans. For the purpose of representation, this amount is excluded from Air Canada's expenses.

## Revenue breakdown

(Canadian dollars in millions)



**20<sup>TH</sup>** LARGEST AIRLINE  
IN THE WORLD

**\$12.38 BILLION**  
OPERATING REVENUE

**1,500**  
AVERAGE  
DAILY FLIGHTS

APPROX.  
**27,000**  
EMPLOYEES  
AROUND THE WORLD

**54** U.S.  
DESTINATIONS

**60** CANADA  
DESTINATIONS

**67** INTERNATIONAL  
DESTINATIONS

Additional Information is provided in Air Canada's consolidated financial statements for the year ended December 31, 2013 and Air Canada's 2013 Management's Discussion and Analysis of Results of Operations and Financial Condition dated February 12, 2014, both of which are available on Air Canada's website at [aircanada.com](http://aircanada.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

# Overview

*Air Canada is the largest airline in Canada, with the greatest number of scheduled passenger services in the domestic market, in the Canada-U.S. transborder market and in the international market flying to and from Canada.*

In 2013, Air Canada, together with its leisure carrier Air Canada rouge and its Air Canada Express™ regional partners, operated 1,500 daily flights on average. With a combined fleet of 352 aircraft at year-end, it served more than 35 million customers, providing direct passenger service to more than 180 destinations on five continents. Air Canada is a founding member of the Star Alliance™ of carriers, making it part of the world's most comprehensive air transport network, serving over 1,300 destinations in more than 195 countries worldwide.

Air Canada is among the 20 largest commercial airlines in the world by traffic. In 2013 it had operating revenue of \$12.4 billion (all figures Canadian dollars) which places it among the largest 100 corporations in Canada. The company's headquarters are located in Montreal and it employs approximately 27,000 people in Canada and 28 other countries throughout the world.





Given the size of its annual operating expenditures (nearly \$11.8 billion in 2013 – including annual salaries, wages and benefits exceeding \$2.2 billion), Air Canada’s economic footprint is large. Its contribution is estimated at more than 50 per cent of all aviation activity in Canada, including that of foreign airlines operating into the country. One indicator of the significance of its impact is the fact that the four largest airlines in Canada alone have an estimated total economic output of approximately \$35 billion, including multiplier effects, and they sustain at least 268,000 jobs.<sup>1</sup>

Founded in 1937 as Trans-Canada Air Lines, the carrier was initially owned by the Canadian federal government which created it to provide passenger and cargo air services for Canadians. In 1965 the company’s name was changed to Air Canada, reflecting the linguistic duality of the country. The company was fully privatized by 1989 through a public share offering and today Air Canada’s shares (AC.a; AC.b) trade on the Toronto TSX exchange where they were the best-performing stock in the S&P/TSX composite index in 2013.

## FINANCIAL SUSTAINABILITY

The global airline industry has always been challenging, characterized by narrow margins, intense competition and sensitivity to economic fluctuations and geopolitical events. Even in the normal course, business risk is always present and must be managed.<sup>2</sup> Historically, this has been especially true for traditional network or legacy carriers such as Air Canada. After a difficult period that affected the entire industry in the first decade of the 21<sup>st</sup> century, Air Canada has entered into a period of relative stability and is fixed firmly on the goal of transforming itself into a company that is sustainably profitable over the long term.

<sup>1</sup> Source: National Airlines Council of Canada

<sup>2</sup> GRI information can be found on [aircanada.com](http://aircanada.com)>About Air Canada>Corporate Sustainability Reports>2013 Corporate Sustainability Report>2013 GRI. For a full discussion of risk factors, Management’s Discussion and Analysis of Results of Operations, February 12, 2014, page 68.



**181:**

THE NUMBER OF DESTINATIONS  
SERVED WORLDWIDE



**35.8 MILLION:**

CUSTOMERS  
FLOWN IN 2013

**352:**

THE NUMBER  
OF AIRCRAFT  
IN THE FLEET





## **\$340 MILLION:** AIR CANADA'S ADJUSTED NET INCOME IN 2013

In 2013, considerable progress was made toward this goal. Air Canada generated adjusted net income of \$340 million or \$1.20 per diluted share, the highest in its history and an improvement of \$285 million or \$1.00 per diluted share from 2012. On a GAAP basis, Air Canada reported net income of \$10 million or \$0.02 per diluted share compared to a net loss of \$136 million or \$0.51 per diluted share in 2012, an improvement of \$146 million or \$0.53 per diluted share. It ended the year with unrestricted liquidity (consisting of cash, short-term investments and undrawn lines of credit) of nearly \$2.4 billion – exceeding its target of \$1.7 billion. During the year, the carrier operated with a record load factor of 82.8 per cent.

Another significant accomplishment in 2013 was the restoration to health of the company's Canadian defined benefit pension plans. The consolidated financial position of Air Canada's defined benefit pension plans significantly improved in 2013 from a solvency deficit of \$3.7 billion as of January 1, 2013 to a small surplus of \$89 million as of January 1, 2014 based on actuarial valuations as at that date. This was attributed to several factors: a 13.8 per cent return on investments during 2013; the implementation of pension benefit amendments that are estimated to have decreased the solvency deficit by approximately \$970 million; contributions made by Air Canada for the year of \$225 million in respect of the solvency deficit; and the application of a prescribed discount rate of 3.9 per cent to calculate its future pension obligations.

These results are indicative of the progress Air Canada is making by pursuing a corporate strategy based on four key priorities. They include cost structure transformation, promoting customer engagement, effecting culture change among employees and international expansion. During 2013, the company achieved notable success in each of these areas<sup>3</sup> and in order to heighten awareness among stakeholders and the financial community of this progress, the company held an Investor Day in June for the analyst community where senior executives made extensive presentations about the company's strategy and plans for maintaining positive financial momentum.

## GOVERNANCE SUSTAINABILITY

In 2013, Air Canada was governed by a ten-member Board of Directors committed to meeting high standards of corporate governance in all aspects of the Corporation's affairs. The Board and management believe that a strong, effective, independent Board plays a crucial role in promoting the interests of stakeholders, maximizing shareholder value and ensuring ethical business practices. This is of major importance to the company and its stakeholders, who both rate ethical business practices and policies highly in the materiality index of sustainability issues affecting the company, upon which this report is based. Based on the 2013 management proxy circular and other public filings, Institutional Shareholder Services, Inc. (ISS) ranked Air Canada in the first decile in respect of corporate governance, which is the highest ranking given to approximately ten per cent of the 250 companies in the S&P/TSX Composite Index and represents the lowest governance risk.

As a means of living up to applicable corporate governance standards and maintaining best practices, Air Canada adopted and regularly updates its Corporate Policy and Guidelines on Business Conduct, better known as the Air Canada Code of Conduct.<sup>4</sup> Among other things, the Code addresses: compliance with laws, rules and regulations; anti-bribery and anti-corruption; employment policies; fair dealing with other people and organizations; and reporting suspected non-compliance. All employees are required to abide by the Code and management employees are required to acknowledge annually their undertaking in this regard.

In addition, Air Canada encourages employees to report any concerns, including through an anonymous Ethics Reporting Hotline that is actively promoted throughout Air Canada. All Hotline reports are promptly investigated and followed-up to closure.

Consistent with its stated goal of improving its Standard Operating Procedure and Policy Compliance in 2013, Air Canada appointed a full time General Compliance Officer, within the corporate Law Branch, who is responsible for developing, implementing, improving and monitoring Air Canada's compliance programs.



<sup>3</sup> Ibid.

<sup>4</sup> A complete copy of this document can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Air Canada website at [www.aircanada.com](http://www.aircanada.com).

Air Canada's Integrity and Compliance standards include policies on competition law, fraud prevention, conflicts of interest, data privacy as well as a comprehensive new anti-corruption policy and program. Air Canada provides training and guidance on these standards. It also implements a communications strategy to raise awareness of corporate values, principles and internal controls. Branches are provided with information, tools and techniques – including templates, registers and guidance documents – to help them meet program requirements. The independence of the Integrity and Compliance programs is assured by a reporting stream to the Board Audit, Finance and Risk Committee.

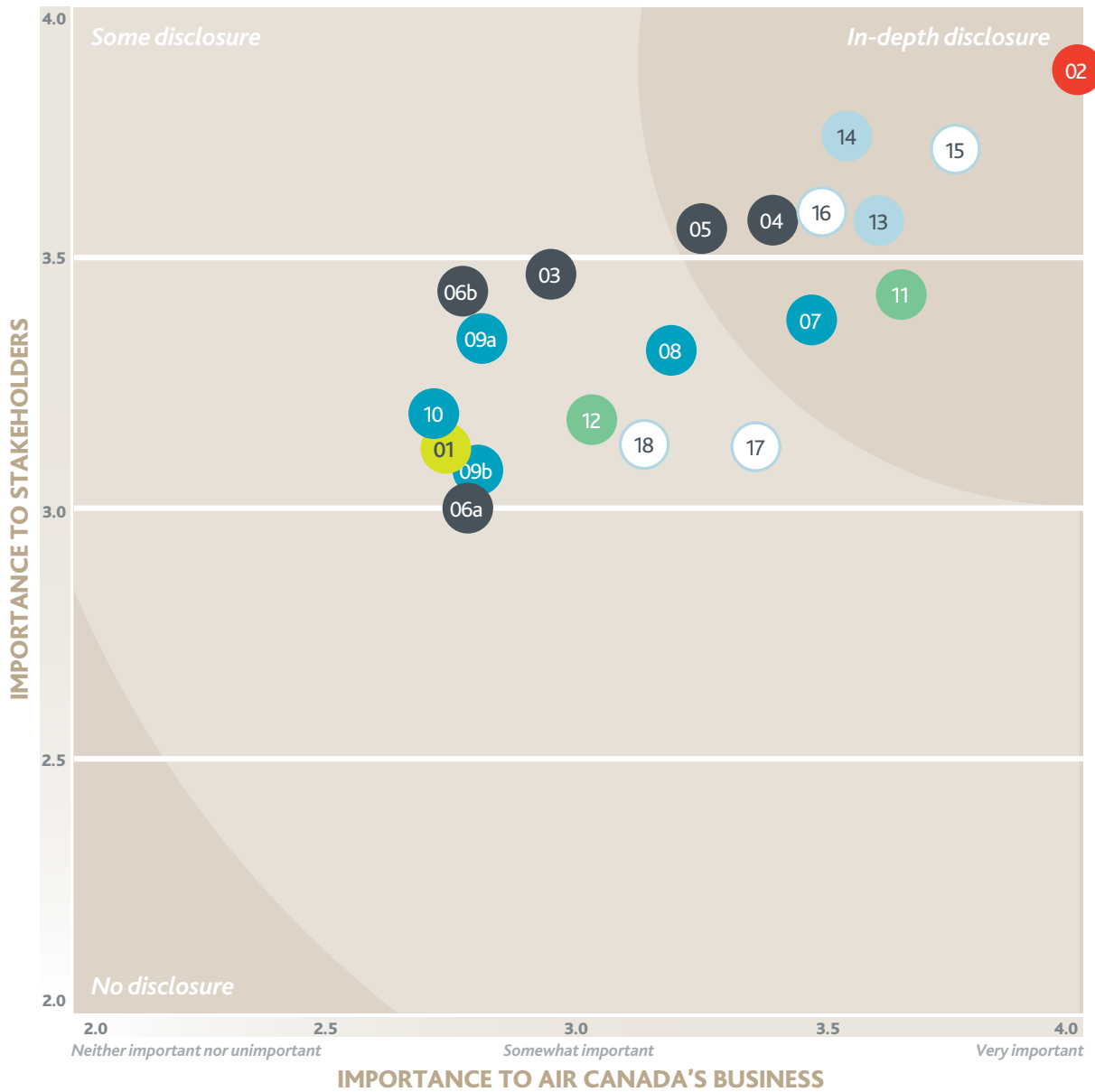
In 2013, the Board extensively reviewed the Corporation's governance practices and concluded that they comply with or exceed the requirements of National Instrument 58-101, Disclosure of Corporate Governance Practices. Air Canada regularly reviews its governance practices as regulatory changes come into effect and will continue to monitor changes closely and implement updates to its governance practices if the need arises.



## Goals for 2014

- Establish a senior management standing committee responsible for sustainability activities and reporting
- Maintain the company's domestic registered pension plans in a surplus position
- Continue developing, implementing, improving and monitoring Air Canada's compliance programs

## Results of Stakeholder Analysis conducted in 2013 Air Canada's materiality matrix



- |   |   |                            |  |  |
|---|---|----------------------------|--|--|
| 01 Sustainable procurement practices        | 05 Employee health and wellness         | 08 Fleet management        | 11 Economic performance of Air Canada              | 15 Regulatory compliance                   |
| 02 Safety                                   | 06a Diversity                           | 09a Waste management       | 12 Community involvement and Socio-economic impact | 16 Ethical business practices and policies |
| 03 Employee training & development          | 06b Equal opportunity                   | 09b Water management       | 13 Customer engagement                             | 17 Transparency and Disclosure             |
| 04 Labour relations and employee engagement | 07 Energy consumption and GHG emissions | 10 Noise and air emissions | 14 Customer experience                             | 18 Sustainable governance                  |

LEGEND : ● Safety ● Customer ● Employee ● Supply Chain ● Governance ● Economic ● Environment

• Importance to Air Canada's business: evaluated through internal interviews and workshops • Importance to stakeholders: evaluated from surveys of Air Canada customers, employees and suppliers • Level of disclosure: all Air Canada public disclosures are considered (CS report, Annual report, AIF, website, etc.) • Topics are ranked by decreasing materiality score



*Safety first and last*

## Safety is the single-most important value at Air Canada. Throughout the organization, at all levels, safety is the primary consideration in decision-making and there is continual reinforcement among all employees that an approach of “safety first and last” must govern all activities.

