



**ESG Report**

July 2021

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## About Cargojet

Cargojet is Canada’s leading provider of time sensitive domestic network air cargo services. Our main air cargo business is comprised of the following:

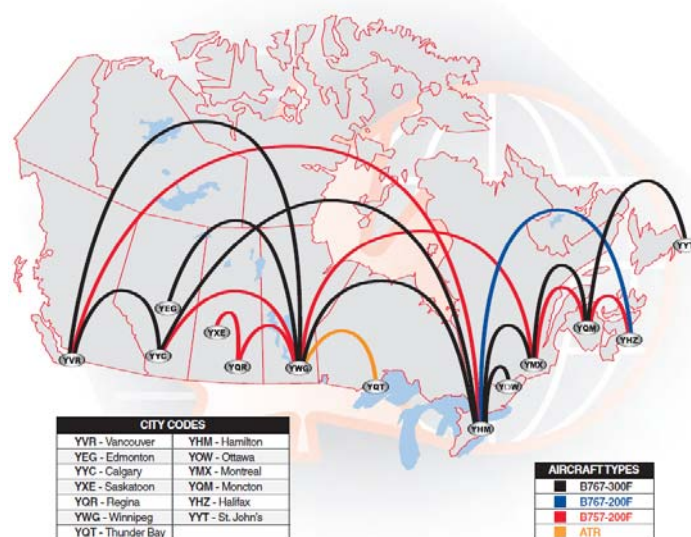
- Operating a domestic network air cargo co-load network between fifteen major Canadian cities;
- Providing dedicated aircraft to customers on an Aircraft, Crew, Maintenance and Insurance (“ACMI”) basis, operating between points in Canada, USA, Mexico and Europe; and
- Operating scheduled international routes for multiple cargo customers between the USA and Bermuda, between Canada and Germany; and between Canada and Mexico.

Cargojet operates its business across North America transporting time sensitive air cargo each business night utilizing its fleet of all-cargo aircraft. The company’s domestic network air cargo co-load network consolidates cargo received from customers and transports such cargo to the appropriate destination in a timely and safe manner.

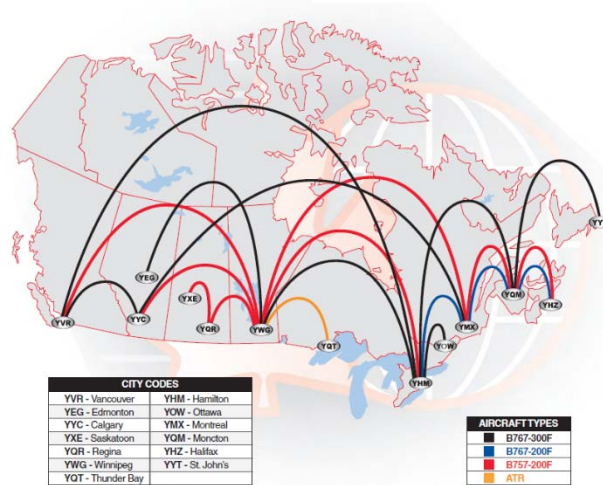
Cargojet is committed to on-time reliability, safety and consistently exceeds customer’s needs and expectations. Our dedicated team of flight crews, maintenance, flight operations, ground handlers and customer service representatives, have been chosen for their excellent skills, safety records and professionalism.

Our commitment, dedication and on-time performance to the air cargo industry in Canada is the key reason why Cargojet was chosen as one of Canada’s 50 Best Managed Companies as well as being awarded with the Shipper’s Choice Award for the best Air Cargo Carrier in Canada for the past number of years.

## Westbound Flights



## Eastbound Flights



### Who We Are:

- Entrepreneurial company that prides itself in building lasting customer relationships while delivering exceptional service
- Engaged and passionate workforce of 1,408 with over \$650 million in revenues
- In less than 20 years, we have become Canada's #1 cargo airline, only national overnight air cargo consolidator
- We represent over 90% of the domestic overnight air cargo lift available in Canada
- Only national network that enables next day service for courier industry to over 90% of Canadian population, a strong competitive advantage

**+71**  
Daily Routes

**1,272**  
Team Members

**28**  
Airplanes

**98.5%**  
On Time Arrivals

## Cargojet's Approach to ESG

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. Our approach to sustainability 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, including our policies, programs and targets continue to evolve and reflect high standards of corporate social responsibility.

## About this Report

Our inaugural ESG report is our way of sharing with our stakeholders and shareholders what steps we are taking to operate a responsible business. It marks a natural step in our sustainability journey and is our commitment to increased levels of transparency, innovative leadership and action towards our environmental and social priorities.

This report includes highlights from our 2019 operations and acknowledges key 2020 milestones and our response to unprecedented events.

## Message from Dr. Ajay Virmani, our CEO

I'm proud of the resilience of our Cargojet team. Their commitment and hard work have demonstrated that our customers can count on us for on-time, reliable and safe deliveries, even during the most turbulent of times in the aviation industry. While the industry was challenged by one of the most severe disruptions presented by the impact of COVID-19, the demand for shipped goods became critical, especially for essential medical supplies and PPE. Cargojet's dedicated team of flight crews, maintenance, flight operations, ground handlers and customer service representatives were able to come to front lines, adapt to the increased demand and complexities of air travel, all by maintaining the highest standard of safety – a key value of our company that guides us everyday. We continue in this spirit today, taking all the necessary measures to stop the spread of COVID-19 meanwhile bringing total excellence to our customers.

Over this time, I have reflected greatly on the incredible strength of the Cargojet staff, enshrined in the culture that drives innovation, customer service and operational excellence everyday. It is one of the key ingredients to the sustainability of our organization. But that is not all. The world is shifting fast, as we saw with the pandemic, and our business will need to consider the impact we have on other important issues facing society, like the industry's footprint on our planet. We're working with our industry peers to reduce emissions and aspire to net-zero emissions by 2050 across our operations. This important balance is one Cargojet feels strongly about being a part of and with that in mind, we are proud to publish our inaugural ESG Report.

At Cargojet, sustainability means understanding the environmental, economic and social impacts of our business, with the focus on engaging with relevant partners, regulators, industry agencies and other stakeholders to ensure that our business continues to evolve and reflect high standards of corporate social responsibility. Our commitment is further underpinned by our values: Safety, Reliability and Efficiency that reinforce our commitment to our customers to deliver best-in-class service. Our commitment, dedication and on-time performance to the air cargo industry in Canada is the key reason that Cargojet was chosen as one of Canada's 50 Best Managed Companies as well as being awarded with the Shipper's Choice Award for the best Air Cargo Carrier in Canada for the past number of years. Today, the future success of Cargojet is guided by redefining industry standards to rethink how to serve our customers better. We plan to move forward in our sustainability journey, committed to sharing our efforts around the environment, our workplace practices, our engagement with community partners and other important topics of greatest importance to our stakeholders.

