



Notice of 2026 annual meeting of shareholders

Management proxy circular



Meeting date and time

Friday, May 1, 2026

8:30 a.m. (Pacific time)

11:30 a.m. (Eastern time)

Where

Our meeting is held in a hybrid format, allowing you to join either:

- by attending the meeting in person, at TELUS Garden, 510 West Georgia Street, 5th Floor, Vancouver, British Columbia, or
- by logging onto our virtual meeting site, at aircanada.com/AGM



We encourage you to vote right away, including by internet or telephone, and in any event by **Wednesday, April 29, 2026**. If you hold your shares through a broker or other intermediary you should follow their instructions in time to have your vote counted.

You invested in Air Canada and your vote counts – we want to hear from you and all of our other shareholders. To show our appreciation for your participation, Air Canada will make a \$1 charitable donation to the [Air Canada Foundation](https://aircanadafoundation.org) in respect of every shareholder account that votes their shares at the meeting, regardless of how they are voted. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children under the guidance of its own board of directors.

Questions about the meeting or how to vote?

You may contact Kingsdale Advisors at 1-855-682-4783 (toll-free in North America) or +1-647-251-9743 (text and call enabled outside North America) or by email at contactus@kingsdaleadvisors.com, including to vote directly by telephone using the QuickVote™ service of Broadridge Investor Communications.

We explain how you can vote, ask questions and participate under [Voting your shares and participating at the annual meeting](#).



About forward-looking information

Certain disclosures contained or incorporated by reference in this circular may include forward-looking statements within the meaning of applicable securities laws. These statements may involve, but are not limited to, comments relating to strategies, expectations, goals, targets, commitments, planned operations or future actions, including those relating to financial, operational, business, climate and other sustainability matters. Forward-looking statements, by their nature, are based on assumptions, are subject to important risks and uncertainties and cannot be relied upon due to, among other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including the factors identified in Section 18 of Air Canada's MD&A for the year ended December 31, 2025.

The forward-looking statements contained or incorporated by reference in this circular represent Air Canada's expectations as of the date of this circular (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required under applicable securities regulations.

About non-GAAP measures

Certain disclosures contained or incorporated by reference in this circular may include references to non-GAAP measures. These measures include adjusted CASM, adjusted EBITDA, adjusted net income, adjusted pre-tax income, and leverage ratio. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results.

The non-GAAP measures used in this circular typically have exclusions or adjustments that include one or more of the following characteristics, such as being highly variable, difficult to project, unusual in nature, significant to the results of a particular period or not indicative of past or future operating results. These items are excluded because we believe these may distort the analysis of certain business trends and render comparative analysis across periods less meaningful and their exclusion generally allows for a more meaningful analysis of Air Canada's operating expense performance and may allow a more meaningful comparison to other airlines or companies.

We provide an explanation of the composition of certain of Air Canada's non-GAAP financial measures and non-GAAP ratios referred to in this circular and a reconciliation to the most comparable GAAP financial measure in our public disclosure file available at www.sedarplus.ca and, in particular sections 8.2 (Net Debt) and 20 (Non-GAAP Financial Measures) of Air Canada's 2025 MD&A, which sections are incorporated by reference herein.

Navigating our circular

The tables of contents, page headers and page and section references within our circular include embedded links to the corresponding parts of the document. Our logo in the page footers brings you to the main table of contents. We hope this feature helps you find the information you are looking for conveniently. This may not work on all browsers or tablets.