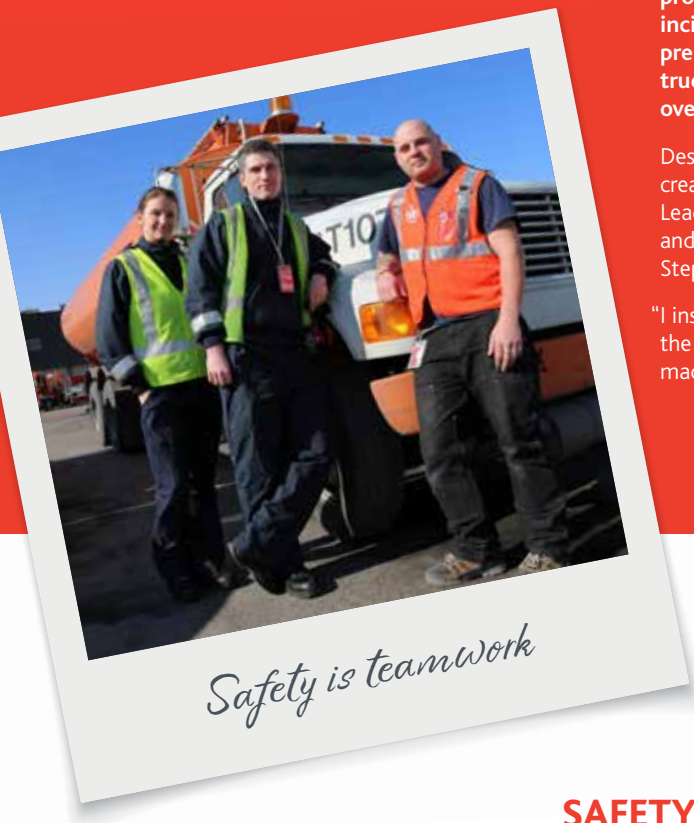
*Beyond being an ethical and operational imperative for employees, safety is also the chief concern of stakeholders. It ranked as the single most important topic identified in the materiality assessment that is the basis of this report. Moreover, in terms of corporate sustainability, safety is an essential attribute for any airline as its success or failure is directly dependent on establishing and maintaining a reputation for operating safely.*

In an industry that is empirically the safest mode of transport, Air Canada ranks among the world’s safest carriers. The company successfully completed its most recent biannual IATA Operational Safety Audit (IOSA) with results that placed it in the top two per cent in the global industry for safety.<sup>1</sup> In 2013 it successfully underwent a Transport Canada audit of its Safety Management System (SMS). During the year the number of Lost Time Injuries – a key safety metric – declined from the previous year.

Finally, Air Canada’s safety record was recognized with a prestigious national award from *Canadian Occupational Safety* magazine, which gave Air Canada a silver medal for its achievements in workplace health and safety in its annual Canada’s Safest Employer Awards for 2013. Air Canada was chosen from among 40 companies considered in the transportation sector. Among other things, eligibility for the award requires that in the previous five years a company has neither fatalities nor serious injuries nor occupational health and safety act charges.



<sup>1</sup>See Citizens of the World, 2012, page 15, 52



While the goal of Air Canada's safety programs is preventing accidents, incidents do occur and employees are prepared. In March, a third-party fuel truck carrying 10,000 litres of jet fuel overturned near an aircraft in Calgary.

Despite fuel gushing from the truck, creating a potentially explosive situation, Lead Station Attendant Simon Loesche and Station Attendants Kaitlyn Code and Stephen Hill, intervened.

"I instinctively rushed over and noticed the fuel leaking out of the truck and made a decision to jump up on the truck

as I figured if it had not gone up at this point, I would have time to try and help the driver," says Simon.

Code meanwhile positioned a belt loader over top the cab to carry the injured driver down. Once at a safe distance, Hill administered first aid until the paramedics arrived.

"The first thing through my mind after the initial shock of realizing what happened was to do a scene assessment for fire, water and gas, and to ensure that the site was safe," recalls Stephen. "Assess and then delegate. We worked as a team."

## SAFETY MANAGEMENT

*Because it is essential to Air Canada's sustainability, safety is accorded a central place within the corporate structure. Air Canada maintains a federally approved SMS in compliance with the Canadian Aviation Regulations. Air Canada's SMS serves as a strong yet flexible backbone upon which systematic and comprehensive processes and procedures for managing risk are developed, applied and evaluated. It also creates a common support structure for all operational groups, with clear elements and concise direction, so that they can implement effective safety management activities.*

Air Canada's President and Chief Executive Officer is the designated accountable executive for Air Canada's SMS with Air Canada's Senior Director, Corporate Safety, Environment and Quality, responsible for day-to-day administration and corporate oversight of SMS policies and procedures. The Air Canada corporate safety board, chaired by the chief executive, meets quarterly. Achieving safety targets is one criterion in determining annual remuneration for senior executives.



### *Branch divisions*

Three separate groups within the Corporate Safety, Environment and Quality branch are responsible for safety and are tasked with supporting a broad range of operational requirements. The first of these is *Safety Services and Initiatives*, whose purpose is to ensure employee safety programs are implemented and kept current. Among other things it monitors compliance with the Canada Labour Code and other applicable regulations and tracks employee safety-related incidents.

The second group is *Data Management and Research*. It collects and manages information related to safety, through the use of the Safety Information Management System (SIMS). The Data group also catalogues trends in incidents, reports on safety of flight, compiles information from Flight Data Analysis Services, and assists the investigative work of Corporate Safety.

Third is *Quality Services*. It monitors adherence to corporate policies, audits internal and external organizations, and develops corrective action plans to ensure policy compliance.

**18,731:** THE NUMBER OF REPORTS APPROVED THROUGH THE SAFETY INFORMATION MANAGEMENT SYSTEM IN 2013

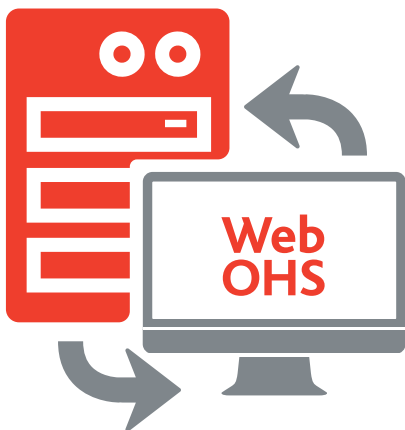
### *SIMS*

Effective communication is integral to safety therefore Air Canada maintains a number of safety committees that meet regularly to discuss all aspects of safety. One initiative in 2013 to improve communication was the rollout of the SIMS across the company. The SIMS is a centralized, non-punitive safety reporting structure designed to break down the silos that may exist between teams and branches in recognition of the fact that timely sharing of information is critical to safety. In 2013, there were 18,731 reports approved through the SIMS, which is regarded positively because a reporting culture is the hallmark of a functioning and effective SMS.

More generally, the new information management system permitted Air Canada to better understand risks and hazards, enabling it to see how seemingly disparate elements can combine to create risk and how each branch can contribute to a total solution. This last point is crucial in any safety program whose effectiveness is largely dependent upon the ability to identify risks and take preventative measures.

Communications were further improved through the acquisition in 2013 of Web-OHS, an online tool that serves as a central repository for health and safety information and makes this information accessible to all committees. This not only reduces the duplication of work and encourages collaboration among different groups, but it also helps in identifying trends and patterns among seemingly random events.

One outcome of this heightened focus on information sharing and communication was the development of a Safety Risk Profile (SRP) during 2013 to capture the safety challenges the company faces across its operation. It covers an extensive range of issues, from cockpit distractions and aircraft damage to passenger issues and non-compliance with Standard Operating Procedures (SOPs). The SRP is developed from an assessment of all risks, hazards and occurrence reports, as well as from other safety inputs such as Flight Data Analysis, industry and regulatory assessments from bodies such as IATA, and reports from internal audit programs.



## SAFETY PROGRAMS

During the year Air Canada also undertook a number of initiatives related to safety in specific areas of the company. One such program was the Line Operations Safety Audit (LOSA), the second time Air Canada has participated in this study.

It entailed placing trained LOSA observers on the flight deck during 350 scheduled flights to monitor the operation from a safety perspective and collect data about errors and potential threats, which are otherwise difficult to identify. The information is shared with the LOSA Collaborative, an international network of more than 80 airlines, and the findings can be used in enhancing airline SOPs. The information is collected and reported in a non-identifying fashion to encourage participation and the program is supported by the Air Canada Pilots Association (ACPA).

Another corporate safety initiative undertaken in 2013 was the implementation of a cosmic radiation monitoring program. This was the result of a study conducted previously, and although such studies have been conducted by European carriers, Air Canada was the first in North America to do so. To enable employees to track their exposure to cosmic radiation, Air Canada retained the services of PCAire<sup>®</sup> Inc. whose scientists examined flight schedules and planning data and also flew aboard aircraft with testing equipment to monitor cosmic radiation. Unions representing Air Canada's onboard employees, ACPA and the Canadian Union of Public Employees (CUPE), representing flight attendants, supported the study and participation was voluntary.



**The story of Icarus flying too close to the sun is only a myth, but Air Canada still takes the effects of cosmic radiation seriously.**

The earth's magnetic field and atmosphere protect it from the worst effects of ionizing radiation from both the sun and distant stars. However, the level of protection can vary with such things as altitude and proximity to the poles, meaning people who fly have a slightly elevated exposure.

To enable onboard crews to monitor and control their levels, Air Canada in 2013 hired PCAire Inc., a Canadian company, to implement a radiation monitoring system for pilots and flight attendants. Using data gathered from measurements made on hundreds of flights all over the world, including some aboard Air Canada aircraft, the company developed an algorithm that enables users to calculate their exposure on any given route. Air Canada has put in place a web-based application updated monthly that allows employees to use the Netline crew scheduling tool to track their exposure.

Radiation is measured in millisieverts (mSv) and international bodies recommend that exposure not exceed 20 mSv per year over a five-year period. Typically Air Canada crew members receive less than 1.0 and up to 6.0 mSvs annually and the company has adopted Transport Canada's recommendation to intervene to limit further exposure once an individual approaches the upper end of that range.

There is no Superhero secret to lifting, just use...



Air Canada began working in 2013 with Pristine Condition, a British company that teaches techniques for lifting and lessening pressure on the body to reduce the risk of injury. It was founded by Davy Snowden, a former weightlifting world record holder and British Olympian.

The program combines Olympic weightlifting principles with leading-edge teaching techniques. At the core of the training is a shift from the traditional "back straight, legs in a straight line," to a focus on "operating inside your base, using your big engines and turning without twisting."

"I wasn't convinced you could make working in an aircraft easier or safer, but my opinion changed almost immediately. The new program was fairly easy to learn and perform and it is exciting for me to know Air Canada is being proactive in helping their employees reduce injuries," says Coby Budgell, a Lead Station Attendant in Toronto.

The program is being delivered by Air Canada employees trained by Pristine Condition and the company's goal is to reduce back injuries by 30 per cent.

## Injury reduction

On the ground, a new health and safety initiative called Pristine Condition was introduced during the year to teach the proper handling of heavy items to employees in the airport, in-flight service, cargo and maintenance areas. Air Canada, which intends to expand the program to make it more widely available in 2014, has set a target of a 30 per cent reduction in such injuries. Another program was the purchase of "Bump Caps" at Air Canada Maintenance to prevent head injuries. With the growing awareness of concussions, this purchase was accelerated in 2013 to reduce exposure to these types of injuries.

Air Canada also works with provincial agencies to reduce workplace injuries. For example, in 2013 it partnered with the Workers' Compensation Board (WCB) of Nova Scotia in its Surcharge Program, a rate setting program that compensates a company for investments in personnel, equipment and training, including bringing in motivational speakers, to make the workplace safer. This program benefits employees, Air Canada and the Nova Scotia WCB by reducing the number of injuries and associated costs.<sup>2</sup>

Another aspect of safety is preparing for incidents in order that the company can respond effectively and thereby mitigate their impact. In 2013, Air Canada issued a Request for Proposals to implement a Crisis Management System with the goal of modernizing its Emergency Response program, including migrating to an electronic from paper-based platform.

<sup>2</sup> For additional information on Health and Safety, please see page 48 in the Employees section of this report.

## Emergency response



As part of emergency preparedness the company maintains a dialogue with outside first responders. In Toronto it held its first Emergency Response Symposium in 2013 that brought together police, fire, ambulance, airport, hospital and other officials in a day-long event to discuss roles and responsibilities with the aim of better coordinating the groups' various activities. More symposia are planned for the future. Moreover, Air Canada participated in a major emergency response live exercise with the Vancouver Airport Authority in 2013, even supplying an aircraft to heighten the reality of the simulation. During the year it also participated in a safety review at new Air Canada Vacations stations, assisting in developing emergency response procedures. Air Canada will continue to participate in such exercises in the future.

Finally, in recognition that employee awareness is a vital element of a successful safety program, the company held a number of events and contests through the year. This included increased employee participation in North American Occupational Safety and Health (NAOSH) Week.



North American Occupational Safety and Health (NAOSH) flag raising held on May 5, 2013.

## SAFETY ACHIEVEMENTS

*For 2013 Air Canada reported a 16 per cent year-over-year decline in total injuries even though its operation, measured by Available Seat Miles, grew two per cent over 2012. Lost Time Injuries fell by 21 per cent and days lost due to injuries were down 49 per cent.<sup>3</sup>*

The company had set a target of installing 65 workplace automated external defibrillators by the end of 2013 and achieved this goal. This included the new Operation Centre opened in Brampton, Ontario where all employees were trained in their use.

<sup>3</sup>In 2013 Air Canada introduced a new pay system for injured workers.

Air Canada also completed its second Transport Canada SMS audit. After an intensive week-long, on-site visit spent auditing hundreds of aspects of its SMS system the regulator had 12 findings – down from 19 in our previous SMS audit two years earlier – and those were deemed either minor or moderate. A corrective action plan has been developed and Air Canada is responding to all findings. In a similar regard, in 2013, Air Canada also assisted Air Canada rouge in developing its own SMS, which Transport Canada required because the carrier has a separate Air Operator Certificate from the mainline carrier. Lastly, in 2013, Air Canada began preparing data for its biannual IOSA audit in 2014, whose findings will be reported in the next CSR report.



2013 safety goals	Accomplishments
 <p>Successful completion of Transport Canada SMS Audit</p>	 <p>Achieved (pending final approval of Corrective Action Plans)</p>
 <p>Develop and implement safety strategies and practices</p>	 <ul style="list-style-type: none"> <li>• Pristine Back Injury</li> <li>• Cosmic radiation</li> <li>• Bump Cap purchase</li> </ul>
 <p>Enhance management of safety risks associated with new initiatives and projects</p>	 <p>Achieved in 2013 but is on-going for 2014 as part of our continuous improvement process</p>
 <p>12 per cent reduction in injuries</p>	 <p>Achieved</p>
 <p>20 per cent decrease in the average duration (days lost) of injuries</p>	 <p>Achieved</p>
 <p>Improve safety communication</p>	 <p>Utilize Web-OHS to communicate with committees</p>
 <p>Improve Standard Operating Procedure and policy compliance</p>	 <p>Continuous and improving</p>
 <p>Improve supervision and safety leadership</p>	 <ul style="list-style-type: none"> <li>• Hired a safety programs manager in Halifax to work with the Atlantic provinces to ensure safe work practices are followed</li> <li>• Advanced our Canada labour code training and rolling it out</li> </ul>

- ### Goals for 2014
- Finalize Transport Canada SMS corrective action plan
  - Complete IOSA audit – aim for 0 findings
  - Reduce lost time injuries by 17 per cent
  - Achieve a reduction in costs and days lost
  - Develop safety procedures for 787 aircraft



*Reducing our environmental footprint*



Central to any discussion of sustainability is an organization's approach to managing and mitigating its environmental impact. For the airline industry, particular attention is paid to greenhouse gas (GHG) and other emissions that may contribute to global warming. While it is currently estimated that the global aviation industry contributes approximately two per cent of global carbon emissions, that amount is projected to reach five per cent by 2050 based on current trends, giving the industry an impetus to improve its environmental performance.