We hope you enjoy our first ESG report and the everyday first-class air cargo service from Canada's cargo airline, Cargojet.

***Dr. Ajay Virmani, President & Chief Executive Officer***

## ESG Targets

Aligned with our commitment to enhance our sustainability reporting, Cargojet has set ESG targets outlined in the table below. We plan to release additional information on our pathway to achieve our long-term targets and will aim to introduce additional targets tied to our other material issues in future reports.

### Our Commitments

- **Achieve representation on the Board of Directors that is at least 50% women and/or visible minority by 2022.**

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- **Aspire to achieve net-zero GHG emissions by 2050<sup>1</sup> meanwhile working towards our industry's commitment to reduce net aviation CO<sub>2</sub> emissions by 50% by 2050<sup>2</sup> as part of our membership with IATA**

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- **Improve fuel efficiency by 16% by 2030<sup>3</sup>**
- **Acquire two (2) large, wide-body Boeing 777 fleet by 2025 with total efficiency improvements of**
  - *776,000 pounds in comparison to current fleet average takeoff weight of 115,700 pounds*
  - *Fuel burn of approximately 9,800 L per hour in comparison to current fleet 767 fuel burn approximately 5,800 L per hour*

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- **Improve safety performance annually**

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<sup>1</sup> From Cargojet operations, including Scope 1 and Scope 2 emissions

<sup>2</sup> From 2005 baseline

<sup>3</sup> From a 2016 baseline



## Governance

Cargojet recognizes the importance of sound corporate governance practices to the proper and effective management of our company and successful operation of our business. 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 focused on our customers, team members and the community at large.



## Board Structure

Cargojet is governed by five Board members committed to upholding strong governance. Three of our board members are independent board members, each of which is chair of one of the three Board committees. Our CEO is one of the Board members. The Board is governed by the Charter of the Board of Directors, found [here](#). The Board has three committees:

- Audit Committee
- Corporate Governance Committee
- Compensation and Nominating Committee

The Nominating Committee determines the composition of the board and is responsible for utilizing a skills matrix to determine and adjust the composition as necessary.

In 2021, we included ESG risk and opportunity oversight into the mandate of the Corporate Governance Committee, chaired by Paul Godfrey. The Committee's charter was amended to specifically reference responsibility over ESG issues. The Corporate Governance Committee will reviews ESG issues and activities at Cargojet on a quarterly basis, along with whistleblower updates.



In 2021, Cargojet also updated its ESG Policy, a long-standing document that articulates the company's values and ESG priorities. To better communicate our expectations around key sustainability topics such as climate change, diversity, safety and community, we updated the

policy to reflect our renewed commitment to sustainability and its importance to our leadership, our team members and our customers and suppliers.

### Our Board of Directors

The following table sets out certain information regarding each of our directors:

	<p>DR. AJAY VIRMANI Oakville, Ontario, Canada</p>	<p>Dr. Virmani has over 43 years' experience in the transportation industry. Dr. Virmani served as Senior Vice President of Cottrell Transport Inc. ("Cottrell") from 1977 to 1990 when he left Cottrell to form Commercial Transport International (Canada) Ltd. ("CTI"). In 1992, CTI acquired Fastair Cargo Systems Ltd. ("Fastair") Dr. Virmani was President and Chief Executive Officer from 1990 to 2000. CTI/Fastair acquired Cottrell in 1995 and the air cargo division of TNT Worldwide in 1996. By 1999, CTI and Fastair had grown to one of the largest freight forwarders in Canada, with both companies employing over 400 team members, combined revenues of approximately \$100 million. CTI/Fastair were acquired in January of 2000 by Eagle Global Logistics where Dr. Virmani continued to serve as President from 2000 to 2001. In August 2001, Dr. Virmani, formed Canada 3000 Cargo Inc., a joint venture with Canada 3000 Airlines. In 2002, Dr. Virmani acquired 100 % Canada 3000 Cargo Inc. and rebranded the new company as Cargojet Canada Ltd. In 2005, Cargojet was converted to a public company. Dr. Virmani has served as the President and Chief Executive Officer of Cargojet since its inception and has been responsible for the general business direction of the Company. Dr. Virmani earned a Masters of Business Administration from City University of New York in 1985 and was honoured with a Doctor of Laws degree by Assumption University Windsor Ontario.</p>
	<p>ARLENE DICKINSON Calgary, Alberta, Canada</p>	<p>Ms. Arlene Dickinson is the Founder and Managing General Partner of District Ventures Capital, a Venture Capital firm investing in the food/beverage and health/wellness sectors. She is the founder of District Ventures Accelerator, a national accelerator program supporting entrepreneurs in the Consumer Goods sector. Ms. Dickinson is also the CEO and sole owner of Venture Communications Ltd. one of Canada's largest independent full service marketing agencies, founded in 1984, and has worked with some of Canada's largest brands. Ms. Dickinson is an Honorary Captain of the Royal Canadian Navy and is the recipient of Honorary Doctorate Degrees from Mount Saint Vincent University, Saint Mary's University, Concordia University as well as Honorary Degrees from Northern Alberta Institute of Technology and Olds College. She is the recipient of The Queen Elizabeth II Diamond Jubilee Medal. Ms. Dickinson has served on numerous public and private boards.</p>
	<p>PAUL GODFREY Toronto, Ontario, Canada</p>	<p>Mr. Godfrey currently serves as Chairman of the Board of Postmedia Network, Chairman of the Board of Trustees of RioCan Real Estate Investment Trust and as a Director of Bragg Gaming Group, Inc. Mr. Godfrey stepped down from his role as Executive Chairman effective end of calendar year 2020, retaining the role of Chairman. He also served as the Chief Executive Officer of Postmedia Network Canada Corp. until January 2019. First elected to public office in 1964, Mr. Godfrey served as Chairman of the Metropolitan Toronto Council from 1973 to 1984. In 1984, Mr. Godfrey joined the Toronto Sun as Publisher and Chief Executive Officer and served as President and Chief Executive Officer of the Sun Media Corporation from 1992 to 2000. Mr. Godfrey has also served as the President and Chief Executive Officer of the Toronto Blue Jays Baseball Club from 2000 to 2008. Mr. Godfrey previously served as a director of Astral Media Inc., a director of Data &amp; Audio-Visual Enterprises Wireless Inc. which operated under the trade name "Mobilicity" and as Chair of the Ontario Lottery and Gaming Corporation. Mr. Godfrey graduated from the University of Toronto with a Bachelor of Applied Science in Chemical Engineering. As of calendar year 2021, Mr. Godfrey is no longer an executive of any public company.</p>