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Glossary of certain terms or abbreviations

ACV | Air Canada Vacations

Audit Committee | AFRC | Audit, Finance and Risk Committee

CEO | President and Chief Executive Officer

Committees | AFRC, GNC, HRCPC and SHESC

Compensation Committee | HRCPC | Human Resources, Compensation and Pension Committee

CPA | Chartered Professional Accountant

DSU | Deferred share unit

ET | Eastern daylight time

ERG | Employee resource group

GAAP | Generally Accepted Accounting Principles

GHG | Greenhouse gas

Governance Committee | GNC | Governance and Nominating Committee

GRI | Global Reporting Initiative

IATA | International Air Transport Association

ICAO | International Civil Aviation Organization

LTIP | Long-Term Incentive Plan

Named executives | See [Named executive officers](#)

NED | Non-executive director

OHS | Occupational health and safety

PCTL | Percentile

PSU | Performance share unit

Rouge | Air Canada Rouge

SAF | Sustainable aviation fuel

RSU | Restricted share unit

SDG | Sustainable Development Goals

SHESC | Safety, Health, Environment and Security Committee

SOG | Share ownership guidelines

Sustainability | Climate, environmental, social, governance, economic and other factors that influence long-term capability

TSR | Total shareholder return based on local currencies

TSX | Toronto Stock Exchange

TCFD | Task force on Climate-related Financial Disclosures

Voting shares | Air Canada Class A variable voting shares (Class A shares) and Class B voting shares (Class B shares)

In this circular we refer to Indigenous Peoples and members of racialized groups (visible minorities). These terms recognize the unique histories of racism that the groups have lived through. Their meanings have significance worldwide, and similar as well as different terminologies are used in different regions. We do not intend by referring to these groups of persons in this manner to suggest that their experiences are the same. We recognize that Indigenous Peoples and racialized people have been affected by racism in different ways.

Message from the Chair of our Board and our President and Chief Executive Officer

March 30, 2026

Dear fellow shareholders,

On behalf of the Board of Directors, we are pleased to welcome shareholders to participate in our annual meeting on Friday, May 1, 2026, at 8:30 a.m. (Pacific time). As we do every year, we look forward to reporting to shareholders about Air Canada's achievements the prior year, and hearing from them about what's on their minds.

This year, we will gather only weeks after the tragic accident involving Air Canada Express Flight AC8646 as it landed at New York LaGuardia Airport on March 22, 2026. We offer our deepest condolences to the families and friends of the Jazz Captain and First Officer who lost their lives. We are all profoundly grateful for the actions they took to save the lives of others. We also extend our sincerest sympathies and regret for the distress and any physical injuries experienced by the passengers, crew members and firefighters who were affected by this terrible accident.

The circular that follows contains information about the business of the meeting and other insights. In addition to the items of business to be put before you for a vote, we will present management's report for 2025 and discuss our priorities for 2026.

We are holding a hybrid meeting, allowing shareholders to attend in person or virtually via live webcast. We hope you will vote your shares whether you intend to attend the meeting or not. We recommend you vote and send your proxy as soon as possible. All shareholders may participate, vote and submit questions on May 1, 2026 **but we encourage you to act before noon (ET) on April 29, 2026 to ensure that happens.** You may also submit questions before the meeting.

Air Canada began 2025 having just announced our *New Frontiers* strategic long-range plan. The year that followed was marked by macroeconomic uncertainty, global supply chain and trade pressures, evolving geopolitical conditions, significant shifts in travel demand, severe winter storm activity in Eastern Canada, and a labour disruption during the peak summer season.

Despite these headwinds, in 2025 Air Canada's more than 39,000 co-workers helped to carry about 45.3 million passengers safely to their destination with care and class, delivering solid financial results, capped by an exceptional fourth quarter.

Throughout the year, Air Canada adapted to the changing environment through network development and fleet renewal efforts and made progress on our long-range plan and important priorities, while also reducing costs and returning significant capital to shareholders. Since 2024 we have repurchased over 64 million shares, returning more than \$1.3 billion to investors.

In 2026, our Board and executive leadership will continue to work closely to execute on Air Canada's strategic plan, with Safety First, Always, remaining our overarching priority and customer centricity guiding our actions. We will continue to act on sustainability and to remain committed to excellence, innovation and profitable and sustainable growth, and to disciplined capital allocation.

We are deeply grateful for the commitment and passion of our colleagues in serving our customers and positioning us to successfully execute on our priorities. Together, we will leverage Air Canada's unique strengths and opportunities.