*And there are other incentives too. Most notably, fuel is the single largest expense for an airline such as Air Canada with the company spending approximately \$3.5 billion on fuel in 2013. Therefore any savings on fuel burn (and its associated emissions) strengthen the company's economic performance and enhance its sustainability. Even small measures can have a significant benefit as removing only one kilogram of weight fleetwide translates into a savings of 24,500 litres of fuel, US\$20,000 in lower fuel costs, and 63 fewer tonnes of GHG emissions released over the course of a year.*

Lastly, Air Canada has responsibility to curtail its environmental footprint because our stakeholders care about it. Energy consumption and GHGs were ranked highly in the materiality assessment. In addition, concerns about waste and water management and sustainable procurement practices were also cited as being of material interest.



**24,500:**  
LITRES OF FUEL  
SAVED ANNUALLY  
BY REDUCING  
1 KG OF WEIGHT PER  
AIRCRAFT FLEETWIDE

## ENVIRONMENTAL MANAGEMENT

*Given these concerns and Air Canada's determination to mitigate its environmental impact, the airline has established an Environmental Management System based on ISO 14001, which prescribes a systematic approach for planning, implementing, monitoring and continually improving its environmental performance.*



A group within the Safety, Environment and Quality branch is designated to manage environmental issues and programs with the branch Senior Director reporting directly to the Executive Vice President and Chief Operating Officer, thereby ensuring environmental considerations are taken into account in major decision-making. The Environmental Affairs department also submits quarterly reports to the Audit Committee of the Board of Directors and to the Corporate Environment Board, comprising senior levels of management. Through individual branch plans, corporate objectives are developed into branch and department-specific objectives for the coming year.

### Goals

In terms of goals for the company as a whole, Air Canada has adopted the ambitious International Air Transport Association (IATA) reduction targets which include:

- ✈ Improving fuel efficiency by an average of 1.5 per cent per year from 2009 to 2020;
- ✈ Capping aviation CO<sub>2</sub> emissions from 2020, or carbon-neutral growth;
- ✈ And reducing CO<sub>2</sub> emissions by 50 per cent by 2050 relative to 2005 levels.

Additionally, in 2005 the company signed, through the Air Transport Association of Canada and with Transport Canada, the world's first voluntary agreement to reduce GHG emissions from aviation, and exceeded the target several years ahead of schedule. Building on this success, in 2012, the National Airlines Council of Canada (NACC) signed *Canada's Action Plan to Reduce GHG Emissions from Aviation* with the Federal Government and other key aviation stakeholders. This partnership sets an ambitious goal to reduce GHG emissions by improving fuel efficiency by an average rate of two per cent annually until 2020, measured against a 2005 baseline.

## TOTAL DIRECT AND INDIRECT GREENHOUSE GAS (GHG) EMISSIONS BY WEIGHT (TONNES CO<sub>2</sub>e)

### SCOPE 1 DIRECT GHG EMISSIONS

2011	9,023,788
2012	9,123,918
2013	9,013,680

### SCOPE 2 INDIRECT GHG EMISSIONS

2011	11,060
2012	9,922
2013	10,491

### SCOPE 3 OTHER INDIRECT GHG EMISSIONS (Including Jazz and Sky Service)

2011	1,084,445
2012	1,162,654
2013	*1,256,523

\* Includes Jazz ground vehicles

Air Canada is committed to these goals and has demonstrated continual progress in terms of its environmental performance. Between 1990 and 2013 Air Canada improved fleet fuel efficiency by 35 per cent and in 2013 alone, its fuel efficiency initiatives are estimated to have saved more than 7,000 tonnes of fuel or 22,800 tonnes of CO<sub>2</sub>e (carbon dioxide equivalent) emissions.

In 2013, Air Canada's achievements were recognized by two awards. The company shared with Airbus Industrie the "Eco-partnership Award" from the respected industry publication, *Air Transport World*, for the first North American "Perfect Flight" undertaken using an alternative fuel in 2012. As well, Flight Centre, a major travel retailer, selected Air Canada for its Annual Sustainable Travel Award, which honours each year the industry supplier who has made the greatest effort to minimize its environmental impact.

**22,800:**  
TONNES OF CO<sub>2</sub>e  
EMISSIONS SAVED  
IN 2013 BY FUEL  
EFFICIENCY  
INITIATIVES

## FOUR PILLARS TO CURB GHG EMISSIONS

In order to reach the Canadian GHG and IATA targets referenced above, Air Canada is pursuing a four-pillar strategy to limit GHG emissions. The four pillars are technology, operations, infrastructure and economic instruments:

### Technology

There have been continual technical improvements in aircraft to make them more efficient with the result that modern aircraft entering service today are 70 per cent more fuel efficient than aircraft manufactured 40 years ago. Indeed, Air Canada's ongoing fleet renewal has been a major contributor to efficiency gains and this trend is expected to continue with the arrival of more next-generation aircraft.

Throughout the year, Air Canada invested heavily on training in preparation for the entry into its fleet in 2014 of the new Boeing 787 Dreamliner. Air Canada has firm orders for 37 of these state-of-the-art aircraft, which are expected to be 29 per cent more efficient than the older Boeing 767-300 aircraft they replace on a unit cost basis.

Additionally, Air Canada took another major step forward in fleet renewal in 2013 with the announcement of plans to acquire up to 109 Boeing 737 MAX aircraft. These new aircraft, which are scheduled to begin arriving in 2017, will replace the Airbus narrow-body aircraft that first entered the fleet in 1990. The 737 MAX incorporates the latest-technology, high-efficiency CFM International LEAP-1B engines. According to Boeing, airlines operating the 737 MAX can expect a 14 per cent fuel-use improvement over today's most fuel-efficient single-aisle aircraft. Combined, these two aircraft programs will give Air Canada one of the youngest, most efficient fleets among global carriers.

Another fleet-related technological innovation is the decision taken in 2013 to retrofit Boeing 767s transferred from the mainline fleet to Air Canada rouge. Starting in early 2014, the aircraft will undergo structural modifications and be outfitted with blended winglets, which reduce drag and improve a wing's aerodynamics. It is estimated that yearly carbon dioxide emissions will be curbed by 4 per cent or nearly 4,000 tonnes for every Boeing 767 that receives the retrofit.



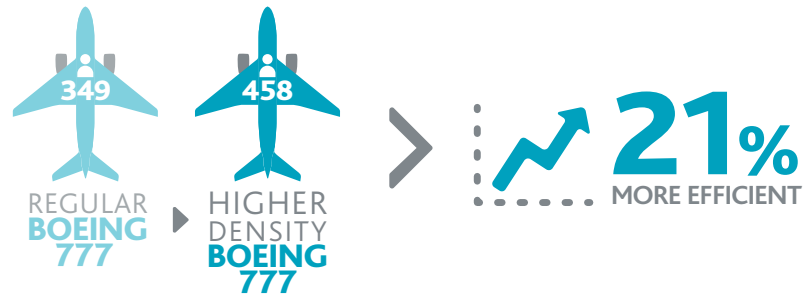


The aviation industry sees the use of biofuel and alternative fuels as an important tool to reaching their ambitious long-term emissions reduction targets, giving Air Canada an interest in supporting research in this area.

In 2013, Air Canada became an industry partner with BioFuelNet, a Network of Centres of Excellence that brings together the Canadian biofuels research community in evaluating various Canadian advanced biofuel solutions for aviation. BioFuelNet funds 64 collaborative research projects across the country, uniting academia, industry and government.

“Air Canada has already operated two flights with biofuel and on each occasion we substantially reduced our emissions. Encouraged by these results, we have been participating in this project to encourage the development of a source of alternative fuel in Canada,” says Paul Whitty, Director of Fuel Purchasing and Supply at Air Canada and Chair of the Air Canada Alternative Fuels Working Group.

The airline industry has pledged to reduce its greenhouse gas emissions by 50 per cent by 2050.



A final fleet development in 2013 was the introduction of higher density Boeing 777s. Air Canada has five of these aircraft, configured with 458 seats as opposed to the 349 seats in its normally configured 777s. As a result of the increased number of seats, these aircraft are 21 per cent more efficient on a unit cost basis than regular 777s in the fleet.

However, it is not only through new or modified aircraft that Air Canada is using technology to reduce emissions. In 2012, the carrier operated two commercial flights using biofuel and it is committed to supporting further research in this area with the eventual goal of the development and commercialization of alternative fuels. In 2013, the company signed an agreement with Airbus and BiofuelNet Canada – a network of centres of excellence that brings together the Canadian biofuels research community – to assess potential feedstock for the production of aviation biofuels in Canada. Preliminary findings are expected in 2014.

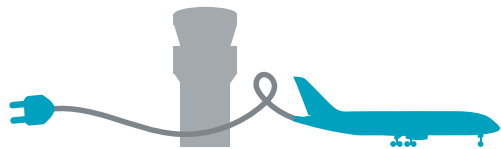
### Operations

Even though Air Canada has been flying for 76 years, it continues to refine its practices and develop new techniques to achieve savings and increase efficiency. This is why the second pillar of its strategy for reducing emissions is the operation of aircraft. This includes not only in-flight operations, but also procedures such as ground handling and maintenance.

One measure is to promote correct fueling through an education program for pilots to ensure they do not unnecessarily board excess fuel. While pilots still have the discretion to request extra fuel for safety reasons, over-fueling can be costly. For example, if a Boeing 777 flying between Toronto and Hong Kong boards an extra tonne of fuel, half that amount will be burned simply carrying the extra weight. For this reason, the company embarked upon a series of developmental meetings to better educate pilots about fuel requirements that reduced the number of additional fuel requests by more than 40 per cent, yielding fuel burn reductions of 288,000 kilograms.

# 400,000: KILOGRAMS OF FUEL SAVED IN 2013 BY REDUCING OVER-FUELLING TO LESS THAN 100 KG PER AIRCRAFT

To complement this fueling initiative on the ground, Air Canada approached the suppliers who fuel its aircraft to ensure they do not exceed fuel requests from company dispatchers. Aircraft fueling systems deliver fuel at a high rate and with the large quantities being pumped there is inherent lag in the measuring system that, combined with settling in the fuel tanks, can lead to over-fueling. By coaching suppliers and providing them with their performance numbers, over-fueling was significantly reduced to less than 100 kilograms per aircraft, producing fuel efficiency savings of 400,000 kilograms in 2013.



# 670,000: KILOGRAMS OF FUEL SAVED IN 2013 BY PLUGGING INTO GROUND POWER

Other changes too were implemented on the ground to reduce fuel consumption. One program has focused on limiting the use of Auxiliary Power Units (APUs) – the aircraft’s on-board power source when engines are not running – and instead tap more efficient and environmentally-friendly ground power. This entailed coordinating flight and ground crews better to connect the aircraft as soon as it arrives at the gate. The result was a reduction of APU use varying from one to five minutes, depending on aircraft type, which may seem inconsequential, however total savings for the company are estimated to have been 670,000 kilograms of fuel over the course of the year.



Pictured here are Victor Cheng, Director Catering Operations with Evelyn Geiger, Toronto-based Flight Attendant with the new ultra-lightweight on-board Hybrite cart.



### *SOP changes*

Other minor changes to Standard Operating Procedures (SOPs) have also resulted in significant savings. These include such initiatives as single-engine taxiing, the judicious use of high-drag devices on approach and keeping the thrust reversers at idle after landing. Through such measures, estimated savings of 720,000 kilograms of fuel were achieved in 2013. Changes to maintenance can also be beneficial as Air Canada has found that cleaning compressors in jet engines enables them to burn fuel more efficiently and, by adjusting cleaning procedures, an estimated 5.1 million kilograms of fuel were saved in 2013.

As noted, even the removal of a small amount of weight from an aircraft can produce significant savings on a fleet-wide basis over the course of a year. In pursuit of such savings Air Canada in 2013 began issuing iPads to pilots to replace their traditional, paper-filled flight bags in a program that is expected to eliminate between 110 to

200 tonnes of CO<sub>2</sub>e fleet-wide. Another weight-saving innovation was the introduction of new Hybrite on-board carts made of composite materials that are up to eight kilograms lighter than carts currently in use. Once Air Canada's fleet is outfitted with the new food and beverage trolleys, the overall weight savings will be more than 2,000 tonnes. At Air Canada Cargo, a new line of Unit Load Device (ULD) containers made from lightweight material is also contributing to savings and in 2013 resulted in a total fuel weight saving of more than 320,000 kilograms.

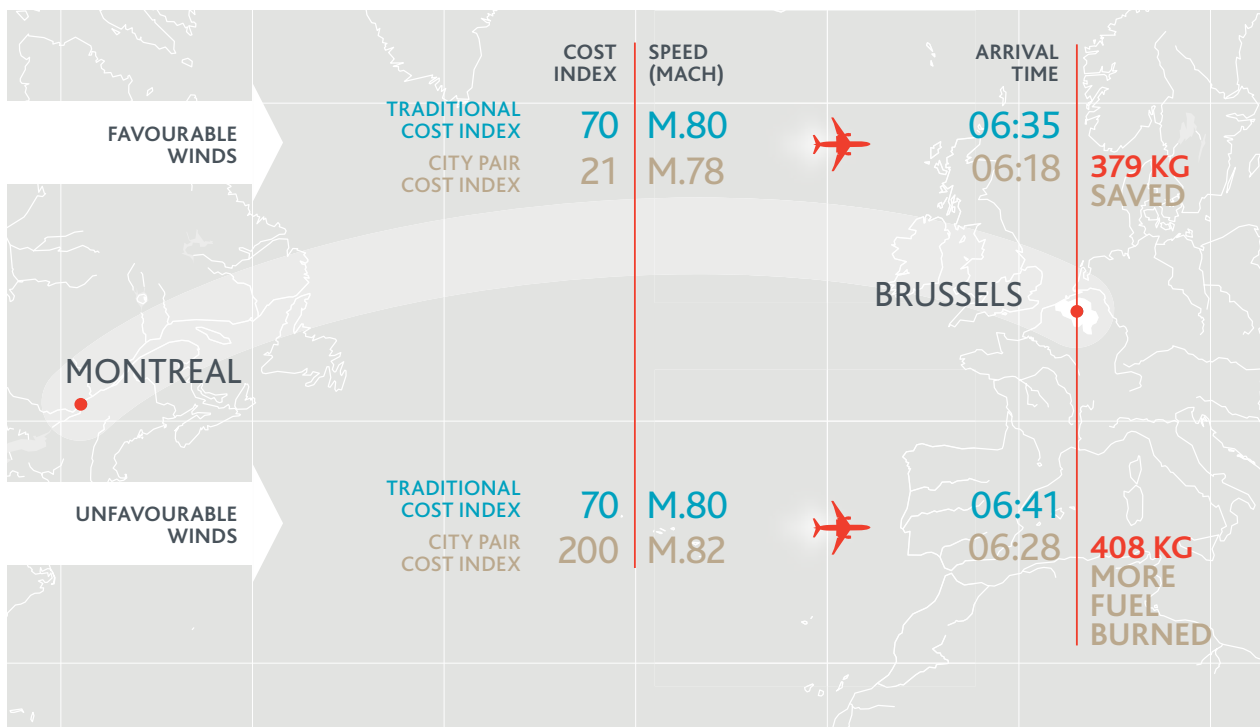
Sometimes, saving weight is not a matter of technological breakthrough but a simple change to longstanding habits. By better calibrating the amount of potable water carried on board aircraft with actual consumption, weight can be saved while still meeting customer requirements. On an international Boeing 777 flight alone, a 25 per cent reduction in potable water carried can save more than 3,000 tonnes of CO<sub>2</sub>e per year.