	<p>JOHN WEBSTER Toronto, Ontario, Canada</p>	<p>Mr. Webster has been the President and Chief Executive Officer of Scotia Mortgage Corporation since 2006. Mr. Webster has also been the President and Chief Executive Officer of Maple Trust Company since 1989. Maple Trust Company was acquired by Scotia in 2006. He has been the Chief Executive Officer and previously, the Chief Operating Officer, for regulated financial institutions for over twenty years. During such time Mr. Webster has participated in overseeing numerous internal and external audits as a member of senior management and as a board member. Mr. Webster's current and previous directorships include Maple Trust Company, Scotia Mortgage Corporation, Filogix Inc. and Dundee Financial Corporation. Mr. Webster received an Honours BA from Wilfred Laurier University and an LL.B and B.C.L. from McGill University.</p>
	<p>Alan Gershenhorn Alpharetta, Georgia, USA</p>	<p>Mr. Gershenhorn brings over 40 years of experience in U.S. and international enterprise logistics to the Board. During his 39-year tenure at UPS, Mr. Gershenhorn served in several significant leadership positions, including most recently as Executive Vice President and Chief Commercial Officer through June 2018. At UPS, Mr. Gershenhorn directed strategy, mergers and acquisitions, marketing, sales, public affairs, communications, and key growth strategies globally across the organization. Mr. Gershenhorn is currently a Principal of Horn Strategy Partners, LLC, which provides strategy and business development advisory services to technology and logistics businesses. In addition to Mr. Gershenhorn's role as Executive Vice President and Chief Commercial Officer of UPS, he served as a member of the UPS Management Committee, which directs global strategy and day-to-day operations, for over a decade, and led numerous transformational programs during his tenure. Mr. Gershenhorn previously served in other significant UPS leadership positions with both global and regional responsibilities including Chief Sales and Marketing Officer, Senior Vice President, and President UPS International; President UPS Supply Chain Solutions Global Transportation and Shared Services; President Supply Chain Solutions Europe, Asia, Middle East, and Africa; and President UPS Canada. In addition to his corporate responsibilities at UPS, Mr. Gershenhorn served as a Trustee of the UPS Foundation, a charitable organization which promotes environmental sustainability, volunteerism, community safety, and equity and inclusion, and was a delegate of the World Business Council for Sustainable Development.</p>

### Safety Risk Management

The company has a Risk Management Program that is documented in the Safety Management System (SMS) Program Manual, which allows for the identification, assessment and mitigation of safety risks that threaten the organization and its personnel prior to an incident, or to mitigate the effects and eliminate the recurrence of incidents that have already occurred. Cargojet's SMS Program is in accordance with requirements of Transport Canada Aviation Regulations, International Civil Aviation Organization (ICAO), and International Air Transport Association (IATA) and approved by Transport Canada. The Safety Risk Profile is a list of prioritized risks that have been identified through the Hazard Identification process; it contains a list of the five to ten highest safety risks to allow for the effective allocation of resources where they are required the most. The Safety Risk Profile is updated annually, however, where a risk is identified as safety critical, it is reviewed, and the Safety Risk Profile is adjusted as required. The Safety Risk Profile

is reviewed at both semi-annual meetings of the Management Safety Review Committee chaired by the Accountable Executive.

### Emergency & Crisis Management

Cargojet is dedicated to strong and effective crisis risk management and emergency preparedness to manage unforeseeable incidents. The company has an Emergency Response Plan in place that is documented in the Emergency Response Manual (ERM). Cargojet has developed an Emergency Response Plan (ERP) to respond to an emergency. If an accident or incident occurs, the mission of the ERP is to render aid to injured parties and to prevent or minimize further personal injury or property damage.

### Regulatory Compliance

We are committed to maintaining, promoting and enforcing a high standard of compliance within applicable regulatory requirements. We are committed to the adoption of certain best practices that go beyond the requirements mandated by law. This includes governance best practices recommended under National Policy 58-201 – Corporate Governance Guidelines.

The Regulatory Review Sub-Committee (RRSC) is a standing adjunct to the Safety Action Committee (SAC), with a mandate to meet on a quarterly basis. Each member of this Committee monitors regulations and standards in their respective functions and monitors industry best practices and 3rd party agencies. The RRSC is comprised of designated representatives from Flight Operations, Maintenance & Engineering, Cargo Operations, the Manager Regulatory Security, the Manager SMS, and the Director SMS and Security. The RRSC monitors and acts upon changes in regulations, standards, exemptions, industry best practices and 3rd party agencies, including procedures and legislation with respect to Emergency Response, to maintain regulatory compliance.

The Safety Policy Committee receives quarterly reports from the Human Resources Department, which is responsible for compliance with Occupational Health and Safety (OSH) and other government Health & Safety programs, to ensure all regulatory compliance for health and safety is achieved and actioned in a timely manner. Thus, the HR Department monitors changes in regulations pertaining to the Canada Labour Code, and the Personal Information Protection and Electronic Documents Act. Cargojet has not received any fines over the last year for non-compliance with relevant regulatory requirements.

### Board Diversity

Diversity is one of Cargojet's core values and we recognize the importance of diversity both at the Board level and in our workforce. Our CEO is a visible minority and as of March 2018, we added a female business-entrepreneur, Ms. Arlene Dickinson. Our Board composition is changing as we strive for greater balance of thought and expertise, through an increased gender and racial representation. That is why we are working to achieve representation on the Board of Directors that is at least 50% women and/or visible minority by 2022.

## Code of Ethics

At Cargojet, sound legal and ethical business practices are fundamental to the way in which we operate. We are committed to promoting a culture of integrity and respect.

Our Leadership Team is accountable for ensuring performance expectations and behaviours consistent with the principles of the Code of Ethics and the company's values. These expectations are communicated across the company's workforce and to any parties who conduct business with us. Our Code of Ethics is reviewed and approved by the Board at each AGM. All Cargojet team members are expected to review the Code of Conduct and sign off [annually]. Our Code of Ethics reflects Cargojet's policies in terms of conflicts of interest, fair dealings, and compliance with laws. Team members are bound by a Timely Disclosure and Confidentiality Policy and Insider Trading Policy.

## Supplier Management

ESG is of critical importance to our customers and stakeholders. As a result, Cargojet is making an active effort to, where possible, work with our customers and suppliers to improve our ESG impacts. ESG is an increasingly importance factor for our consideration of suppliers. Where bids are put out to tends, questions regarding ESG are included and the responses are considered as part of selecting the successful bids.

We practice and promote ethical operations with consideration for human rights and commit to supporting the principles of the Universal Declaration of Human Rights.

## Policies

<https://cargojet.sharepoint.com/sites/ESG/Shared%20Documents/General/DP4SVV001030.pdf>



## Environment

### Addressing Climate Change

Climate change is a pressing global challenge, and Cargojet believes we must do our part to address it. That is why we aspire to net zero emissions by 2050 across our operations. While ambition is important, we know that what matters most is that we have a clear roadmap — with both a long-term vision and intermediate milestones — for how we will achieve it.

### Cargojet's GHG Goal

Cargojet believes the scale of the climate challenge, and the science behind it, demands that we increase our GHG emission reduction efforts. In response, we are in the process of calculating our GHG emissions baseline which will inform our next steps towards our ambition of net zero emissions in our operations by 2050.