Board renewal has been a priority over many years. The nominations of Rachel Notley, former Premier of Alberta and Eric La Flèche, President and CEO of Metro Inc., add to the Board's existing strengths.

As we approach the end of Gary Doer's term on the Board, we thank him for his dedication, leadership and guidance through periods of global crisis and uncertainty, helping to guide Air Canada into its next chapter.

We are immensely proud of carrying our country's flag. We want to share the best of Canada at home and abroad, engaging with our employees, nurturing representation, fostering a welcoming, inclusive culture where everyone belongs, proudly promoting our official languages, and contributing to our communities.

We remain grateful to our customers for their loyalty and to our shareholders for their trust and investment in Air Canada.

Sincerely,

Vagn Sørensen
Chair

Michael Rousseau
President and Chief Executive Officer

Additional message from the Board Chair

The Board of Directors has today announced Michael Rousseau's decision to retire by the end of the third quarter of 2026. Our upcoming meeting will allow us to recognize his achievements and legacy, after nearly two decades of strong and dedicated leadership that has reinforced Air Canada's place as a leader in the airline industry domestically and globally.

On behalf of the non-executive directors,

Vagn Sørensen
Chair

Your vote counts – we want to hear from you and all of our other shareholders. To show our appreciation for your participation, Air Canada will make a \$1 charitable donation to the Air Canada Foundation in respect of every shareholder account that votes their shares at the meeting, regardless of how they are voted. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children under the guidance of its own board of directors.



Voting your shares and participating at the annual meeting

(Take action right away and in any case by noon (ET) on Wednesday, April 29, 2026)

Voting in advance

We encourage you to vote your shares right away online, by phone, or by mail and in any case by noon (ET) on Wednesday, April 29, 2026 even if you plan on attending the meeting (this is called voting by proxy).

You may also contact Kingsdale Advisors at [1-855-682-4783](tel:1-855-682-4783) (toll-free in North America) or [+1-647-251-9743](tel:1-647-251-9743) (text and call enabled outside North America) or by email at contactus@kingsdaleadvisors.com to vote directly by telephone using the QuickVote™ service of Broadridge Investor Communications.

Taking action now ensures your shares are voted in accordance with your wishes at the meeting. See [Voting your shares](#).

Beneficial (or non-registered) shareholders. Most Air Canada shareholders hold their shares through a securities broker, bank, trust company or other financial institution (intermediary). We refer to them as beneficial shareholders. Beneficial shareholders will receive a voting instruction form which includes a control number and other information allowing them to vote by giving voting instructions online, by email, telephone, or by mail. **If you hold your shares through a broker or other intermediary you should follow their instructions in time to have your vote counted.**

Registered shareholders. Registered shareholders will receive a form of proxy with instructions for voting in advance of the meeting online, by phone or by mail.

Attending and voting in person

You may attend the meeting in person after checking in at the registration desk when you arrive. Registration will begin at 8:00 a.m. (Pacific time).

Important: A beneficial shareholder must appoint themselves as a proxyholder in advance by providing instructions to their intermediary, using the voting instruction form. The voting instruction form itself is not sufficient to attend the in-person meeting or vote at it. See [Voting your shares](#) for more details.

Attending and voting online

Beneficial shareholders must appoint themselves as proxyholder by instructing their intermediary in advance using the voting instruction form. Beneficial shareholders and proxyholders must also register with TSX Trust Company to obtain a new control number for online attendance purposes. Please see [Voting your shares](#). Registered shareholders and proxyholders can go to aircanada.com/AGM and follow the instructions (password "AC2026"), using the control number on the form of proxy or in the email they received.

Online access to the meeting webcast will open about 30 minutes prior to the start of the annual meeting.