## Infrastructure

*Dovetailing with operational changes are initiatives undertaken in conjunction with infrastructure providers, such as air traffic control. Air Canada advocates shorter, more direct routes to reduce flying times and therefore it supports efforts to increase efficiency in air traffic management systems.*

In 2013, through the Alberta Airspace Redesign Project, Air Canada participated in a project with airports and NavCanada, the country's air traffic control agency, to implement air traffic management changes around Calgary and Edmonton in advance of a new runway opening in Calgary in 2014. Earlier, similar improvements were made in the heavily-travelled Windsor-Toronto-Montreal air corridor, with further refinements expected in this region in 2015.

Preliminary work also started during the year assessing the impact on flight planning of the Aireon LLC joint venture project, in which NavCanada is a partner. Aireon will employ a constellation of low level satellites being launched beginning in 2015 through 2017 to provide air traffic controllers with a positive indication of where aircraft are anywhere in the world. It is anticipated that with heightened surveillance on the North Atlantic and other remote areas currently lacking radar, aircraft will eventually be able to fly the most fuel efficient route possible.



MACH (M) is used to indicate the speed of sound and is the ratio of the speed of a body to the speed of sound in the surrounding medium. City Pair Cost Index (CPCI) is an evaluation of the cost of time relative to the cost of fuel (cost of time/cost of fuel)





### *Economic Instruments*

The final pillar is economic instruments, which Air Canada recognizes have a potential role for global management of GHG emissions. The company supports a global approach covering all jurisdictions as best for stakeholders and therefore, through NACC, has expressed opposition to the EU emissions scheme because it believes such an approach would lead to a patchwork of policies emerging across multiple jurisdictions. Instead, Air Canada advocates a multi-lateral approach through the United Nations International Civil Aviation Organization (ICAO).

In 2013, ICAO concluded a landmark agreement on climate change when it approved a roadmap to develop a global, market-based measure to reduce carbon emissions from international aviation. For the next three years, discussions will focus on the type of scheme to be implemented as well as detailed design elements, including standards for the monitoring, reporting and verification of emissions. Air Canada will participate through NACC and IATA and by consulting with the Canadian government in this process.

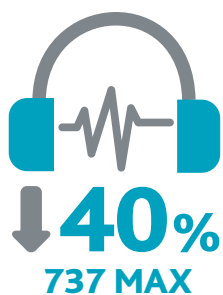
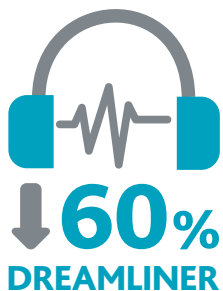
In addition, both directly and through NACC Air Canada maintains a dialogue with the Canadian government about a range of topics. As Chair of the Environment Sub-Committee of NACC, Air Canada continues to provide a leadership role in the voluntary agreement for GHG emissions reduction with the federal government.



## GREENING THE COMPANY

Apart from the four pillar strategy, Air Canada in the course of its regular business continually seeks opportunities to reduce waste and inefficiency, promote best environmental practices and work with other groups on green projects. For example, the Corporate Real Estate branch takes environmental factors into account when repairing and upgrading corporate facilities, installing where feasible energy-saving equipment such as high-efficiency heating and cooling systems, low-flow plumbing fixtures, intelligent lighting controls and low-energy and LED lighting.

The company also continues to explore the use of alternative fuels for ground vehicles and there is ongoing testing of a vehicle with the latest lithium-ion battery technology. Air Canada's ground fleet has more than 500 electric vehicles and almost 350 propane-powered vehicles, which yield a 30 per cent reduction in CO<sub>2</sub>e emissions over conventional vehicles. To ensure its ground support vehicles are operated efficiently, the company uses iRamp, which, among other features, can identify if a vehicle has been idling too long and remotely shut it down when safe to do so to save unnecessary fuel burn and emissions. The iRamp program is ongoing, with plans for additional vehicles to be iRamp-equipped in 2014.



## NOISE REDUCTION

Airports are often located close to urban settings. To reduce its noise footprint, Air Canada collaborates with local airport authorities and operates according to established procedures, such as respecting curfews and following flight paths calculated to minimize noise. The company also encourages pilots to use such techniques as reduced thrust take-offs and, where allowable, idle descent for quieter landings. Air Canada is also an active participant in multi-stakeholder airport noise committees and supports effective noise abatement procedures.

Longer term, Air Canada's fleet renewal strategy will also see quieter aircraft introduced into service. The Boeing 787 Dreamliner has a noise footprint that is 60 per cent smaller than that of other similar-sized aircraft. The Boeing 737 Max will, according to its manufacturer, incorporate the latest quiet engine technology to reduce the operational noise footprint of the airplane by up to 40 per cent over that of current single-aisle aircraft.

# ANNUAL REDUCTION OF 10 MILLION SHEETS OF PAPER

## WASTE REDUCTION

*Air Canada maintains active waste reduction and recycling programs throughout the company both to minimize waste and divert it from landfills. Some initiatives in this area are relatively straightforward, such as, beginning in 2013, providing employees the option of electronic as opposed to paper year-end tax slips and using other measures to replace or discourage the use of paper by employees.*

More ambitiously, encouraged by the success of electronic tickets for passengers first introduced in 1995, Air Canada Cargo is participating in a similar initiative for freight documents. Air Canada's e-AWB (electronic airway bill) was launched at 56 stations across the country in 2013, removing the need for traditional paper AWBs. Each paper AWB contains a total of eight copies and long-term this initiative could result in an annual reduction of 10 million sheets of paper.

E-freight is an industry-wide venture that involves carriers, freight forwarders, ground handlers, shippers, customs brokers and customs authorities to replace the paper documents currently used in all types of transport with electronic messages. E-Freight was launched in November 2007 in six countries, Canada being one of them. Once fully adopted industry-wide, the program will have measurable results: e-freight will eliminate, on average, more than 7,800 tonnes of paper documents every year – enough to fill 80 Boeing 747 freighters.

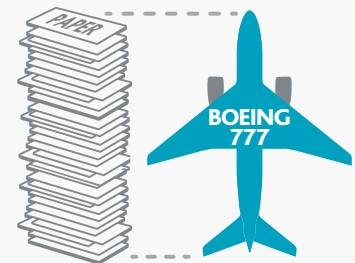


The most effective way of dealing with waste is to prevent its creation in the first place. This is the idea behind many initiatives at Air Canada, particularly with respect to paper usage.

In 2013 letter-sized paper use in Canada was curtailed by almost 20 per cent from 2012 levels. Additionally, thanks to new technology and processes, Air Canada now handles at least 60 per cent of its invoices and virtually all of its expense claims for employees electronically. Among its many virtues, the online system reduces coding and processing errors, allows for significant paper saving and requires less ground transportation to ship the files.

With more than 800 vendors participating in the paperless process, the airline is working toward eliminating 90 per cent of its paper invoices and expense reports annually. On average each invoice is three pages long, which means that approximately 745,000 sheets of paper would be removed from circulation in one year.

Stacked together, that paper would be nearly as high as a Boeing 777-200 is long.



Throughout Air Canada's offices and facilities materials such as paper, cardboard, wood, glass, metal and even cooking oil are recycled, with the result approximately 35 per cent of waste is diverted from landfill. Onboard aircraft, flight attendants sort recyclables according to an Onboard Recycling Policy for domestic flights. Depending on the station, aircraft cleaners also recycle materials such as old issues of in-flight magazines and soap containers and the company's food and beverage supplier recycles items from food and beverage carts. In 2013, an audit of onboard recycling found that in total, recycling of onboard materials occurs at eight out of nine major Canadian stations. The audit will help guide future initiatives to improve recycling rates.

## THIRD PARTY SUPPORT AND SUPPLY CHAIN

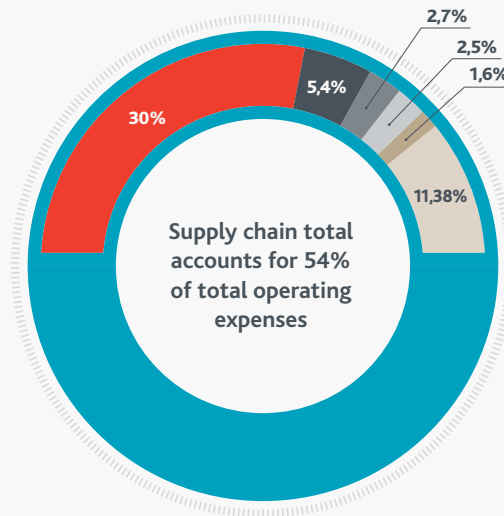
*Third parties are also enlisted to help the company achieve its environmental goals, including through the supply chain. Air Canada has more than 5,500 individual suppliers from whom it purchases approximately \$6.3 billion worth of goods and services each year.<sup>1</sup> Fully 72 per cent of expenditures go to the top one hundred suppliers.*

The supply chain is managed by several organizations within Air Canada. Strategic Procurement, whose purview includes fuel purchases, accounts for the majority of supply chain expenditures. Air Canada endeavours to source locally wherever commercially feasible. A substantial representative sampling of Air Canada's contracts indicated that 83 per cent are with suppliers in the region where the goods or services are delivered.

<sup>1</sup>Excluding capacity purchase agreements, airport and navigation fees and sales and distribution costs.

## SUPPLY CHAIN SPEND

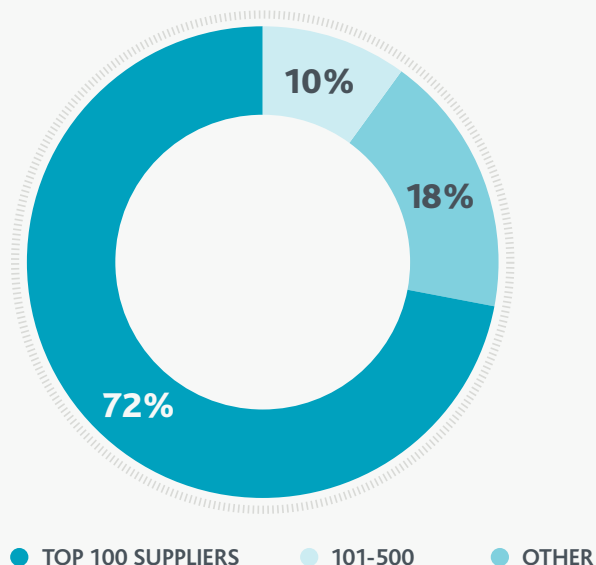
On a consolidated basis, Air Canada made payments of approximately \$6.3 billion to suppliers



Air Canada Spend	\$11,763
(Canadian dollars in millions)	
● Aircraft fuel	\$3,534
● Aircraft maintenance	\$632
● Aircraft rent	\$318
● Food, beverages and supplies	\$289
● Communications and IT	\$190
● Other includes:	\$1,338
<small>(Ground Operations and Handling; Facilities; Marketing, Advertising and Promotions; Professional services; Transportation and logistics; Hotels; Cargo and Ground Service Equipment)</small>	

## SUPPLIER DEMOGRAPHICS

Air Canada deals with more than 5,500 suppliers, however 72% of payments are made to the top one hundred suppliers and 82% of payments are made to the top five hundred suppliers



## Supplier code of conduct

Air Canada has also introduced a Supplier Code of Conduct (SCC) that among other requirements, such as respecting human rights and international labour standards, also stipulates that companies have due regard for the environment. This includes requesting that suppliers have an effective environmental management plan in place, that companies work to reduce their footprint and that they demonstrate and promote environmental stewardship.

In 2013, as part of an effort to increase compliance with the SCC, the company approached certain existing suppliers to adopt the provisions of the code. A notable result was that all of Air Canada's crew hotels, of which there are more than 85 located around the world, have committed to adhere to the SCC.

Air Canada Cargo too has introduced measures to encourage sustainable practices by shippers. Having earlier barred the transport of non-human primates for scientific research, the carrier further amended its tariffs in 2013 with respect to threatened species and related products.<sup>1</sup> Shipments of such wildlife, or items derived from them known to be unsustainably-traded (for example, shark fins), are only acceptable for carriage provided that the shipper or its agent presents a declaration – on a form provided by Air Canada Cargo – certifying that the species are either sustainably sourced, being transported for the conservation and protection of the species, or carried under a Convention on International Trade in Endangered Species (CITES) permit. In the event that certification is not provided, the shipment will not be accepted for carriage.

**SHIPMENTS OF SUCH WILDLIFE, OR ITEMS DERIVED FROM THEM KNOWN TO BE UNSUSTAINABLY-TRADED (FOR EXAMPLE, SHARK FINS), ARE ONLY ACCEPTABLE FOR CARRIAGE PROVIDED THAT THE SHIPPER OR ITS AGENT PRESENTS A DECLARATION – ON A FORM PROVIDED BY AIR CANADA CARGO – CERTIFYING THAT THE SPECIES ARE EITHER SUSTAINABLY SOURCED, BEING TRANSPORTED FOR THE CONSERVATION AND PROTECTION OF THE SPECIES, OR CARRIED UNDER A CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES (CITES) PERMIT.**



<sup>1</sup> Refer to the IUCN Red List of Threatened Species (also known as the IUCN Red List or Red Data List); the world's most comprehensive inventory of the global conservation status of biological species.



## THE GREAT CANADIAN SHORELINE CLEANUP

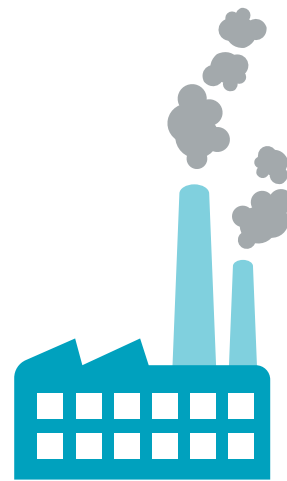


## STAKEHOLDER ENGAGEMENT

Given the importance stakeholders attach to environmental concerns, Air Canada attempts to engage employees and customers on these issues. Through Air Canada Vacations in Montreal and Mississauga, and the Vancouver Airport Authority in Richmond B.C., employees were encouraged during the year to participate in the Great Canadian Shoreline Cleanup's 20th anniversary, where they volunteered to clean up beaches and public parks. Additionally, Air Canada employee communications regularly celebrates through such media as the *Horizons* monthly magazine and *The Daily* employee bulletin contributions employees make to local environmental programs.

