



## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

Cargojet's Environmental, Social and Governance (ESG) framework reflects our core values and commitment to conducting our business strategically, ethically and responsibly in a manner that allows us to continue to build a long-term and sustainable business. This framework is rooted in a focus on understanding the environmental, economic and social impacts of our business, and in engaging with relevant partners, regulators, industry agencies and other stakeholders to ensure that our ESG framework continues to evolve and reflect high standards of corporate social responsibility.

### **ADDRESSING OUR ENVIRONMENTAL IMPACT**

Cargojet is committed to reducing our impact on the environment through sound environmental stewardship. We recognize that working to reduce our impact on the natural environment contributes to a more sustainable future and is viewed as an opportunity to meet our strategic objectives. Sustaining the environment also forms a key component of our broader Environmental, Social and Governance commitment to responsible business practices which include ethical governance, fostering diversity and increasing inclusion and community engagement.

As part of our wider business strategy, Cargojet is committed to comprehensive program of initiatives designed to responsibly manage our impact on the natural environment while fostering environmentally sustainable growth. These initiatives are based on the following objectives:

1. Encouraging conservation of the environment and natural resources and responsibly managing our environmental impact through energy conservation, efficiency and innovation;
2. Meeting or exceeding applicable requirements under environmental laws, regulations and other commitments and obligations;
3. Understanding and addressing the impact of our operations on the environment and related risks and opportunities;
4. Fostering innovation and integrating environmental sustainability considerations into our business decisions, strategies and performance goals;
5. Maintaining transparency and accountability with respect to environmental stewardship and impact; and
6. Participation in international industry environmental initiatives.

### **Implementation**

Cargojet's environmental stewardship commitment encompasses a broad range of programs and initiatives supported by a commitment to continue to seek opportunities that demonstrate leadership in environmental management in our industry.

Cargojet's most significant impact on the environment results from the use of jet fuel. Accordingly, we are committed to programs and initiatives and we have made significant investments to maximize fuel efficiency, reduce greenhouse gas emissions, and minimize energy use across our fleet. These initiatives include implementing controls in order to mitigate our carbon footprint and to operate our fleet and ground infrastructure as efficiently and safely as possible to minimize our greenhouse gas emissions. Cargojet strives to invest in fuel efficient aircraft, technology and processes that enable us to safely maximize operating efficiency in the air and on the ground.

As part of these ongoing efforts, Cargojet is committed to the “Greening Aviation in Canada” initiative spearheaded by the Government of Canada. The primary metric for progress in this collaboration is reductions in the emission of greenhouse gases and particulate solids. Cargojet has a long-standing fleet renewal program which has allowed us to responsibly transition original aircraft in the system and make significant strides towards reducing greenhouse gas emissions. In 2015, we commenced operations for Canada Post and Purolator on our new fleet and reduced greenhouse gas emissions from those of the incumbent carrier. We have also improved our efficiency in terms of Pounds of Cargo Carried versus Pounds of Fuel Consumed, while doubling the system capacity from 2015.

Cargojet is also participating in the international Carbon Offsetting and Reduction Scheme for International Aviation under the International Civil Aviation Organization. This program involves a certified third-party auditing system under ISO and other international standards, and the purchase of carbon offsets.

Cargojet aims to achieve better fuel efficiency through optimizing loads to increase density and by reconfiguring our network to reduce flying hours while maintaining service to our customers. Under this pillar, Cargojet is committed to continuously improving ground operations, aircraft maintenance and engineering. This includes initiatives such as aircraft engine and compressor wash programs, overall aircraft weight reduction, routine maintenance of pneumatics, and aircraft drag reduction through paint, polish and flight control seals to maximize fuel efficiency. Future initiatives under consideration include the use of bio-fuels and switching to electric ground handling equipment.

Another aspect of this pillar includes efficient management of Cargojet's flight operations to mitigate our carbon footprint. These initiatives include payload management, route analysis and engine efficiency, as well as optimizing climb and cruise altitudes and aircraft speeds.

Cargojet strives to take additional measures to minimize resource usage and identify cost savings with respect to airport infrastructure, offices and ground facilities. Through source minimization, reuse, recycling and reclamation, Cargojet works to minimize waste across all its operations.