Where you can find more information

Meeting related information: [Air Canada shareholder meetings](#)

Voting in advance of the meeting:

Beneficial (non-registered) shareholders: [ProxyVote](#)
Air Canada employees holding through Computershare: Investorvote.com

Registered shareholders: [MeetingVote](#)

Board of Directors: [Air Canada Board of Directors](#)

Governance documents: [Air Canada Governance](#)

Board communications: corporate.secretary@aircanada.ca
Corporate Secretariat, Air Canada Centre, Zip 1273, P.O. Box 14000, Station Airport, Montréal, Québec, H4Y 1H4, Canada

Investor relations: [Air Canada Investor Relations](#)

Our annual and other reports: [Air Canada financial reports](#)

Sustainability reporting: [Air Canada corporate responsibility](#)

Shareholder relations: shareholders.actionnaires@aircanada.ca

Attending as a guest online

Shareholders and other guests can listen to the meeting by clicking "I am a guest" and completing the online form. This option does not allow shareholders to vote or ask questions at the meeting.

Submitting questions and comments (Take action by Wednesday, April 29, 2026 to attend remotely or in person and submit questions during the meeting, or by April 30, 2026 to submit in advance). After the formal business of the meeting, management will give a presentation about Air Canada's business and activities. After this, we will hold a Q&A session, during which we intend to answer questions submitted before or during the meeting.

Questions and comments may be submitted by shareholders:

- in advance of the meeting, using the form available at [Air Canada shareholder meetings](#) by April 30, 2026,
- in person, at one of the microphones when called upon, and
- remotely, by attending at aircanada.com/AGM, clicking "I have a control number" and entering a valid control number and the password "AC2026" (case sensitive), then accessing the function for asking questions.

Questions can be asked during the meeting about the business thereof and then during the Q&A session.

We will try to answer as many questions submitted by shareholders as time permits. The chair of the meeting has broad authority to conduct the meeting in an orderly manner and may edit or reject questions in accordance with the rules of conduct which are available at [Air Canada shareholder meetings](#).

Questions or need other assistance?

You may contact Kingsdale Advisors at [1-855-682-4783](tel:1-855-682-4783) (toll-free in North America) or [+1-647-251-9743](tel:1-647-251-9743) (text and call enabled outside North America) or by email at contactus@kingsdaleadvisors.com.

Registered shareholders and proxyholders may also contact our transfer agent, TSX Trust Company at [1-800-387-0825](tel:1-800-387-0825) (toll free in Canada and the United States) or [+1-416-682-3860](tel:1-416-682-3860) (other countries).



Management proxy circular summary

This summary highlights information contained elsewhere in this management proxy circular. These highlights do not contain all the information that you should consider. You should read the circular carefully before voting.

Full year 2025 highlights

**EMPLOYEES**

About

39,300 END OF 2025*

Compared to about 39,700 in 2024

(*excludes ACV and Rouge employees)

**NETWORK**Over **1,000** AVERAGE DAILY FLIGHTS

In each of 2024 and 2025

**WELCOMED PASSENGERS**About **45.3M**

About 45.9M in 2024

**DIRECT DESTINATIONS****190** ON **6** CONTINENTS

Deep Canadian network and established international presence

**NEW ROUTES LAUNCHED**Over **30** new routes**ASMs**

About

105B

About 104B in 2024

**OPERATING CAPACITY**Increased **0.8%****OTP INCREASE****Improved operational performance, with an
3% point** increase in on-time performance**ADJUSTED EBITDA¹⁾****\$3.12B**

\$3.59B in 2024

OPERATING REVENUES

Record

\$22.4B

\$22.3B in 2024

OPERATING INCOME**\$918B**

\$1.263B in 2024

TOTAL LIQUIDITY**\$7.5B**

end of 2025

\$9.15B in 2024

LEVERAGE RATIO¹⁾**1.7×**at December 31, 2025 as compared to
1.4× at December 31, 2024**2025 SHARE REPURCHASES****Bought back over \$850 million in voting** shares
through normal course and substantial issuer bids**LABOUR RELATIONS****Collective bargaining agreement finalised
in 2025–2026** recognizing the important
contributions of our flight attendants**BILLY BISHOP**Announced **launch of U.S. flights from
Toronto Island** in a major expansion at
Billy Bishop Toronto City Airport**PARTNERSHIPS**