For customers, the monthly *enRoute* in-flight magazine distributed aboard all aircraft features company Environmental News. As well, an environment section on the corporate website called Leaveless provides information about Air Canada's environmental programs as well as tips for greener travel.

Leaveless also links to Air Canada's carbon offset site managed by Zerofootprint,<sup>2</sup> allowing travelers to offset their portion of emissions generated by their flight. Zerofootprint added new offset projects to its menu of Air Canada projects, which includes organic waste composting, building efficiency and wastewater treatment. Additionally, in September 2013, Air Canada Vacations began offering customers the option to offset the impact of their vacation package. Since the offset program was first offered six years ago, more than 19,000 tonnes of CO<sub>2</sub>e emissions have been offset; the equivalent of taking more than 3,800 cars off the road for a year.



**19,000:**  
**TONNES**  
**OF CO<sub>2</sub>e EMISSIONS**  
**OFFSET IN 6 YEARS**



**3,800:**  
**THE NUMBER OF CARS**  
**TO ELIMINATE FOR ONE YEAR**  
**TO REACH THIS SAME TARGET**

<sup>2</sup><http://www.aircanada.com/en/travelinfo/traveller/zfp.html>



*Parks Canada*

**Canada offers an exciting diversity of nature and terrain, but the country's sheer size can sometimes make it daunting for Canadians to experience.**

That is why Air Canada stepped up to partner with Parks Canada and others to support the Canada's Coolest School Trip contest. Open to Grade 8 and Secondary 2 classes across the country, in 2013 it required classes to create and submit an inspiring advertisement to visit historic sites and national parks in Cape Breton, N.S. The winning class was from Caronport, Saskatchewan.

As a bonus, Toronto-based Captain Bernie Lavell skyped with the Grade 8 class prior to its flights, explaining how airplanes fly, what happens during flight, and answered their questions in preparation for their upcoming trip as some of the students had never been on an airplane before. During their Toronto stopover, the students were given a tour of Air Canada's operations, including a visit to the Toronto control center, a tour of a wide-body aircraft and more.

During their trip the class overnighted in the soldiers' barracks at the Fortress of Louisbourg National Historic Site and toured Eskasoni, the largest Mi'kmaq community in the world. They took a boat tour of the Bras d'Or Lakes and got a taste of the traditional way of life in the form of bread and moose meat burgers. The group also visited the Cape Breton Highlands National Park as well as the Alexander Graham Bell National Historic Site and the inventor's summer home, Beinn Bhreagh.

Air Canada will participate again in the 2014 Coolest School Trip contest with the winners travelling to Gulf Islands National Park Reserve and Fort Rodd Hill and Fisgard Lighthouse national historic sites in British Columbia.

## **Responsible travel**

Finally, Air Canada partners with other groups on environmental projects. The airline is a sponsor of the Responsible Travel and Tourism Forum, which brings members of the travel community together to collaborate on issues of sustainable travel and to share best practices. As part of this, Air Canada co-sponsors the forum's Annual Leadership Award given to an organization that demonstrates commitment to socially, economically and environmentally responsible practices.

In 2013, the company became a member of Partners in Project Green, an initiative to promote a sustainable economy as a way to reduce the impact of increased growth on the natural environment. Partners in Project Green's vision is "to work with local businesses in transforming the lands surrounding Toronto Pearson airport into an internationally recognized eco-business zone".

During 2013, the company partnered with Parks Canada's *Coolest School Trip* contest and presented a winning class with tickets to Cape Breton, Nova Scotia to visit historic sites and national parks. On Canada Day, Air Canada teamed up again with Parks Canada to launch an online contest focused on national and natural treasures across Canada. The company also formally recognizes Earth Hour and Earth Day each year.



Attribute to author: Chensiyuan



## 2013 environment goals

## Accomplishments



Advancing Air Canada's contribution to *Canada's Action Plan to Reduce GHG Emissions from Aviation*



In progress, long term target of 2020



Support for the Development of sustainable aviation biofuels in Canada



Signed agreement with BiofuelNet



Provide Canadian leadership in the effort to advance a global sector approach for aviation GHG emission reduction



In progress



Continue to work toward the International Air Transport Association (IATA) collective targets: Improve fuel efficiency by an average of 1.5 per cent/year to 2020; Carbon neutral growth from 2020; Reduce CO<sub>2</sub> emissions by 50 per cent by 2050 relative to 2005 levels.



In progress



Focus improvement of waste management on recycling programs for ground facilities and onboard flights



In progress, continual



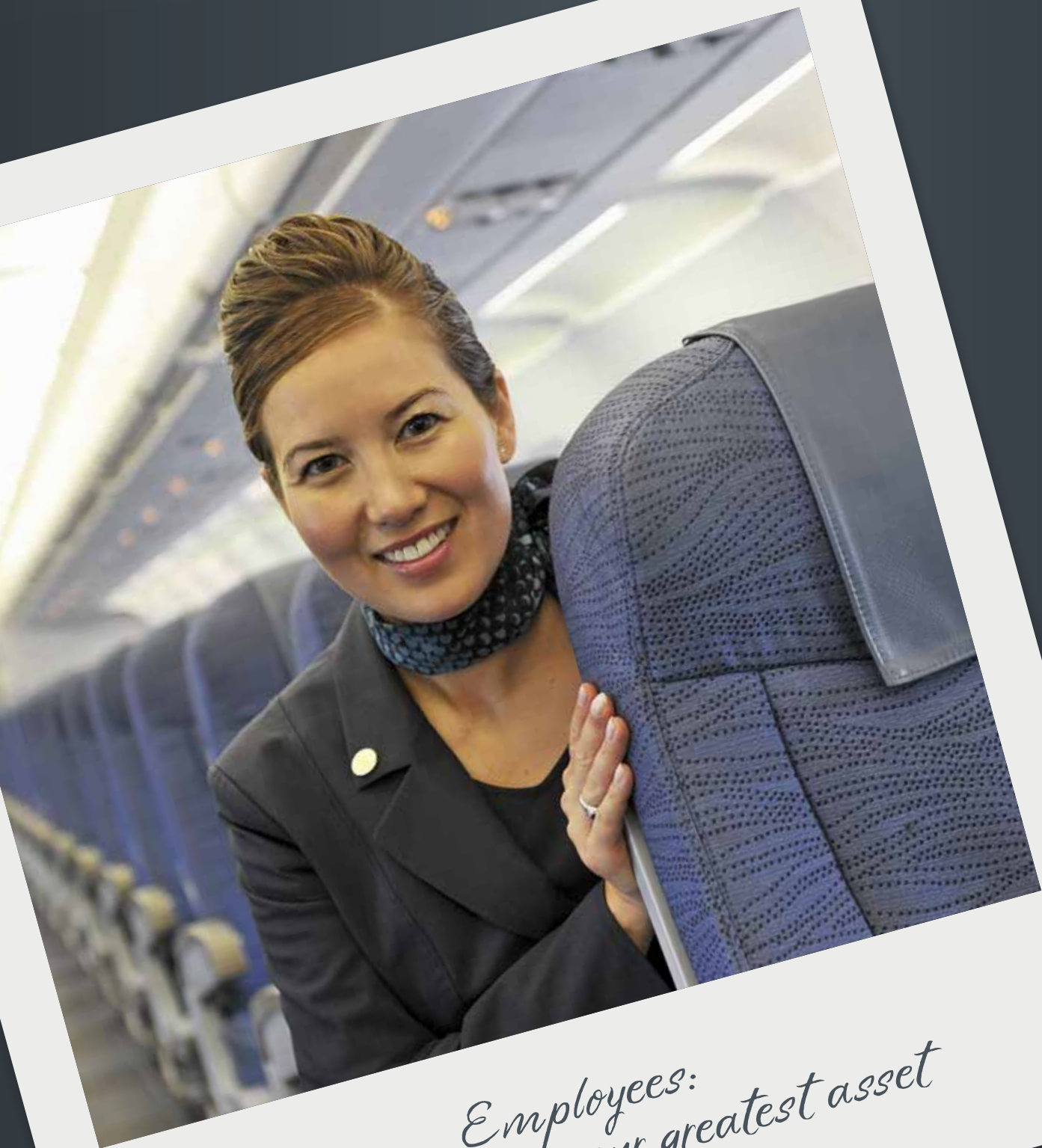
Continue to improve methods for measuring our footprint by establishing benchmarks for certain key performance indicators.



In progress

### Goals for 2014

- Advance GHG emission reduction through the four pillar approach
- Increase recycling on the ground and in the air
- Continue to improve methods for measuring Air Canada's environmental footprint
- Complete the sustainable aviation biofuel Canadian feedstock assessment



*Employees:  
Our people are our greatest asset*

**With ever-intensifying competition in the airline industry, carriers such as Air Canada must distinguish themselves by providing a superior travel experience. Consistent, high-quality customer service is essential to the sustainability of the company; something that is only possible to deliver through engaged, motivated and properly-trained employees. Certainly stakeholders agree, as labour relations and employee engagement rank highly among the issues they consider of greatest materiality.**

*Given this, Air Canada has made culture change and employee engagement one of the four priorities upon which its corporate strategy is based. It is a demanding task as the company's 27,000 employees are dispersed across not only Canada but also throughout five continents with their schedules, the nature of their work and even their cultural backgrounds varying widely. As a result, changing the entrenched habits of a legacy carrier, especially one where 89 per cent of employees are unionized, requires empathy, effective support structures and continuous reinforcement.*

## **EMPLOYEE MANAGEMENT**

To oversee this area there is a Vice President responsible for Human Resources (HR) at Air Canada and a Vice President of Labour Relations. The HR branch has nine main areas – pensions, recruitment, engagement and organizational development, language and diversity, training, benefits, occupational health, disability management and total rewards. In 2013, the branch underwent restructuring to centralize HR activities and realign customer service training within its auspices.

Labour Relations (LR) is responsible for negotiating, implementing and monitoring collective agreements and the ongoing management of relations between the company and its unionized workforce. Air Canada has five unions representing its employees in Canada and eight unions representing employees based in stations outside Canada. In evaluating its management approach, with a goal of fostering positive relations, Air Canada endeavours to ensure collective agreements are consistently implemented and interpreted in line with corporate priorities. As well, once implemented, any negotiated productivity improvements are measured against the initial value attributed to them via operational budget exercises.



Although all major Canadian collective agreements were settled prior to 2013, during the year the company finalized agreements with CUPE for the operation of Air Canada's leisure carrier, Air Canada rouge. The CUPE and ACPA leisure carrier agreements contain greater operational flexibility in respect of work rules and a different pay scale from the agreements covering mainline employees.

### *Cross-functional approach*

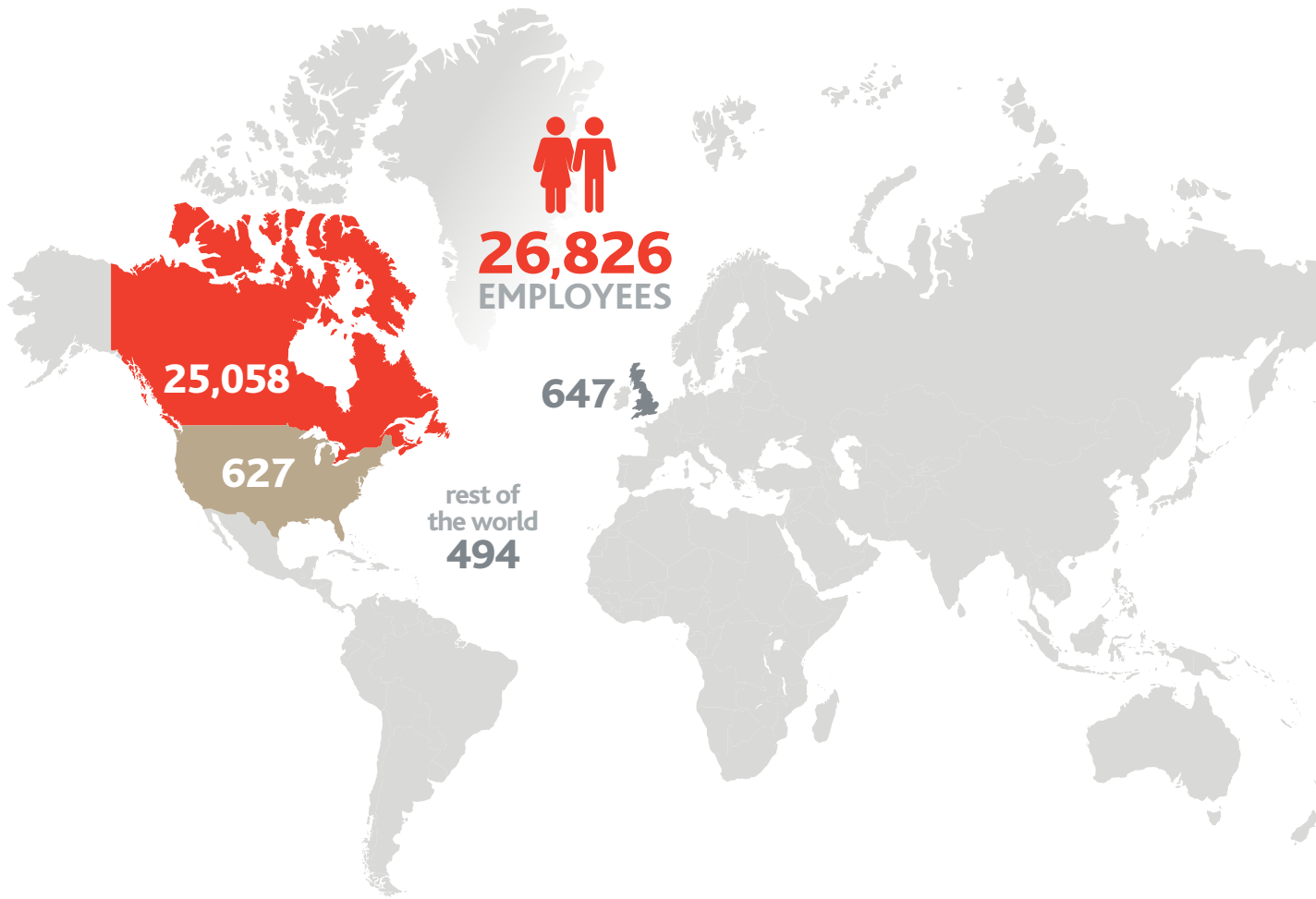
Both the HR and LR branches work closely with other branches within the company including legal, commercial, corporate safety and environmental quality, employee communications and all the operational branches. This cross-functional approach is intended to ensure fair and consistent treatment of all employees and the sharing of best practices in managing employee relations.

Air Canada's workforce is relatively mature, with an average age of 45 years. It consists of approximately 11,333 female and 15,493 male employees, with almost all classed as permanent, full-time. The vast majority are based in Canada but they are also found in 28 other countries.<sup>1</sup> Moreover, Air Canada prides itself on fostering and celebrating diversity within its workforce and there is a diversity team within the HR branch which began developing a new diversity action plan in 2013 to be implemented in 2014 and beyond.