## **SOCIAL RESPONSIBILITY**

Cargojet is committed to actions and policies that align with the needs and values of our key stakeholders and reflect a culture of compliance, ethical conduct and good governance. These include policies that are directly focussed on our customers, employees and the community at large.

### **Team**

Cargojet is committed to creating working conditions that are safe, fair, and rewarding. This includes a commitment to employee health and safety through Cargojet's Occupational Health and Safety Program as well as our various other policies designed to provide a comprehensive framework for a safe and supportive environment that fosters employee commitment and advancement. In addition to the governance-related policies set out below, this framework includes policies on early and safe return to work, anti-workplace violence and anti-harassment, employment equity and employee privacy.

Cargojet's Occupational Health and Safety Program is closely linked to our company-wide Safety Management System (SMS). Cargojet is committed to ensuring that its SMS Program is always fully compliant to all regulatory requirements, with the aim of identifying, assessing, and mitigating or eliminating hazards to safe operations before they lead to incidents or accidents.

Cargojet is an equal opportunity employer that recognizes the exceptional value of a diverse workforce inclusive of Aboriginal people, women, visible minorities, and persons with disabilities and people from culturally and linguistically diverse backgrounds, mature age workers and the inter-generational workforce. Cargojet is committed to ensuring that its internal policies, practices, and systems are free

from barriers, emphasize the value of diversity, and promote full participation to ensure dignity, respect, and equal access across the company's operations.

## **COMMUNITY**

At Cargojet, corporate social responsibility goes above and beyond due diligence and compliance. We strongly believe our involvement in the community motivates our employees, builds relationships and enhances the communities where we live and work. With new and expanding facilities in several locations, Cargojet continues to invest in the infrastructure and our people across Canada. Cargojet also supports a wide range of activities in the areas of business, sports, arts, culture and the community.

## **CORPORATE GOVERNANCE**

Cargojet recognizes the importance of sound corporate governance practices to the proper and effective management of the company and the successful operation of our business. This includes compliance with applicable regulatory requirements and the adoption of certain best practices that go beyond the requirements mandated by law.

Under the guidance of its Board of Directors and our Corporate Governance Committee, Cargojet has adopted various corporate governance best practices, including those recommended under National Policy 58-201 – *Corporate Governance Guidelines*. These include representation of independent directors on our Board and various Board committees, appointment of a lead independent director, regular evaluation of the performance and effectiveness of our Board and its committees, and adopting written position descriptions for the Chair of our Board and its Lead Director, as well as for the Chair of each Board committee, the CEO and Vice-President of Corporate Governance.

We have also adopted a written Code of Ethics designed to ensure compliance with law and promote a culture of integrity and respect. Our written Diversity Policy underscores our commitment to having a workforce, including members of the Board and executive officers, who reflect the diversity of the company's stakeholders, and having regard to the need to foster and promote diversity with respect to gender, ethnicity, age, sexual orientation, national origin, disability and other characteristics that may otherwise be underrepresented. In support of these principles, Cargojet's Diversity Policy requires consideration of such diversity criteria as well as the level of representation of women on the Board and in executive positions when making recommendations for nominees to the Board or for appointment as executive officers, and in general with regard to succession planning for the Board or executive officers. In line with this, Cargojet is committed to achieving a Board composition in which women comprise at least one-third of directors. We have also adopted share ownership guidelines designed to assist members of our Board and executive team in demonstrating their commitment to the company's long-term performance through share ownership.

As governance is an evolving concept, we continue to monitor corporate governance developments in Canada with a view to further enhancing our governance policies and practices, as appropriate. Further details relating to the above and other aspects of Cargojet's governance framework are reflected in certain of our corporate governance policies and procedures, including the following key policies and documents:

- Mandate of the Board of Directors
- Charters of the various Committees of the Board, including the Audit Committee, Corporate Governance Committee, and Compensation and Nominating Committee
- Position Descriptions for the Chairman of the Board, the Lead Director and CEO
- Code of Ethics
- Majority Voting Policy
- Clawback Policy
- Share Ownership Guidelines
- Advance Notice By-law
- Whistleblower Policy
- Diversity Policy