As one of the Canada's largest Cargo airlines, we know we need to be a leader in helping to drive the operational, policy and technological changes needed to reduce CO<sub>2</sub> emissions from air travel to try to limit global warming to 1.5° Celsius, which is the limit advised by the Intergovernmental Panel on Climate Change (IPCC) to avoid the most damaging and irreversible impacts of climate change. We intend to disclose more detail around our pathway to achieving our long-term aspirations as well as our GHG inventory in future reports.

We are reducing our greenhouse gas emissions (GHG) through many initiatives and programs:

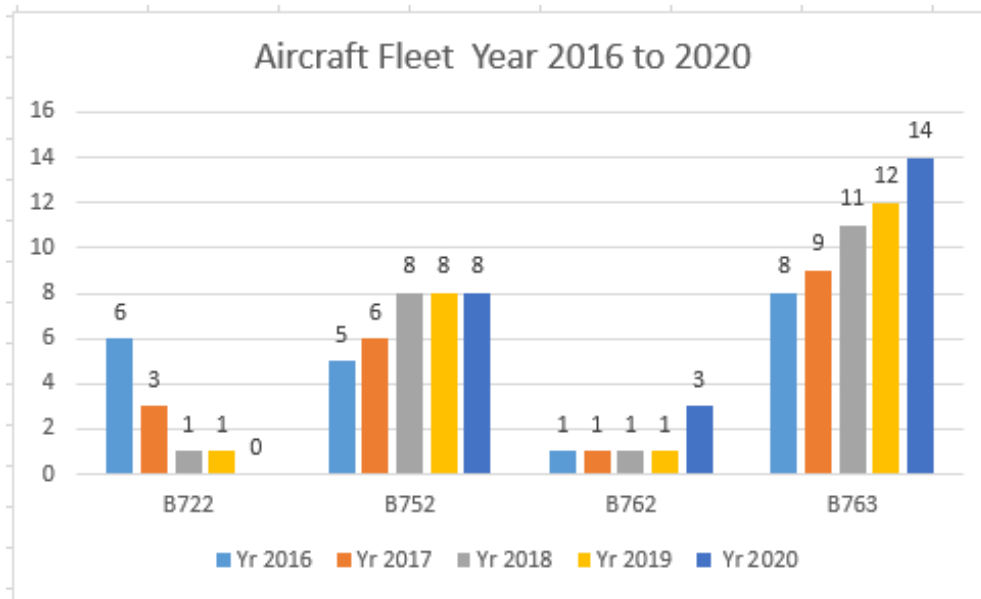
### Fleet Modernization

Over the past five years, Cargojet has undertaken a fleet renewal program to replace the original aircraft in the system. This was vital from a fuel efficiency perspective due to the ever-rising cost of fuel, but also due to a considerable increase in demand as e-commerce has become the fastest growing segment of Business-to-Business and Direct-to-Consumer value-chains.

The fleet transition was a significant step in reducing GHG emissions; for example, the Boeing 767 carries twice the payload for the same amount of fuel burn as the legacy Boeing 727 aircraft, and the Boeing 757 carries one-third more payload for 60% of the fuel burn. In coming years, we



recognize there is lot to do and we are committed to introducing long range high efficiency aircraft fleet such as the Boeing 777 freighter aircrafts, which are scheduled to join our fleet in 2023.



*Caption: Our fleet transition program improves our carbon footprint by reducing the fuel burn per block hour.*

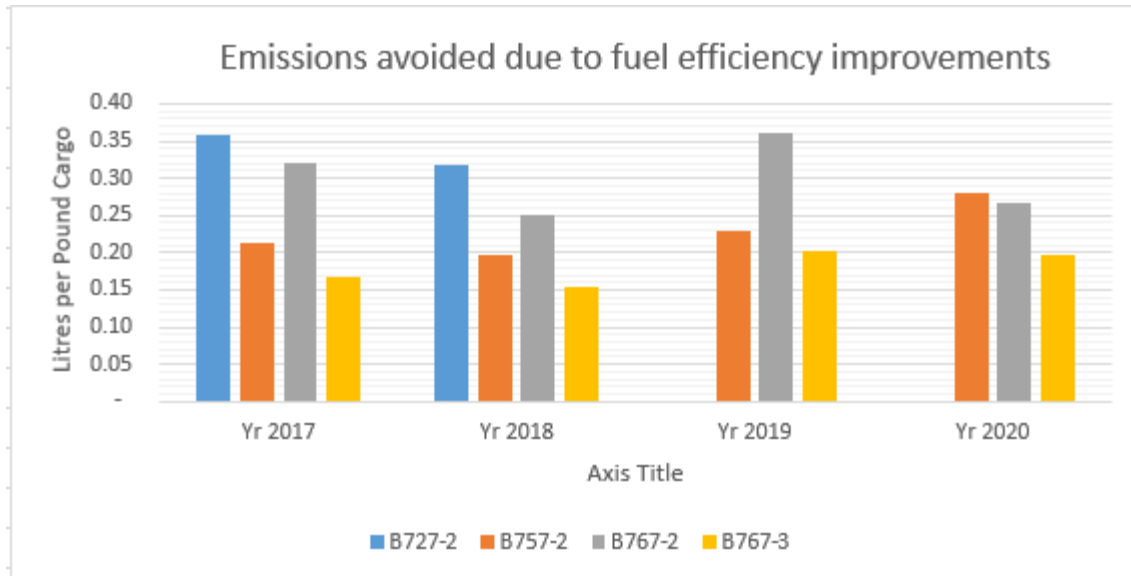
### Fleet Efficiency Optimization

Jet fuel consumption is the main source of our direct GHG emissions and one of the largest expenses. As a result, maximizing the fuel efficiency of our aircraft is both a core focus of our climate change strategy and a key business objective. In partnership with our customers, Cargojet has implemented a Fuel Optimization Program established to increase fuel efficiency and reduce power setting takeoffs. Implemented in 2020, the program tracks six key metrics for fuel efficiency through the Flight Data Monitoring program and is used to improve fuel consumption through improvements in flight planning and flight operations by the dispatchers and flight crews. Cargojet implemented the SABLE program in 2018, which calculates the most fuel-efficient load distribution for each flight to reduce fuel burn and GHG emissions. Our initiatives implemented under the Fleet Efficiency Optimization Program include:

- Aircraft engine wash programs
- Reduction in the use of aircraft Auxiliary Power Units (APUs)
- Replacement of heavier fiberglass ULD containers with Lexan containers
- Reducing aircraft empty weight
- Ensuring optimum climb, cruise altitude, aircraft speeds and direct routings to reduce fuel consumption and burn,
- Reverse idle during landing where runway length and condition do not require high thrust settings.

Future initiatives planned include the use of biofuels and switching to electric ground handling equipment.