- Extended Emirates strategic partnership with major, multi-year expansion agreement
- ITA partnership milestone with new codeshare agreement

**EXPANDED FREE WI-FI**Expanded fast, free Bell-sponsored Wi-Fi for Aeroplan
members on North America and Sun flights offered in 2025,
to be expanded to long-haul international routes in 2026**FLEET RENEWAL**

- Progressed on fleet renewal by taking delivery
of 10 narrowbody aircraft and one widebody aircraft
- Worked toward securing firm order for eight
A350-1000 aircraft announced in 2026, with purchase
rights for eight more
- Continued progress on our comprehensive cabin
renewal program

**2025 SAF TARGET****Achieved target to procure minimum 1%**
of jet fuel use in SAF**ACCESSIBILITY REQUESTS****Over 1.46 million accessibility requests**
for both visible and non-visible disabilities**AIR CANADA ROUGE**Air Canada Rouge transitioning to a modern, all-Boeing
737 MAX fleet featuring seatback entertainment and fast,
free Wi-Fi**LANGUAGES****2** official languages
24 route languages
80+ languages spoken globally by our employees**AEROPLAN**

- Record membership
surpassing 10 million
members
- Announced new
partnerships with
Air Baltic, Bearskin
Airlines, Harbour Air,
Helijet International,
Chexy and DINR

CARGO

- Revenues surpassed
\$1 billion for the first
time since 2022
- Six freighters in service
- Redesigned eBooking
platform launched

AIR CANADA VACATIONS

- Air Canada Vacations
celebrates 50th
anniversary
- Aeroplan Members
can redeem points for
cruise packages with
Air Canada

1) Adjusted EBITDA and leverage ratio are non-GAAP financial measures. Leverage ratio is net debt to trailing 12-month Adjusted EBITDA. Such measures are not recognized measures for financial statement presentation under generally accepted accounting principles in Canada (GAAP), do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for, or superior to, GAAP results. Please refer to sections 20 "Non-GAAP Financial Measures" and 8.2 "Net Debt" of Air Canada's 2025 MD&A (which sections are incorporated by reference herein), which is available under Air Canada's profile on SEDAR+ at www.sedarplus.ca, for an explanation of the composition of these non-GAAP measures, an explanation of how they provide useful information to investors and the additional purposes for which management uses them, as well as a reconciliation to the most directly comparable GAAP measure.





Key industry awards and recognitions



Award-winning employer

One of Canada's Best Diversity Employers for 2025

- One of Montréal's Top Employers for 12th consecutive year

IATA Diversity and Inclusion Awards

- Diversity and Inclusion

One of Canada's Top Employers for Young People 2025

- for 2nd consecutive year

Workplace Benefits Awards

- DEI program

Government of Canada

- Recipient of Emergency Management Exemplary Service Award

Manulife Supplier Summit

- Partnership Excellence Award

InsideOut Awards:

- Best Global Mental Health Program
- Best DEI for Mental Health Strategy

Award-winning airline

Skytrax World Airline Awards

- Best Airline in North America
- Best Cabin Crew in Canada and North America
- Best Low-Cost Airline in Canada for Air Canada Rouge subsidiary
- Most Family Friendly Airline in North America
- Best Premium Economy Class Onboard Catering in North America
- Best Business Class Onboard Catering in North America
- World's Best Business Class Lounge Dining (Toronto Air Canada Signature Suite) for second year
- Best Business Class Lounge in North America

APEX Awards

- Five Star Global Airline Award for 6th consecutive year
- Best Inflight Connectivity (complimentary Wi-Fi sponsored by Bell for Aeroplan Members)

ARCET Global Customer Centricity World Series Awards

- North American Winner for Employee Experience Strategy

Canadian Marketing Association Awards

- "Ticket to Dream" campaign
 - Gold award in Editing category
 - Gold award in Cinematography category
 - Gold award in Direction category
 - Silver award in Sound Design category
- "Born to Fly" campaign
 - Silver award in Influencer and Talent Marketing category
 - Bronze award in Ambient Advertising category