**\$475 MILLION:**  
**AIR CANADA**  
**CONTRIBUTION TO**  
**ITS PENSION PLANS**  
**IN 2013**



<sup>1</sup>GRI information can be found on [aircanada.com](http://aircanada.com)>About Air Canada>Corporate Sustainability Reports>2013 Corporate Sustainability Report>2013 GRI.



**100%: THE AMOUNT OF PERMANENT AIR CANADA EMPLOYEES ENROLLED IN A COMPANY PENSION PLAN**

**WORKING AT AIR CANADA**

Within the Canadian airline industry, Air Canada employees are among the best compensated. All permanent employees are enrolled in a company pension plan, with the majority belonging to defined benefit plans – something unique in the sector and an increasing rarity among all Canadian workplaces – and they are also provided with a full healthcare benefit plan. During 2013, Air Canada contributed \$475 million to its company pension plans.

Managers at Air Canada are eligible for the Annual Incentive Program (AIP) which pays out when certain corporate targets are met. Payments are calculated based on a combination of individual, branch and company results with the aim of rewarding individual performance while at the same time encouraging teamwork. There are other financial incentive plans designed to engage employees detailed further.

Throughout the year, Air Canada received a number of awards related to human resources. This included being the only airline ranked among Canada’s Top 100 Employers for 2014, for which Air Canada was chosen from an initial list of 75,000 employers across the country in 2013. As well, Air Canada was named one of Canada’s most attractive employers by the recruitment firm Randstad Canada, whose findings were based on a poll of 7,000 jobseekers and workers.

# HEALTH AND RETIREMENT BENEFITS REWARDS

*Vacation Compensation*

TRAVEL PRIVILEGES

GROWTH DEVELOPMENT

FUTURE CAREER

## OPPORTUNITY

*Stability • Career path*

ETHICS/INTEGRITY

## ORGANIZATION

*DIVERSITY • RESPECT*

PRODUCT/SERVICE QUALITY

MARKET POSITION

*social responsibility*

WORK ENVIRONMENT

WORK-LIFE BALANCE

# WORK

BUSINESS TRAVEL

*Job impact • Location*

RECOGNITION

CO-WORKER QUALITY

# PEOPLE

COLLEAGIAL WORK ENVIRONMENT

*Senior leadership reputation*

MANAGER QUALITY

PEOPLE MANAGEMENT

## RECRUITMENT

Creating an engaged employee group begins with attracting top talent and constantly renewing it through effective hiring practices. As noted, Air Canada is already a popular destination for jobseekers, as it receives 110,000 visits each month to the employment page of its website and historically there are more than 100 applicants for each job filled. Nonetheless, in order to ensure a sufficiently diverse pool of applicants, there is an active recruitment program that was strengthened in 2013 with the addition of a community outreach manager.

In order to better select high-potential candidates and then induct them properly into the company, Air Canada has been reorganizing and bolstering its recruitment and onboarding programs. One outcome was the launch in 2013 of the Employee Value Proposition (EVP), the purpose of which is to gather feedback through more than 20 employee focus groups.

### *Onboarding*

For new and recently-hired managers Air Canada has also developed an Onboarding program, which was enhanced in 2013 with the launch of Arrivals Connection, a day-long networking session that includes presentations by senior executives. All new hires are contacted upon acceptance and begin to receive job-related information before they begin work. Onboarding then guides the recruit through



the first year and includes orientation, training programs, a buddy system to provide mentoring, and the development and recurring review of performance management targets.

Air Canada rouge recruited more than 200 flight attendants (rouge crew) during 2013. Air Canada rouge aims to deliver a less formal onboard experience geared to leisure travellers. To nurture this corporate culture, all rouge crew receive Customer Service Excellence training at the Disney Institute at Walt Disney World in Florida or Disneyland in California. Given the growth of Air Canada rouge, the airline launched a recruitment website for rouge crew at the end of 2013.

## TRAINING

While employee training is essential for business continuity, ensuring the safe, efficient and consistent operation of the airline, it is also elemental to employee engagement and the delivery of quality customer service. Employees feel more valued and motivated when an employer invests in developing their skills, and the increased confidence and ability that result can also advance culture change. For all these reasons, Air Canada expends significant resources on employee training for both technical and customer-focused soft skills.

**110,000:**  
THE NUMBER OF VISITS TO  
[aircanada.com/careers](http://aircanada.com/careers)  
EACH MONTH

**100:**  
AVERAGE NUMBER  
OF APPLICANTS  
PER JOB FILLED

### NUMBER OF EMPLOYEES TRAINED PER YEAR

#### NON MANAGEMENT TOTAL

2011	18,608
2012	19,325
2013	19,446

#### MANAGEMENT AND ADMINISTRATIVE & TECHNICAL SUPPORT TOTAL

2011	1,827
2012	1,336
2013	1,324



In 2013, a key focus of training efforts was preparation for the arrival of new Boeing 787 Dreamliner aircraft into the fleet starting in 2014. The introduction of such a large, long-haul aircraft with its revolutionary technology involves adjustments at virtually every level of the company including maintenance, flight operations, in-flight service, ground handling, scheduling and revenue management.

### *Branch training*

Throughout the year training programs have been developed and implemented for various employee groups and branches who must adjust to the unique features of this new aircraft. One example is the pilot group, where those who will fly the new jetliner require five weeks of ground and simulator training. In order to facilitate this training the company acquired in 2013 a new 787 full-flight simulator, which has a list price of approximately \$18 million.

A significant development during the year directly related to customer service was a new "Back to Basics" training course introduced for in-flight service. The course was developed based on input gathered from employees themselves in order to create course content that was both relevant and practical. Participants work in teams to resolve real-life situations and are encouraged to share ideas and their experiences in problem solving. Feedback from the initial courses has been positive and route managers have been travelling on specific flights to provide additional reinforcement.



**Air Canada employees who go above and beyond for customers are recognized regularly in the Chief Operating Officer's weekly letter, both to acknowledge their extra efforts and encourage others to do the same.**

One striking case involved Esperanz Parra Rizo, the Airport Manager in Bogotá, Colombia. As the crew was on the way to the airport to operate the return flight from Bogotá to Toronto in March, one of the flight attendants scheduled for duty became ill.

Transport Canada regulations stipulate that Air Canada must have a certain proportion of flight attendants on each

flight. In this case, the unexpected illness left too few in-flight service crew available to operate the flight. There was seemingly no option but to leave 11 customers behind, possibly for several days.

There is a provision in the regulations, however, that an active employee, at the Captain's discretion, can serve as a substitute.

With no hesitation, Rizo grabbed her passport and manned the door for the flight to Toronto. It was a remarkable display of dedication to customer service, considering it meant nearly 36 hours away from her family with virtually no notice.



*Above and beyond*



**Best Airline in North America four years in a row**



### *Customer service*

Customer service is a central focus of training and complements other customer-related initiatives. For example, in 2013 an ad hoc Customer Service Council was created to review various aspects of Air Canada's customer service policies and procedures. The council consists of senior management and executives from most major branches of the company and the council will be formalized and its mandate broadened in 2014. A clear measure of Air Canada's success in providing superior customer service is the number of significant customer service awards it won in 2013.<sup>2</sup> This includes being named for the fourth straight year, the Best Airline in North America by the independent rating agency Skytrax, based on surveys of 18 million frequent flyers. During the year Skytrax also named Air Canada the only Four Star carrier in North America based on an independent audit.

Another example of branch-specific training was a new course for licensed aircraft technicians for the Level 5 category (LAT5) created in the most recent collective agreement. Front line managers were

supported by the HR department to deliver this training, which is designed to strengthen the workforce through a structured administrative performance management program that concentrates on shared performance goals, joint work efforts and mutual accountability. It is also intended to further the transition to a self-directed workforce and heighten employee engagement.

Air Canada is a ready adopter of on-line learning, which has the advantage of allowing employees to learn at their convenience rather than through classroom courses. A new French language program, *Un moment s'il vous plaît*, was introduced to provide basic language training and early results show a much higher success rate compared to conventional in-class training. Elsewhere, Air Canada continues to expand ACU (Air Canada University) and during the year it began offering courses to the call centre branch. Another effective online training tool for management employees is Harvard ManageMentor®, which attracted nearly 60 per cent more registrants in 2013 than targeted.

<sup>2</sup>See 2013 Management's Discussion and Analysis of Results of Operations and Financial Condition, February 12, 2014, page 12

## RETENTION, ENGAGEMENT, AWARDS

While hiring and training employees is essential for sustainability, such efforts are for naught if employees choose to leave the company prematurely. For this reason, it is important to have in place strategies and programs to keep employees engaged and feeling valued.

Of course financial compensation is one means of achieving this and, as mentioned, Air Canada employees are among the best compensated in the Canadian industry. In addition to regular wages, the company maintains a profit sharing incentive program that for 2013 paid out a total of \$31 million to all employees below the senior management level. These same employees were also awarded shares in 2011 under an \$11 million Employee Recognition Award that granted each employee shares that fully vest in 2014. To further promote employee ownership, Air Canada enhanced in 2013 its Employee Share Ownership Plan with increased company matching. As at December 31, 2013, in aggregate, nearly 23.7 million shares, or almost 8 per cent of total issued and outstanding shares were held by Air Canada employees and unions under various programs, including more than 17.6 million shares under a trust agreement in connection with pension arrangements concluded in 2009.

Air Canada offers employees other privileges and benefits as well, notably space available or discounted airline tickets for themselves, family and even friends. In 2013, Air Canada revamped and expanded its GoAC program to provide employees more travel options.



**Get your share**  
Enrolment periods

- December 1-15
- March 1-15
- June 1-15
- September 1-15

## AIR CANADA EMPLOYEES ARE AMONG THE BEST COMPENSATED IN THE CANADIAN INDUSTRY



### Support services

However, keeping employees engaged and motivated requires more than money and privileges. It is important for employees to know that their employer has regard for their personal well-being and healthy employees are also more productive, which contributes to the company's sustainability. To this end, Air Canada offers tools, services and benefits to its employees to promote health and safety and maintains a number of programs, ranging from a confidential counselling service to discounts on health club memberships.

As mentioned, Air Canada was named one of Canada's safest employers in 2013, but for those who are injured or need assistance the company has a disability management system<sup>3</sup>. Air Canada monitors the incidence and duration of disability claims (both occupational and non-occupational) to help ensure that the appropriate safety and prevention measures are in place. The company

<sup>3</sup>For additional information on Health and Safety, please see page 18 in the Safety section of this report.



*The nerve centre  
of our global operations*

The day-to-day running of an airline can be stressful at times, so when Air Canada opened its new \$60-million Operations Centre (OC) in 2013 many of its most innovative features related to employee comfort.

Prior to construction, employees were consulted on what would make their jobs easier and more comfortable, right down to sampling various models of office chairs. Even the location in Brampton, Ontario was chosen in part because it reduced commuting times for 70 per cent of OC employees.

As a result, the new centre has such features as adjustable work-stand desks, a shower-equipped workout room, a quiet rest room, a landscaped outdoor barbecue area, special baffles to reduce ambient noise and under-floor ventilation to improve heating and cooling. Further adding to the ambiance are decorative elements that include Air Canada heritage artifacts and murals drawn from the company's 76-year history.

"I really appreciate the ergonomic chairs and adjustable desk which give us options to adapt our workspaces. They did a great job in giving us what we need to give our best personal productivity," says Sherry Ruzyllo, a Customer Sales and Service Agent in the Customer Journey Management.

The new, 75,000 square foot OC facility will house 350 Air Canada employees.

plans to continue developing its health and wellness strategy and employ best practices to promote the early and safe return to work.

Education is also seen as important. Workplace health and safety is emphasized through such events as flu shot clinics, NAOSH Week celebrations and the promotion of other healthful measures such as eating well and hand-washing.

### *Communications*

People also like to be informed about events that affect them. Moreover, to feel valued they must have some means of providing input and know that their concerns, views and even suggestions are taken into account. For this reason, Air Canada devotes considerable effort to employee communications and in 2013 reorganized these activities to consolidate them within the Corporate Communications branch, with the goal of providing timely and consistent messaging.

Employee communications are conducted through a number of channels, including an intranet site called the *ACaeronet* portal, *The Daily* employee bulletin and a monthly magazine-type publication called *Horizons*. These are supplemented by messages and letters from the President and Chief Executive Officer as well as a weekly operational overview sent to all employees from the Chief Operating Officer. There are quarterly management conference calls and meetings with key union officials to discuss the financial results. During 2013, a number of formal town hall meetings were convened across the country where senior executives attended to explain strategy and take questions directly from employees. Within each branch, senior managers hold periodic meetings with employees.



*Sharing ideas*

As a major airline with 27,000 employees, Air Canada is also home to 27,000 airline experts. In order to draw on this expertise, the company started an online suggestion box called Creative Juices that encourages employees to submit ideas to enhance customer service, save money or improve the workplace.

More than 750 ideas have been received, ranging from suggestions to simplify boarding passes to offering oatmeal to early morning commuters. (In 2013, more than 36,000 customers partook of the new offering.) One idea that a number of employees submitted was to create an Air Canada gift card, something that was implemented with great success in May, 2013.

"To have this implemented is very gratifying. It demonstrates that the communication channels are incredible portals of opportunity to let your ideas be heard," says Kevin Bradley, an In-flight Services Training Specialist based in Vancouver, one employee who suggested the cards.

Implementing the gift cards proved a time-consuming, technical challenge, particularly to integrate them with the airline's legacy payments and back office systems.

"We kept seeing the suggestion for gift cards consistently on Creative Juices, and this gave us the momentum to keep the project going as we knew it was not simply a passing fad," says Anthony Doyle, Director, New Product Development in Marketing.

## **\$180,000:** ESTIMATED PRODUCTIVITY SAVINGS THROUGH A NEW TOOL DEVELOPMENT FROM AN EMPLOYEE INITIATIVE

Employees are able to share their ideas through an online suggestion box called Creative Juices, and submissions to this forum have resulted in a number of product innovations and policy changes. Moreover, employees are encouraged to share best practices with one another through such vehicles as Yammer, an online community currently used by flight attendants. In 2013, a program called i2I (Ideas to Implement) was rolled out in maintenance to solicit ideas from employees to improve maintenance procedures. In one instance, a group devised a new type of tool through i2I to remedy a problem specific to the Embraer fleet, leading to estimated productivity savings of \$180,000 a year.

### *Award of Excellence*

An important aspect of engagement is the recognition and celebration of employee achievements. Air Canada's premier recognition program is the Excellence Awards, which in 2013 honoured 61 employees with the Award of Excellence. Recipients are chosen by their peers for demonstrating leadership, showing commitment and promoting the company's values. Those selected are featured internally in *Horizons* and on the *ACAeronet* site, and publicly in the *enRoute* magazine. They are also feted during a Caribbean getaway.

Employee accomplishments are lauded throughout the year, with regular events to celebrate milestone service anniversaries, volunteer projects and awards, and contests won by employee groups. Each month, *enRoute* magazine has a feature called "Behind the Scenes" that focuses on particular employees and their responsibilities. Employees appreciate seeing their colleagues recognized for their daily contributions and it also heightens awareness among customers about how the airline functions and the efforts of those who work at Air Canada.