*Caption: On average across all fleet models, Cargojet has reduced fuel efficiency from 0.27 litres per pound of cargo shipped to 0.19 litres per pound of cargo shipped between 2017 and 2020*

### Emissions Performance

The primary metric for progress in this synergy is reductions in the emission of greenhouse gases and particulate solids. This can be achieved of course through simply reducing flight hours, but this creates a detrimental effect to consumer and business stakeholders who depend on air freight for essentials of life and the sale of other products. A better measure is an increase in efficiency, for example, the amount of cargo carried versus fuel consumed.

In terms of Pounds of Cargo Carried versus Pounds of Fuel Consumed, there has been an 11.3% improvement in efficiency for the period 2016-2019, while doubling the system capacity from year 2015. This double-digit efficiency increase shows the success of our ongoing efforts to reduce emissions. We continue to work to improve efficiency through optimizing loads and to reconfigure our network to reduce flying hours while maintaining service to our business and consumer customers. We aim to achieve an additional 5% efficiency improvement by 2030.



**11.3% improvement**

Cargo Carried (lbs) / Fuel Consumed (lbs)

## Aircraft Maintenance

Below are some of the initiatives that Cargojet has implemented regarding maintenance and engineering to reduce our carbon footprint and to enhance our aircraft's fuel efficiency:

- Regular Aircraft Engine wash programs maximizing fuel efficiency and reducing greenhouse gas emissions.
- Reduction of the use of aircraft Auxiliary Power units (APU) using Ground Power Units in lieu of aircraft APU's maximizing fuel efficiency and reducing overall costs.
- Removal of Fiberglass Unit Load Device (ULD) containers from service and replaced with Lexan containers reducing the overall weight of the containers, reducing fuel burn and maximizing fuel efficiency.
- Fly Away Kits removed from aircraft on network sectors and positioning spares throughout the network, reducing the overall aircraft weight, reducing fuel burn and maximizing fuel efficiency.
- Reduce aircraft weight through review and analysis of non-essential items.
- Restricting the use of taxiing aircraft and ground runs to a minimum for maintenance purposes except where specifically required for maintenance checks or verifications, reducing aircraft ground fuel burn.
- Conduct routine checks of pneumatics and pressure vessel for leakages contributing to higher fuel burns.
- Paint and polish aircraft to reduce drag and increase fuel efficiency
- Rigging of aircraft flight controls and the replacement of flight control seals to reduce drag and increase fuel efficiency.

## Greening Aviation in Canada

Cargojet Inc. is committed to the "Greening Aviation in Canada" initiative spearheaded by the Government of Canada. This is a collaborative effort with the federal government and industry. It is a fine example of how the interests and goals of the ESG effort and the company shareholder can be aligned.

## Broader Industry Programs

As a responsible member of the international aviation industry, we at Cargojet recognize our obligations to participate in programs that consider and benefit all stakeholders. More importantly, this is seen by Cargojet as an ongoing effort, rather than a one-time task. Programs that are a benefit to our customers and the public at large are also in our corporate interests, since it is only good governance to enhance the welfare of our customers through environmental sustainability by whatever means are available.

The global airline industry contributes about 2% of all human-induced carbon dioxide (CO<sub>2</sub>) emissions, and our industry's share of global emissions is projected to rise. Our industry is one of the few sectors that has established global CO<sub>2</sub> emissions goals, which include an average improvement in fuel efficiency of 1.5% per year from 2009 to 2020, carbon-neutral growth after 2020 and a 50% reduction in net aviation CO<sub>2</sub> emissions from 2005 levels by 2050. In addition, along with others in our industry, we are subject to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which aims to achieve carbon-neutral growth in CO<sub>2</sub> emissions from international aviation after 2020.

Adopted by the United Nations' International Civil Aviation Organization (ICAO) in 2016 and currently being implemented by Canada in association with Transport Canada listed 13 airlines in Canada to include in CORSIA program and Cargojet is one among 13 airlines in Canada to monitor carbon foot print and countries around the world, CORSIA is the first global carbon pricing mechanism covering an entire sector.

CORSIA applies to 13 Canadian operators.

- ✓ Air Canada
- ✓ Air Canada Rouge
- ✓ Air Sprint
- ✓ Air Transat
- ✓ Cargojet Airways Ltd.
- ✓ Exeair, a division of IMP Group Ltd.
- ✓ Flair Airlines
- ✓ Jazz Aviation LP
- ✓ Skyservice Business Aviation Inc.
- ✓ Sunwing Airlines Inc.
- ✓ Swoop Inc.
- ✓ WestJet Airlines Ltd.
- ✓ WestJet Encore Ltd.

Source: [Transport Canada](https://www.transportcanada.gc.ca)



## Carbon Offsets

While the core focus of Cargojet's climate strategy is increasing efficiency and reducing emissions, we recognize that carbon offsets also have a role to play. As part of our support for CORSIA, we endorsed the industry goal to achieve carbon-neutral growth in emissions from international aviation after 2020, relative to a baseline set at the average of 2019 and 2020 emissions.

## Sustainable Aviation Fuel

Sustainable aviation fuel (SAF) is jet fuel produced from renewable hydrocarbon resources, including both biological and nonbiological resources. It can be produced from a range of feedstocks, including municipal solid waste, used cooking oil, plant oils, waste gases and agricultural residues. SAF is certified as Jet-A1 fuel, which means it meets the same performance standards as conventional jet fuel and can be used without technical modifications to aircraft.

SAF is important because it reduces lifecycle GHG emissions by up to 80 percent compared with conventional, petroleum-based jet fuel. To realize this benefit, however, SAF must be sustainably produced — using feedstocks and methods that don't compete with food production and don't contribute to deforestation, natural resource depletion or climate change. To ensure they don't, airlines are encouraged to follow rigorous, independently verified sustainability standards for SAF production.

SAF is available now — but at smaller quantities and a significant price premium compared with conventional kerosene (fossil-based) jet fuel, because the SAF market is still at a nascent stage of development. To be a feasible alternative for widespread commercial use, SAF must be cost-competitive with conventional jet fuel and must not be disadvantaged relative to other fuels because of incentive programs. It also must be available at scale. This requires both investments in production capacity and smart government policies.

## Noise Pollution

Noise abatement profiles using reduced power settings and increased climb profiles. The Aerodata program calculates the optimum power setting for each take off and allows the flight crew to use lower power settings to reduce noise levels, fuel burn, and engine wear.

## Waste

Cargojet has a waste diversion initiative across its operations with a focus to reduce garbage and provide recycling options. We encourage all bases to, where possible and eligible, optimize the amount of waste that is placed in the recycling bins and reused/recycled.



## Social

Cargojet recognizes that we have an impact on society and our stakeholders, and likewise that stakeholders impact our business and operations. Cargojet's founding principles of diversity, quality, respect, fairness and teamwork reflect our dedication to strong social performance.