Webby Awards

- Air Canada homepage for websites and mobile sites, best user experience honoree

Travvy Awards

- Best international airline

Norwegian Cruise Line Holdings

- Top North American Airline Partner award

Seattle-Tacoma International Airport

- Air Canada wins 2025 Fly Quiet Award

Award-winning loyalty program

Freddie Awards

- Best Program of the Year (Airline)
- Best Elite Program (Airline)
- Best Promotion (Airline)

Corporate sustainability

- ✓ Air Canada's new, more fuel-efficient fleet will help mitigate GHG emissions.
- ✓ Procured more than one per cent of Air Canada's jet fuel use in SAF
- ✓ Enhanced air-to-rail in Europe and motorcoach service in Ontario. Supported future connectivity by joining the consortium chosen to design a high-speed rail network between Toronto and Québec City with Alto, the Crown corporation leading its development
- ✓ 2024 Corporate sustainability and Modern slavery, forced labour and human trafficking reports filed
- ✓ Advanced accessibility via our 2023-26 roadmap for our employees and customers with disabilities to contribute to Canada's objective to be barrier-free by 2040
- ✓ Dreams Take Flight events offering a magical day to more than 1,000 children and expanded Autism Aviation Days

Our employees gave back to their communities in 2025 via AviaAction, our employee volunteering and community engagement program

Official languages:

- ✓ Launched a new Employee Resource Group, Expression, which aims to encourage the use of the French language and promote an inclusive bilingual (English and French) culture
- ✓ Supported the 27th edition of *Les Rendez-vous de la Francophonie*, a month-long celebration, held across Canada
- ✓ Joined the *Dictée P.G.L. des entreprises* for the second year with over 240 participants, the largest number of all participating companies
- ✓ Celebrated Official Languages Day to honour Canada's linguistic heritage and promote bilingualism

For more information see
[Air Canada sustainability reports](#)

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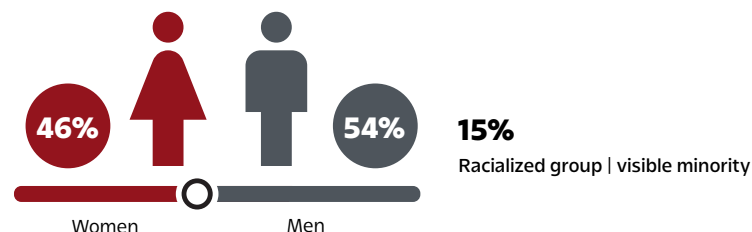


Governance highlights

13	Size of the Board	✓ Directors elected annually and individually
12	Independent director nominees, or 100% of our non-CEO nominees	✓ Active engagement with shareholders and other stakeholders
100%	All Board Committee members are independent	✓ Annual advisory vote on executive compensation
98%	2025 Board and Committee director attendance record	✓ Robust Board and executive succession planning
0	No other interlocking public directorships among our director nominees	✓ Separate Chair and CEO, both attend all Committee meetings as observers except <i>in camera</i> sessions in the case of CEO
9.4	Average tenure of our director nominees in years (down from 9.6 years in 2025)	✓ Share ownership guidelines for directors, executives and the top level of senior management
46%	Director nominees who are women, going forward targeting at least 35-45% for both men and women	✓ Annual Board and director evaluations and peer reviews
15%	Director nominees who identify as members of racialized group (visible minority) (two)	✓ Board representation policy
50%	Minimum percentage of Board and Committee fees to be paid in DSUs or shares	✓ Continued focus on advancing representation of all designated groups at Air Canada
68%	Percentage of Board and Committee fees paid in DSUs or shares in 2025	✓ Sustainability matters overseen by Board and Committees in line with mandates
		✓ Senior leadership annual incentive compensation includes sustainability factor