AIR CANADA   
excellence





Family Day

Air Canada employees take pride in their work and it is important that they have the opportunity to share this pride with those who are most important to them. For this reason, in 2013 Air Canada inaugurated Family Day celebrations at its major hubs.

These special days were set aside to allow employees to bring their families to decorated hangars where they could play games, tour an aircraft and enjoy popcorn, cotton candy and other free food and drinks, all in a carnival atmosphere.

"The Family Day events in Toronto, Vancouver and Montreal lived up to the expectations. It was great and I know it

could not have been possible without our amazing employees who took the time to volunteer and help make them a success," says Nick Careen, Vice President, Airports, Call Centres and Customer Relations.

Nick had fun at the Family Day in Toronto even though employees lined up to send both him and Alan Butterfield, Air Canada's Vice President of Maintenance, for a cool dip in the fundraising dunk tank.

In total, the three Family Day events were attended by approximately 5,100 people and raised just over \$16,000 for the Air Canada Foundation.



In 2013, Air Canada hosted a series of Family Day gatherings in Vancouver, Toronto and Montreal that attracted more than 5,100 employees and their families and also raised more than \$16,000 for the Air Canada Foundation. Other times, one-time opportunities arise, such as bringing the Stanley Cup to the Montreal airport where 300 employees turned out to have their picture taken with hockey's greatest trophy. Such happenings are noted in *The Daily* or *Horizons* or in the community photo gallery curated on *ACAeronet*, and they attest to the fact that one of the most effective tools for employee engagement is simply coming together, sharing success and having fun.







2013 employees goals	Accomplishments
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 <p>Begin laying groundwork for next round of labour negotiations</p>	 <p>In progress, contract talks are scheduled to begin in 2015</p>
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 <p>Finalize labour agreements for Air Canada rouge</p>	 <p>Achieved those planned for 2013</p>
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 <p>Further develop employee communications (reorganize communicators in Communications Branch, Yammer)</p>	 <p>Achieved, with further enhancements pending</p>
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 <p>Continue to develop best practices for modified return to work program</p>	 <ul style="list-style-type: none"> <li>• Removed the requirement for employees to be cleared through Occupational Health after already being cleared by their own physicians (unless mandated by Transport Canada);</li> <li>• Created and refined process maps to close gaps</li> <li>• Undertook a disability management audit to identify additional opportunities for improvement</li> </ul>
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 <p>Continue to roll-out aspects of the three-year AC Way, talent development programs</p>	 <p>In progress</p>
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 <p>Implement employee diversity and equity initiatives</p>	 <p>Achieved</p>
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- Goals for 2014**
- Undertake an employee satisfaction survey
  - Hold focus groups around customer service
  - Launch new employee portal
  - Maintain focus on communication and teaming around customer service (notably through expansion of Yammer company-wide)
  - Increase emphasis on diversity



*Investing for a healthier community*



Discussions of corporate sustainability are usually framed in the context of activities occurring within an organization, but interactions with those outside the company are an important aspect of sustainability too. Just as organisms need healthy ecosystems to survive, corporations need healthy communities to sustain them and communities benefit from corporate participation and sometimes rely on it. Effectively, this creates an obligation for companies to invest in their communities – one that Air Canada has embraced since its founding 76 years ago.

*The company's involvement ranges from programs devoted to people's basic health and well-being to those intended to promote the arts and cultural enrichment. Primarily, however, Air Canada's community involvement focuses on the needs of children, particularly those who are ill or otherwise disadvantaged. Many of these activities are carried out with the help of Air Canada employees, who want to contribute both to their own communities and communities elsewhere in the world.*

In order to better deliver its community investments, Air Canada restructured its corporate giving program by creating the Air Canada Foundation in mid-2012 and the results are already apparent. Benchmarking based on data collected by the Conference Board of Canada indicates Air Canada's total community investment portfolio of \$6.5 million<sup>1</sup> is above the average of 180 Canadian companies surveyed in 2011.

**\$6.5 MILLION:**  
AIR CANADA'S TOTAL  
COMMUNITY INVESTMENT  
PORTFOLIO IN 2013

<sup>1</sup>Total value of Air Canada support managed by the Foundation in 2013 was \$4 million while an additional \$2.5 million in community investment in the form of arts/cultural and community enrichment programs was managed outside the Foundation.



## AIR CANADA FOUNDATION

The chief vehicle for Air Canada's community investment is the Air Canada Foundation, which completed its first full year of operation in 2013. The Foundation is a registered not-for-profit entity created to manage the bulk of the airline's community investment portfolio. Its main focus is on the health and well-being of seriously-ill children, including through wish granting and the alleviation of child poverty. Additionally, it supports other major health-related causes that have a broad impact on the lives of Canadians or, further afield, through humanitarian relief for those in foreign countries afflicted by natural disasters.

The Foundation has its own board of directors and an annual report of its activities is submitted to the Air Canada Board of Directors by the responsible executive, the Vice President of Corporate Communications. This structure is designed to ensure accountability while enhancing the autonomy of the Foundation and it has the ancillary benefit of raising the profile of the organization and causes it supports.



## Funding

Funding for the Foundation comes from various sources. In 2013, it raised \$960,000, much of that from its annual golf tournament that alone raised \$610,000. There is also direct corporate support and during the year a voluntary employee payroll deduction plan was established. Customers too are encouraged to contribute, for example through the Every Bit Counts program, which invites customers to donate change of any denomination on-board aircraft or through branded airport receptacles. Customers also have the opportunity throughout the year to donate Aeroplan Miles with a special Aeroplan Match Day promotion held each year that, in 2013, collected nearly 525,000 Aeroplan Miles (including Aeroplan matching).

The Foundation supports registered charities working within its mandate by donating promotional tickets, Aeroplan Miles or cash. But the main component of the Foundation's giving is in-kind support. During the year it donated aircraft and covered certain related expenses for eight Dreams Take Flight trips to Disney for thousands of children from cities across Canada. These trips provide children, who would otherwise not have the opportunity, a fun-filled, all-expense-paid day at Disney where they receive VIP treatment.

The Foundation also facilitates patient travel for care by donating Aeroplan Miles. In 2013 more than 10 million Aeroplan Miles were given to pediatric hospitals across Canada for the Hospital Transportation Program. A further one million Aeroplan Miles were given to Hope Air, a registered national charity that provides free flights to people who cannot afford the cost of air travel to access medical expertise or specialized medical technologies unavailable locally.





## *Volunteer Involvement Program*

Michel Nadeau, an Air Canada Service Director based in Vancouver, began volunteering 13 years ago as a driver for A Loving Spoonful (ALS), a not-for-profit, charitable organization with the mandate: "No one living with AIDS should go hungry."

ALS delivers free nutritious frozen meals and snacks to more than 250 people living with HIV/AIDS in the greater Vancouver area (most of them house-bound), and also provides nutrition counselling and education to men, women and youth living with the disease.

For a third consecutive year, Michel applied in 2013 to the Air Canada Foundation's Volunteer Involvement Program (VIP) to support ALS's signature fundraising event, Project Empty Bowl, through the donation of two North American tickets for a raffle. The raffle alone raised over \$5,000 towards ALS's war chest.

"ALS receives 77 per cent of its funding through personal donations. It is very rewarding for me to have this opportunity to help raise money for the organization," Michel tells the Air Canada Foundation in his thank-you note. "Seeing the smiles on the face of their clients when you arrive with their weekly meals is priceless!"

## **VIP**

Another means by which the Foundation helps charitable groups is by assisting them with fundraising and meeting their own travel needs. Approximately 1,000 promotional tickets were given to charities for fundraising purposes in 2013. To complement these efforts, the Foundation runs an in-house Volunteer Involvement Program (VIP) under which employees involved in local charities can obtain tickets for fundraising purposes such as draws. More than 100 individual employees requested VIP tickets during the year for a wide range of causes, many of which were featured in employee communications vehicles to further heighten awareness. This program has the added benefit of promoting employee engagement.

One popular fundraiser is the annual Enbridge Ride to Conquer Cancer, with teams from Air Canada taking part in the British Columbia, Ontario and Quebec sections of this event. In 2013, a total of more than \$154,000 was raised through this event to support cancer research.

For some groups, the Foundation provides support through direct cash contributions and in 2013 it donated \$506,000. Major recipients included Breakfast Club of Canada, the Children's Miracle Network member Canadian pediatric hospitals and Dreams Take Flight. Another major beneficiary was the Shriners Hospitals for Children™ – Canada, to which the Foundation has committed \$50,000 per year for a five-year period.

Additionally, in partnership with Pathways to Education Canada, the Foundation made a three-year commitment towards the creation of a scholarship fund to help youth from low-income communities graduate from high school and successfully transition into post-secondary education and training.

**1,000:**  
THE NUMBER OF PROMOTIONAL  
TICKETS GIVEN TO CHARITIES  
FOR FUNDRAISING PURPOSES  
IN 2013.

  
**8** AIRCRAFT  
DONATED FOR  
DREAMS TAKE FLIGHT  
TRIPS TO DISNEY

**11,228,399**  
AEROPLAN MILES  
DONATED

**\$171,000**  
DONATED THROUGH OUR  
EVERY BIT COUNTS INITIATIVE



**960,000**  
THE AMOUNT OF MONEY RAISED  
BY THE AIR CANADA FOUNDATION

Total value of Air Canada support managed by the Foundation in 2013 was \$4 million while an additional \$2.5 million in community investment in the form of arts/cultural and community enrichment programs was managed outside the Foundation.

As noted, the Foundation's mission includes assisting in countries affected by natural disasters. In late 2013 Typhoon Haiyan devastated portions of Southeast Asia, particularly the Philippines, killing several thousand people, leaving many more homeless and doing extensive damage. More than \$200,000 was donated to the Canadian Red Cross on behalf of Air Canada employees and retirees, including \$50,000 in matching donations from the Foundation. In addition, Air Canada provided complimentary travel to medical teams heading to the affected areas and Air Canada Cargo transported at no cost 30 pallets of essential medicine.



Photo by Herman Lumanog

Working for an international airline, Air Canada's employees like to cross borders, especially when it comes to helping communities. So when Typhoon Haiyan devastated south-east Asia in November 2013, they responded quickly to assist some of the 11.5 million people affected by the disaster.

In response to a request from Health Partners International of Canada, a not-for-profit relief and development organization, Air Canada Cargo transported at no cost 30 pallets of essential medicine to Frankfurt for onward shipment to the Philippines. This was enough medicine for 240,000 treatments.

"The Air Canada Cargo team in Toronto, Montreal and Frankfurt were very enthusiastic to make this initiative work and we were proud to be a part of these relief efforts," says Paul Forlini, Manager, Tactical Flight Optimisation – Cargo.

Employees also helped through the Air Canada Foundation, which set up a corporate donation portal with the Canadian Red Cross for its Typhoon Haiyan Appeal. The Foundation matched employee and retiree donations up to \$50,000.

Additionally, the Foundation supported the non-profit Canadian Medical Assistance Team's (CMAT) flights to the Philippines for emergency response with complimentary tickets. Four CMAT members flew to the Philippines as part of a medical Rapid Assessment Team. They conducted a needs assessment on the island of Leyte and prepared for the deployment of CMAT's inflatable field hospital and volunteer medical personnel.

When the opportunity arises, Air Canada willingly lends its global presence to battling international crime, particularly that most heinous of all involving exploitation of the weak and vulnerable.

Since 2006, Air Canada has participated in efforts to counter child sex tourism and human trafficking. It began by featuring an educational video onboard its flights and by sponsoring conferences. An insert was also added to the Air Canada flight attendants' manual outlining how to identify and report suspicious behavior in regards to child sex tourism and human trafficking. Additionally, Air Canada Vacations' hotel vendors are contractually required to guard against such activities.

In 2013, the company continued its efforts. The Air Canada Foundation donated \$15,000 to Beyond Borders

ECPAT Canada, a national advocacy organization for the rights of children, for the creation of videos to be presented onboard its flights and for the sponsorship of the 2013 Media Awards. The Air Canada Foundation also agreed to begin production of a new video for 2014.

"By working closely with our partners and our customers, we can help to ensure that children throughout the world are better protected and more secure," says Micheline Villeneuve, Air Canada Foundation Manager. "Every Air Canada employee has a responsibility for identifying and reporting suspicious criminal activities on corporate property, including aircraft, and they should never hesitate to report any suspicions about possible human trafficking or child sexual exploitation."

## Protecting children

The Air Canada Foundation helps children in other ways too, notably in 2013 as the Title Sponsor for the Beyond Borders ECPAT Canada Media Awards and Symposium to combat child sexual abuse. The awards recognize Canadian journalists for exemplary work covering issues related to the sexual exploitation of children. In support of these efforts, Air Canada also agreed in 2013 to fund the production of three public service announcements that will appear on its onboard seatback In-flight Entertainment (IFE) system beginning in 2014.

## A STRONGER PRESENCE IN COMMUNITIES

To heighten its responsiveness and further enhance its outreach abilities, Air Canada has reviewed and increased the resources it devotes to community relations and regional markets. In this regard, following the appointment of a new Vice President of Corporate Strategy, Industry and Government Affairs, Air Canada subsequently created three regional director positions for government and community relations for Eastern, Central and Western Canada.

Additionally, a new position of Senior Vice President, Regional Markets, was also created in 2013 with overall responsibility for strategic direction of Air Canada's regional operations, including direct involvement in strengthening regional business and community relationships. The management of regional operations was realigned to increase its effectiveness. Such moves signal Air Canada's commitment to work in partnership with local political and business leaders with the objective of profitably meeting local demand in the development of Air Canada's global network.



**BEYOND BORDERS ECPAT CANADA**

# MEDIA AWARDS & SYMPOSIUM

- 31** NUMBER OF NOMINATED JOURNALISTS
- 280** NUMBER OF MEDIA AWARDS CEREMONY ATTENDEES
- 166** NUMBER ATTENDING THE SYMPOSIUM
- 17** NUMBER OF MEDIA OUTLETS THAT COVERED THE EVENT, INCLUDING GLOBAL NATIONAL & CTV NATIONAL NEWS
- 35** NUMBER OF VOLUNTEERS WHO PLANNED AND ASSISTED AT THE EVENT

## AIR CANADA FOUNDATION TAKES LEAD TOWARDS ENDING CHILD SEXUAL EXPLOITATION

As the lead sponsor of the 2013 Beyond Borders ECPAT Canada Media Awards & Symposium, Air Canada Foundation made a bold statement about the power of corporate social responsibility to increase the protection of children and youth.

Motivated by the number of recent tragic cases about online child sexual victimization, the symposium raised awareness and educated attendees with a panel discussion entitled, "Child Sexual Exploitation in the Digital World". Panelists included a digital media expert, privacy and child rights lawyers as well as the parents of Amanda Todd and Raheesh Parsons, who both died by suicide following relentless online bullying and harassment in their communities.