## Health & Safety

As an airline, the health and safety of our team members is critical to successful operations. All team members receive mandatory Safety Management System (SMS) Training as initial training upon hiring and recurrent every 3 years. Hazard Prevention Program training occurs every 3 years, which includes a review of the program and a review of the Hazard Register.

Cargojet has an established an Occupational Health & Safety Program that is documented in the company's Health & Safety Program Manual (HSPM). The manual outlines the elements, organization, processes and procedures of Cargojet's Health & Safety Program, as well as the Occupational Health & Safety Policy and the Safety Policy. Our HSPM is based on standard health and safety practices, using Part II of the Canada Labour Code and the Canada Occupational Health and Safety Regulations as primary guidance.

Additional programs and policies include mandatory WHMIS, Fire Safety training, Safety Policy and Safety Management System (SMS) training for all team members through both virtual and on the job training. Training programs are either one time or recurrent training sessions as determined to be necessary and Cargojet tracks completion of these training programs through the Jet Train application.

All team members complete SMS Training as initial training upon hiring and recurrent every three years. All company team members have completed and are current with their required SMS Training.

Team members also have access to Whistleblower call lines and Employee Assistance Programs to ensure their well-being and safety.

Safety Surveys are conducted on an annual basis as a performance measurement tool to assist in continuing to improve the effectiveness of our SMS Program, to monitor the effectiveness of the SMS Training and communication channels, and to help identify areas of further development and improvement.

The Surveys are distributed company wide, but participation is not mandatory. The Surveys consist of questions to address areas such as SMS General, Safety Information and Communication, Hazards, Reporting, Feedback, Training, Safety Culture, Management, COVID-19, and a last open question where participants are requested to provide their feedback, comments or suggestions.

An analysis of the responses received is conducted following to the completion of each survey cycle. The Survey conducted in January 2021 resulted in 97% positive responses.

### COVID-19 Response

On March 12th, 2020 during a time of great stress and uncertainty, Cargojet announced a set of extraordinary measures to help our employees and customers and to keep the critical flow of goods moving within and across Canada and the USA. COVID-19 pandemic has changed lives for all Canadians with a fluid situation and families and businesses adjusting to a new reality on a day-by-day basis, the need to keep the supply-chains moving became more critical than ever. As physical stores either temporarily shut down or limit their hours, Canadians are increasingly depending on delivery services to fulfil their essential needs in providing a vital service for the Canadian Public.

Cargojet took an early jump on ensuring the health and safety of all team members at the onset of the pandemic. Because of our COVID-19 initiatives, Cargojet has been able to operate effectively with little to no disruption to our operations and the health and safety of the team members have been protected. There have only been a few isolated COVID-19 incidents all of which were effectively addressed.

A COVID-19 Essential Plan was developed and communicated to all team members. The Plan continues to be updated regularly to reflect any changes following Public Health guidelines. Our COVID-19 Plan includes: General Information, Workplace and General Policies, Preventative Measures and Personal Hygiene Protocols, Cleaning and Disinfection Protocols, Illness Protocol, Staff Members Rights, Health & Safety, Return to operations, Training, Posters, and Safety Inspection Checklist.

In our SMS App that is accessible to all team members, we added a COVID-19 Tab to the Safety Website to include updated information including: Cargojet COVID-19 Essential Plan, COVID-19 Safety Assessment, links to related websites, posters, and Safety Inspection Checklist.

As required by our SMS Program Manual, a Safety Assessment should be performed when changes within or external to the company have the potential to affect safety of aircraft operations.

A “Safety Assessment – COVID-19” was conducted and is being maintained with various notices and measures implemented. The Safety Assessment contains a list of the hazard-related consequences that have been identified, and the preventative measures that have been implemented for each, along with the risk assessment prior and after mitigation.

Throughout the pandemic, Cargojet has implemented many measures to ensure the health & safety of our team members, including:

#### Employees First: Health and Safety of our Team

Given the nature of our business our first and foremost priority is keeping our team safe and healthy is vital to maintaining our operations. Many of them are facing unexpected child-care needs due to school closures, higher prices of daily essentials, shortages and worries about groceries and other daily costs. Cargojet has taken immediate steps to help alleviate some of these worries by adding a temporary daily cash allowance and additional benefits support for every Cargojet team member (in addition to their regular salary). In addition, personal protective gear, such as masks and sanitizers were distributed to all employees and implemented temperature checks across our network operations.

#### Hygiene, Safety and Security of Cargojet

Cargojet rolled out enhanced health checks at each of our facilities. Cargojet together with our teams worked to increase cleaning, sanitizing and disinfecting procedures throughout our network including our aircraft, cargo containers, packages and facilities. Public health guidelines are followed by frequent hand-washing and social distancing to keep our teams safe and productive. Communications are sent out daily with our customers to ensure that we have the necessary capacity, schedules and service levels to meet the increased demand to supply essential air cargo services.

#### Other initiatives included:

- Provided access to PPE for team members and their families
- As an essential service, Cargojet provided hero pay to compensate team members for the greater costs of coming to work during the pandemic
- COVID testing was available to team members and their families
- Initiatives to allow for social distancing and working from home where possible





### Hazard Prevention Program

A key aspect of managing safety is the Hazard Prevention Program (HPP) which is in place for the identification and management of workplace hazards. A Hazard Register is maintained reflecting all hazards identified. This Register includes the hazard-related consequences, the existing risk controls, the risk assessment, and the proposed mitigations, if necessary, with details of the applicable action plan. All team members receive HPP training every three years, which includes a review of the program and a review of the Hazard Register.

An HPP COVID-19 specific Training Course was developed and delivered to all team members. The objective of this training module is to provide staff members with general information related to COVID-19 and to train them on the processes and procedures that were introduced or changed as the result of COVID-19, and to train them on the appropriate use and cleaning or replacement of personal protective equipment. A COVID-19 Safety Inspection Checklist has been developed and incorporated into the current monthly workplace inspections that are being conducted at all workstations. The objective of this checklist is to review on an ongoing basis the preventative measures that have been put in place.



## Workplace Violence and Harassment Policy

Cargojet has a Workplace Violence and Harassment Prevention Policy in place which outlines our commitment to providing a safe working environment for its employees and it will not accept or tolerate any acts of violence or harassment against or by any company employee.

Cargojet is committed to building and preserving a safe working environment for its team members. In pursuit of this goal, Cargojet does not condone and will not tolerate acts of violence or harassment against or by any company team members, job candidates, employees, managers, or clients. This commitment is applied to the processes involving training, performance reviews and assessments, promotions, transfers, layoffs, remuneration, and all other employment practices and working conditions.

Every employee is entitled to employment free from discrimination and harassment. If any employee feels discriminated against or harassed in any way, they can and should, in confidence and without fear of reprisal, report the occurrence immediately to the Human Resources department. Also available to our team members is Cargojet's Open Door Policy and Confidence Line Ethics and Workplace Hotline, which reflects our commitment to transparent and flexible communications between managers and team members. This in turn helps build a culture of trust amongst all. We encourage team members to: ask for counsel or feedback; express a complaint or concern; make suggestions for change or discuss other personal topics. The Open-Door Policy is also intended to provide all team members with a means of sharing concerns, up to the President & CEO level. Cargojet is committed to integrity and ethical behaviour in the workplace and fosters a fair and safe work environment for all team members. We believe it is of paramount importance that our team members are provided with an avenue to anonymously report workplace issues with a means of communicating concerns to an independent third party in order to maintain confidentiality. All reports will be kept confidential and will only be shared with necessary individuals when required.

## Our People

***“At Cargojet, our greatest strength is our team” – Pauline Dhillon, Chief Corporate Officer<sup>4</sup>***

Today, an engaged and passionate workforce of 1,300 team members work at Cargojet. We work to foster a positive culture driven by our core values of diversity, quality, respect, fairness and teamwork.

## Diversity & Inclusion

At Cargojet, “Fairness”, “Diversity”, “Respect”, “Equality” and Teamwork are of paramount importance. These are the very cornerstones for our business philosophy and recipe of our success. Cargojet is dedicated to providing an atmosphere free from barriers in order to promote equity and diversity. We celebrate and welcome the diversity of all employees, stakeholders and external personnel. It is the Cargojet's policy to foster an environment that respects people's dignity, ideas and beliefs thereby ensuring equity and diversity in employment. We demonstrate

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<sup>4</sup> Source: Interview with Scotiabank Global Banking & Markets CEO and Group Head, Jake Lawrence

our commitment to this by providing a supportive work environment and a corporate culture that welcomes and encourages equal opportunities for all employees.

***“Diversity is really encouraged. Canada is a country that is full of diversity... we represent what Canadians truly are. Diversity is winning, and we need to have a diverse base and gender parity” – Pauline Dhillon, Chief Corporate Officer<sup>5</sup>***

Diversity is a key pillar of the Corporate strategy. Today, females represent nearly 14% of Cargojet employees in the workforce and 27% of employees in our workforce identify as a visible minority. 2.2% of our workforce are Indigenous Peoples and 2.8% are persons with disabilities.

Description	2020
Women	13.8%
Aboriginal Peoples	2.2 %
Person with Disabilities	2.8 %
Visible Minorities	27.3 %

Cargojet has specific policies in place to prevent any discrimination in any employment, stakeholder or external personnel matter and is dedicated to promoting diversity within the workplace. All personnel actions regarding hiring, compensation, promotion, benefits, job assignments, transfers, company sponsored programs or events, etc., will be taken without regard to race, colour, creed, religion, sex, gender identity, gender expression, family status, age, language or national origin. Cargojet ensures that accommodations are made for individuals who require them. Individuals are encouraged to let Cargojet’s management know of any accommodations that can be made to make our workplace better.

***“Cargojet is proud to have one of the most diverse workforces in the country but what has become even more important is to raise the collective bar. There is more we can do to support racial equality in professions where ethnic minorities form a much smaller portion of workforce. Therefore, supporting those who may not have the opportunity to pursue certain careers at an early education stage is vitally important.” – Dr. Ajay Virmani, President and CEO of Cargojet***

To reinforce our founding principle of Diversity, and to foster our growth as an organization, Cargojet has a robust Diversity & Inclusion Policy. All team members complete mandatory diversity training modules that set a consistent and high standard of expectation for all Cargojet team members. Our diversity training includes a video shown to new team members during onboarding followed by two other training modules. The first module focuses on the multiple aspects of diversity, including factors such as ethnicity, culture, religion, age, gender, sexual orientation, and sexual identity. This course educates participants about acceptable and unacceptable workplace attitudes and behaviors, including discrimination, harassment, and

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<sup>5</sup> Source: Interview with Scotiabank Global Banking & Markets CEO and Group Head, Jake Lawrence

bullying. The course helps team members identify appropriate ways to respond and provides practical strategies to support an inclusive workplace environment where everyone feels safe and respected. The second module emphasizes how unconscious bias affects everyone. The course examines how biases in the workplace can affect individuals and organizations and identifies ways to improve internal processes with the goal of creating an inclusive and equal opportunity environment. It emphasizes on working towards creating a barrier free employment by reviewing all the internal processes including but not limited to hiring, promotions, talent management and transfers, to remove any barriers. These principles continue to be the foundation of our company and represents who we are today.

Cargojet will ensure that employees and stakeholders are culturally competent and may use various training initiatives to foster these competencies. These training initiatives may include:

- Allowing awareness of one's own cultural view
- Encouraging positive attitudes towards cultural differences
- Obtaining knowledge of differing cultural practices and views
- Teaching cross-cultural skills

## Indigenous Peoples

Cargojet is committed to increasing awareness of employment equity to all team members, as well as eliminating current and potential future barriers for designated groups. Our corporate HR and recruitment teams actively engage in establishing valuable partnerships with local community agencies that are focused on workforce initiatives within designated groups. These partnerships complement our talent acquisition strategies to attract and employ talent from a diverse pool of candidates from the designated groups including Indigenous people.

## Team Member Benefits

Cargojet provides its team members with competitive wages and benefits, as well as non-salary mechanisms to recognize our team members. The pay and benefits at Cargojet are comparable to the industry and are periodically reviewed for internal and external parity. All hourly team members have an annual salary increase process which is based on a consistent "Salary Grid" that considers various factors such as the role and its complexity, industry standards, tenure and experience level and cost of inflation. The performance management system and the progressive discipline system ensure procedural fairness and reinforce a consistent performance and behavioral standards for all team members.

Our Managing Your Work Hours Policy reflects our commitment to offer flexible work schedules whenever deemed reasonable to members of the designated groups. We have three (3) types of employment status: Regular Full-Time, Regular Part-Time and Temporary Part-Time. These groups allow us to accommodate all team members depending on their personal situation. For example, a team member in the Temporary Part-Time group may be a student who is going to school full-time however, if they want to contribute to the workforce as well, they are able to work reduced hours.

## Team Member Satisfaction

Cargojet conducts team engagement surveys annually or bi-annually. The surveys cover various aspects including work environment, relationship management, career development and work engagement. The surveys are conducted anonymously to obtain genuine feedback from team members. The surveys are analyzed, and the results shared at team member-wide town hall meetings alongside priority actions the company intends to undertake based on the feedback received. This practice reaffirms the trust on the surveys as a valuable tool for team members to freely express themselves. The company also conducts discretionary surveys for collating feedback from team members on specific issues such as schedules, salary surveys etc.