The Media Awards ceremony honored journalists across the country who over the past year made a difference to victims by uncovering stories of historic institutional sexual abuse and child exploitation through journalism. As well, the Bradford Robson Award for Advocacy was presented to Carol Todd (mother of Amanda Todd), and Glen Cowling and Leah Parsons (parents of Raheesh Parsons). This award recognizes and encourages the invaluable contribution made by individuals who are able to move beyond the pain of their own victimization to become child protection advocates. Carol, Glen and Leah's work has helped to set new trends and strengthen laws and victim services in our country.



GLENN COWLING/PHOTOGRAPH BY CAROL TODD



**AIR CANADA**  
foundation

## *Strengthening economies*

While the restructuring is intended to advance Air Canada's commercial interests in regional markets, such activities nonetheless promote sustainable communities. There is a direct link between good air connections and economic development and during the year a number of local leaders ranging from such communities as Sydney, Nova Scotia to Fort St. John, British Columbia, publicly acknowledged the benefits of increased air service to their communities and businesses operating there.

Having a local presence can also help the company identify opportunities to assist communities. For example, in 2013 Air Canada became involved in supporting Birdies for Babies, a charity golf tournament for the BC Women's Hospital, one of

Canada's busiest maternity centres. The hospital offers a range of women's health services from breast health and HIV/AIDS care and treatment, to medical genetics and osteoporosis services for women locally and throughout the province. It also provides teaching and research opportunities.

Other times, assistance can be ad hoc. During the year, Air Canada Maintenance sought to dispose of two surplus engines but rather than sell them for scrap the engines were donated to two Ontario community colleges for aviation technician programs. The colleges welcomed the donations because they can be used to provide students hands-on, practical training. Another educational initiative is Air Canada's ongoing support of the Centre for Labour Management Studies at Ryerson University.



David McLean helps transfer the engine to Glen Burgess from the Aircraft Maintenance Engineering Technician Program at Centennial College.

## SUPPORTING ALL THOSE WHO SEE THE STAGE AS THEIR DREAM DESTINATION.

Air Canada is proud to contribute to our thriving arts scene.



## CULTURAL PROGRAMS

While meeting basic needs such as health care and economic opportunity provides the foundation for sustainability, to truly thrive a community must also offer its citizens the means to develop those other attributes that make us fully realize our human potential. This is why support for education, the arts, sports and other cultural activities is also viewed by Air Canada as an important aspect of good corporate citizenship.

One such effort has been the company's contribution toward the Canadian Museum for Human Rights in Winnipeg. Air Canada has been supporting the new museum with its travel requirements during the construction phase and assisting the committee overseeing the project with its fundraising efforts.

## Arts groups

Air Canada also sponsors a number of orchestras and ballets throughout the country, including by supporting tours for some of these groups to New York, South America and China in 2013. Among those who benefitted from Air Canada's sponsorship were the Orchestre symphonique de Montréal, Orchestre Métropolitain, National Arts Centre Orchestra, Toronto Symphony Orchestra, Winnipeg Symphony Orchestra, Edmonton Symphony Orchestra, Vancouver Symphony Orchestra and the National Youth Orchestra of Canada, Les Grands Ballets Canadiens de Montréal, National Ballet of Canada and Royal Winnipeg Ballet.

Another area of emphasis is Air Canada's ongoing commitment to promote Canadian film and television. Each year, the seatback IFE systems on its aircraft make available hundreds of films to its

LES  
GRANDS BALLETS







35 million customers, effectively turning Air Canada into one of the largest movie exhibitors in the country. A Canadian film channel is available on the IFE, giving domestic artists' productions broad international exposure. Similarly, Air Canada has developed partnerships with important Canadian content creators and distributors to make Canadian television programming available and provide a platform for Canadian content to reach audiences worldwide. In 2013, the company also became directly involved with the television show *The Amazing Race Canada*, one of the most watched series ever on Canadian television.

Canadian programming is also found on the IFE's Franco Cinema channel, which features French-language programming produced in Canada and abroad. Related to this is Air Canada's sponsorship of the Cinéfranco festival, whose goal is to make French cinema accessible to audiences in Toronto. These programs underscore Air Canada's strong commitment to bilingualism, as part of which support is also given to the national *Rendez-vous de la francophonie* and a number of regional events including the *Festival Franco-Ontarien* in Ottawa, the *Franco-Fête de Toronto*, the *Festival du Voyageur* in Winnipeg and the *Festival d'été francophone de Vancouver*.

### **Promoting Canadian talent**

Moreover, Air Canada also promotes the development of Canadian talent. It has leveraged its unique position to encourage Canadian student and emerging filmmakers through the enRoute Film Festival. Short films selected by a prestigious jury drawn from the Canadian film industry are not only shown at screenings in Vancouver, Toronto and Montreal, but they are also made available on the IFE system. Customers are invited to vote in a People's Choice award to further generate interest.



It may have started as a sponsorship, but in the end Air Canada really became a participant in *The Amazing Race Canada*, one of the most watched TV series ever to air in the country.

More than 100 employees from various branches – including cargo, airports, concierge and marketing – were involved supporting the program. Together they moved the show's host, 18 race participants, and a 68-member production crew and its gear between three coasts over 23 filming days, all the time staying one step ahead of the racers.

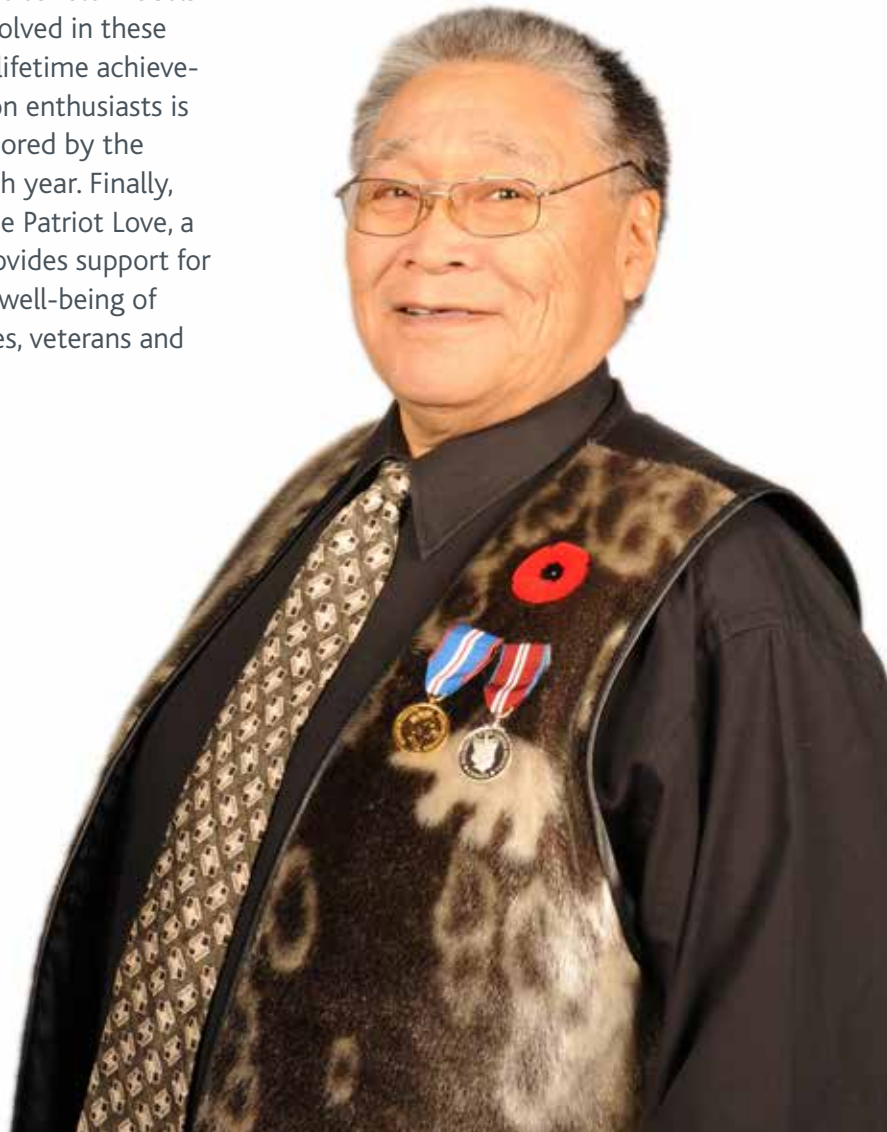
Much like the contestants themselves, Air Canada employees faced their own twists and turns, including disruptive weather, complicated itineraries, film scheduling delays and the requirements to protect the confidentiality of the show so as not to give away the ending to the audience. Moreover, they had to ensure the safety of the operation and maintain our On-Time Performance.

The 10-episode series proved a hit with viewers as 16 million of them – nearly one-in-two Canadians – tuned in for each show, learning about different parts of the country along the way. Among those loyal followers were Air Canada's employees themselves, who cheered on not only their favourite racing team but also their colleagues.

Canadian culture, including the work of artists, writers, and photographers, is further promoted through the in-flight *enRoute* magazine. Although its stories cover topics and destinations the world over, Canadian subjects and destinations account for a significant proportion of the content. The annual food guide issue is treated as a news event by media in communities across Canada because its list of the top new restaurants in Canada gives these establishments national exposure. *EnRoute* also co-sponsors a literary prize and publishes the work of winners – both established and developing Canadian writers – in three editions each year.

Air Canada sponsors other awards too, notably The Inspire Awards to recognize indigenous professionals and youth with outstanding career achievements. Recipients are chosen to serve as role models for all indigenous peoples. Air Canada has been involved in these awards since their inception in 1993, presenting a lifetime achievement award. Another award popular among aviation enthusiasts is the Webster Memorial Trophy Competition sponsored by the company for the top amateur pilot in Canada each year. Finally,

Air Canada is a supporter of True Patriot Love, a non-profit organization that provides support for the physical, mental and social well-being of members of the Canadian Forces, veterans and their families.





## *Sports*

Sports are an integral aspect of cultural life in Canada, particularly ice hockey. Air Canada maintains commercial sponsorships with Canada's National Hockey League Teams. It is the official airline of Hockey Canada and supports the country's elite under-18 hockey talent with transportation to a number of domestic and international hockey events. Air Canada has also been a sponsor of Canada's Olympic Team since 2006 and a sponsor of Canada's Paralympic Team since 2007, providing through these arrangements special services and transport for training and competitions.

In 2012, the company inaugurated the annual Air Canada Athlete of the Year Award in partnership with the Canadian Olympic Committee. It recognizes one exceptional Canadian athlete who demonstrates a drive for excellence, leadership and integrity. For the first time in 2013, Canadians were asked to vote on-line for their favourite athlete, further increasing the profile of the candidates and Olympic athletes in general. The winner was speed-skater Charles Hamelin, who subsequently won a gold medal at the Sochi Winter Olympic Games.

# 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, below are some examples:

## PROFESSIONAL SPORTS

### HOCKEY – NHL

#### CANADA

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

#### USA

Anaheim Ducks  
Carolina Hurricanes  
Colorado Avalanche  
Washington Capitals

### HOCKEY – AHL

St. John's Ice Caps  
Toronto Marlies

### BASKETBALL

Toronto Raptors  
NBA Canada Series (Montreal)

### SOCCER

Montreal Impact  
Vancouver Whitecaps

## AMATEUR SPORTS

Air Canada Athlete of the Year Award  
Canada's Sports Hall of Fame  
Canadian Olympic Committee  
Canadian Paralympic Committee  
Hockey Canada

## ARTS AND CULTURE

### NATIONAL

Indspire Awards  
National Youth Orchestra of Canada  
Les Rendez-vous de la Francophonie

### QUÉBEC

Festival des films du monde de Montréal  
Festival d'opéra de Québec  
Les Grands Ballets canadiens de Montréal  
Juste pour rire / Just for Laughs  
Le Marché Casse-Noisette  
Montréal Passion Vin  
Musée des Beaux-Arts de Montréal  
Orchestre symphonique de Montréal  
Orchestre Métropolitain

### ONTARIO

Festival Franco-Ontarien  
Toronto's Comedy Festival – JFL 42  
National Ballet of Canada  
Franco-Fête de Toronto  
National Arts Centre Orchestra  
Ontario Science Centre – LG's Innovator's Ball  
Toronto Symphony Orchestra

### PRAIRIES

Canadian Museum for Human Rights  
Edmonton Symphony Orchestra  
Festival du Voyageur  
Royal Manitoba Theatre Centre  
Royal Winnipeg Ballet  
Winnipeg Symphony Orchestra  
Winnipeg Art Gallery

## BRITISH COLUMBIA

Festival d'été francophone de Vancouver  
Vancouver Symphony Orchestra

## COMMUNITY AND BUSINESS

Air Canada Birdies for Babies Golf Tournament (British Columbia)  
Fondation CPA (Québec)  
Fondation du Collège Édouard-Montpetit (Québec)  
International Women's Forum (British Columbia)  
One Drop Foundation (International)  
The Next 36 (National)  
True Patriot Love Dinner (Ontario)  
The QCGN Goldbloom Distinguished Community Service Award (Québec)  
S.U.C.C.E.S.S. Gala / Walk with the Dragon (British Columbia)

## TOURISM

**Air Canada supports the Canadian Tourism Commission with the following events:**

Internationale Tourismus-Börse (Berlin, Germany)  
Canada Media Marketplace (New York, USA)  
Rendez-vous Canada (Ottawa, Canada)  
Top Resa (Paris, France)  
World Travel Market (London, England)

2013 community goals	Accomplishments
 <p>Increase visibility and awareness for the new Air Canada Foundation through social media, print material, branded aircraft and sponsored events across Canada</p>	 <ul style="list-style-type: none"> <li>• In progress</li> <li>• Branded aircraft deferred</li> </ul>
 <p>Further codify a zero tolerance policy to prohibit such activities as sex tourism and human trafficking in Air Canada Vacations hotel vendor agreements</p>	 <p>Achieved</p>
 <p>Increase financial grants to charities by 50 per cent</p>	 <p>Achieved</p>
 <p>Increase revenue from the annual Air Canada Foundation golf tournament by 25 per cent</p>	 <p>Achieved</p>
 <p>Increase Aeroplan mileage donations through better awareness of matching opportunities</p>	 <p>Achieved</p>
 <p>Introduce employee payroll deduction for the Air Canada Foundation</p>	 <p>Achieved</p>

### Goals for 2014

- Meet fundraising target of \$750,000 for 3<sup>rd</sup> annual edition of the Air Canada Foundation Golf Tournament
- Increase financial grants to charities by 25 per cent
- Incorporate the Air Canada Foundation into Air Canada's brand marketing initiatives
- Apply new livery on Air Canada A320 aircraft to serve as flying billboards to provide the Air Canada Foundation visibility throughout and outside Canada
- Increase Air Canada's presence in regional communities through senior executive speaking engagements and ongoing dialogue with community leaders





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AIR CANADA 

A STAR ALLIANCE MEMBER 



Best Airline in  
North America  
four years in a row