Some testimonials received from employees from our most recent surveys:

- “I am proud to work for Cargojet and what it has done for us its employees in terms of safety and monetarily”
- “The opportunities and training are fantastic.”
- “An awesome company, great management team, a fun place to work YYT”



*Caption: This is what perfection looks like. The Regina crew proved safety and efficiency can work together. In 2019 the Regina crew by following all the proper methods and procedures set out in the Cargojet GOM and achieved a perfect 100 score on their station audit.*

## Mentoring Program / Adopt a Base

Cargojet has created an in-house mentoring program – Adopt a Base & Assigned Mentor Program to provide an opportunity for Cargojet’s Executive team travels to each base to meet and engage with employees. Based on Cargojet’s continued growth and expansion it was felt necessary that the company provide our external bases with a stronger connection with Cargojet leadership and head-office operations. Communication is essential in our business and our team is our most valuable asset.

Based on our commitment to ensure everyone is engaged with the business, and to provide the team with more direct communication with head office, Cargojet introduced an “Adopt-a-Base” program and assigned an executive ‘Mentor’ to each base.

Members of the Executive and Senior team are responsible as mentors and are the Head Office liaison for Station Managers, local employee committee's and the local teams. This allows direct communication with each base and our team members. Each Executive or Senior Manager will be more responsive to the team's needs and work alongside each employee including the base, the customers, our suppliers, and airport authorities.

It is Cargojet's commitment to visit each base on quarterly address any issue immediately. We want to ensure Cargojet is the best workplace in Canada. Executives and Senior Managers who will be participating in this initiative and their corresponding bases are as follows:

- Host bi-weekly calls with Station Managers and Supervisors to obtain updates on their stations.
- Visit the stations once a quarter to connect with each Manager / Supervisor individually and join in the Employee Committee meetings.
- Provide the CEO with timely updates and any action required will be taken immediately.

Cargojet's business and work environment will continue to support our five core founding principles of equality, diversity, fairness, respect and teamwork. This initiative does not replace the day-to-day operational reporting relationship of the stations but is aimed at enhancing and improving overall communications and reactivity by Head Office to each individual base needs.

### Team Member Development

Cargojet invests in the employees' individual growth by offering opportunities for career development with in-house training and support for ongoing learning. Cargojet considers Training as a vital component of any employee to be effective. All Cargojet employees will be trained to various levels depending on their role on their normal company duties and responsibilities. Cargojet shall ensure that adequate resources are available for the training required and shall implement recommendations from the different departments to ensure the relevance and effectiveness of the employee training.

Training is managed by the station trainers located at each base starting with an extensive orientation and onboarding for four to five days. During this period, the team member learns about the company, corporate policies, legislated training and the basics of the job followed by on the job training. All technical training includes both theoretical and practical applications with a certification issued upon successful completion.

Training requirements ensure that personnel whose job function impacts safety in particular, and all employees in general, are competent to perform their duties, are routinely identified and carried out according to the regulatory and functional needs of each department. The great majority of employees at Cargojet are involved either in Flight Operations, Technical Operations or Cargo (Ground) Operations.

**In 2019 Cargojet invested \$3,021,696 in Training our employees**

*Training included apprenticeship and skilled trades programs, mentoring, in-house training, online training, paid internships, subsidies for professional accreditation*

Team members within the commercial operations can work towards their aspirational roles and get trained for future roles while they continue in their current assignments. This allows the stations to have a pool of fully trained team members for contingencies or permanent roles. The company also encourages team members participate in industry seminars and professional associations to keep abreast with the latest industry practices and knowledge sharing. Most of the leadership team members are long term and homegrown Cargojet team members and reflects the company's commitment in developing talent for long term leadership roles.

At Cargojet, we follow a probationary review for all new hires and newly promoted employees undergo periodical probationary reviews during the first six months in a new position. This is conducted by the manager and is part of a rigorous training system to ensure our primary objectives of safety and on-time performance. There are no exceptions made on this aspect and an employee is allowed to independently operate an equipment only after passing all requisite training certifications. All employees undergo an annual performance review to measure, maintain, and improve job performance.

Cargojet has an excellent track record for employee retention which currently stands at 89.5%. We are proud to be an employer of choice and will continue to invest in our people which is our greatest assets.

#### Talent Acquisition and Retention

Cargojet continues to follow industry best practices to retain its position as an "Employer of choice". The company's talent acquisition strategy underpins the company's core values and founding principles.

Our recruitment practices continue to place an extensive focus on hiring within the organization first, to allow for internal movement of team members. All jobs are first posted internally companywide followed by an external posting on popular job boards, social media platforms, and the careers page of the company website. The hiring team closely works with local community agencies and academic circles in attracting the right talent from a diverse pool of prospective candidates. All recruitment tools are consistently applied to ensure fairness and consistency.

All new hires are introduced to the Cargojet's history, culture and core values during their orientation and onboarding. Team members are required to read and acknowledge all corporate policies including Cargojet's Code of Ethics.

#### Stakeholder Engagement and Investment

Cargojet consults with our stakeholders because we value their opinions, we engage with them using different forms of communication in order to remain innovative, responsive and relevant to our customers and our employees. Different forms of engagement forms include: surveys, focus groups, emails, letters, telephone calls, complaint resolution process, social media channels, one-on-one employee / manager discussions, town halls, outreach programs, partnerships with



community groups and not-for-profit organizations, employee volunteerism, memberships, relationships with government officials and regulatory bodies, participation in multi-stakeholder conferences, forums and research initiatives.

Cargojet understand that it has an important obligation to support stakeholders in the community within which it operates. Beyond providing jobs across Canada, the company, through its Cargojet Foundation is making a positive impact in the community.

### Cargojet Foundation

Cargojet Foundation is a registered charitable entity, which was launched in 2018 with the core mandate of supporting the most vulnerable members of the communities we live and work across Canada. The Foundation will raise funds through Cargojet employee giving campaigns and through special events designed to engage broader partners of Cargojet network. Most recently, in response to the global pandemic, Cargojet contributed \$2.5 million to support three recent initiatives:

1. Support to local healthcare communities in fighting COVID 19 – From helping health care institutions better prepare to cope with a potential second wave to enabling vaccination as soon as a safe vaccine is available, the initiative will identify and fund the most compelling needs for the healthcare community such as testing, treatment and research.
2. Support measures to combat racial inequality by helping underprivileged communities and social justice incentives.
3. Support the most vulnerable groups of our society that are particularly hard hit by the ongoing pandemic.

***“This pandemic has exposed several weak spots in our society. From the limitations of the healthcare system to the fragility of life for the most vulnerable members of our communities... While we have been able to operate our business and maintain every job and growing, we are acutely aware that many other businesses are not in the same situation. Therefore, supporting our communities and giving back is an essential part of who we are as a company” concluded Dr. Virmani, President and CEO of Cargojet***

Additionally, as a cargo service provider, Cargojet is often involved in conducting flights to support charities and disaster relief operations (for example in Haiti, Lebanon etc., where we work with stakeholders to provide urgent relief flights). During the pandemic, where cargo services were in high demand, Cargojet turned down business contracts to provide international cargo services to the Canadian government to mobilize and transport PPE supplies for Canadians.