Board nominees at a glance¹⁾

BOARD REPRESENTATION

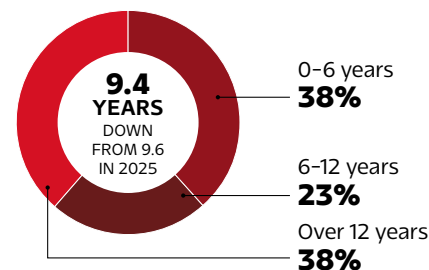


GEOGRAPHIC REPRESENTATION

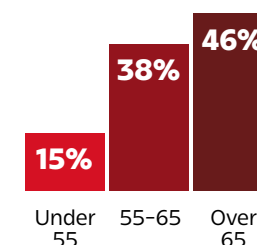
CANADA



AVERAGE TENURE



AGE



LINGUISTIC PROFICIENCY

Most of our 13 director nominees have varying levels of proficiency in French, including three who are fluent

All directors are fluent in English

Four directors have varying levels of proficiency in a total of seven other languages

1) Some percentages may not add up to 100% due to rounding.



Our approach to executive compensation

You have a say on what we pay our executives. Our Board has determined that our approach to executive compensation is in the best interest of Air Canada and its shareholders and recommends your approval.

What we do about executive compensation in general

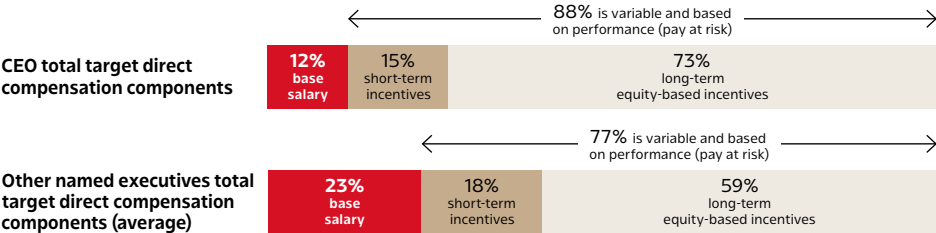
- We closely align with our shareholders and emphasize pay at risk, with a significant portion of total compensation tied to performance goals and share price, as 88% of the annual target compensation opportunity for our CEO (77% on average for our other named executives) is delivered in the form of equity awards that are “at risk” (i.e. performance based or variable)
- We use market-competitive design to enable Air Canada to attract and retain industry leading talent
- Our incentive awards are based on pre-established financial, strategic and operational and sustainability goals across nine areas, diversifying the components of performance
- We focus on the long term through equity awards with multi-year vesting or performance requirements
- We motivate executives to achieve and surpass key performance goals by rewarding results that relate to objectives in support of our business strategy
- We review performance metrics at least annually to ensure they reflect key business developments that drive long-term growth, and monitor progress quarterly

How you voted in 2025

- CEO total target direct compensation in 2024 was \$11.385M, of which over \$10M (being 88%) was at risk (77% on average for other named executives).
- In 2025, shareholders voted over 84% in support of our executive compensation approach, up from about 70% the year before. From 2022 to 2024, the input of a single shareholder impacted our say-on-pay vote, reflecting their perspective on executive compensation for any employer that had pursued government assistance during the pandemic. The dissenting shareholder sold their position at a profit before last year’s annual meeting.
- We have engaged with other shareholders who in 2025 represented most of the shares voted against our approach to executive compensation last year and have benefited from their insights.
- The Board continues to pursue an approach that aligns executive compensation with performance and with the long-term interests of Air Canada and its shareholders.

How we set CEO and named executive target compensation in 2025

- CEO total target direct compensation was \$11.9M, of which over \$10.5M (88%) is at risk
- Total named executive compensation in 2025 was set with reference to the median of our comparator group for similar positions, while maintaining a significant component of “pay at risk”



You may find more information on our advisory vote at [Having a say on our executive compensation](#) and on our executive compensation approach and practices at [Executive compensation](#).

Replenishment of the Long-Term Incentive Plan reserve

The Board recommends you approve an amendment to replenish Air Canada’s Long-Term Incentive Plan’s share reserve by 6,000,000 shares. The LTIP has been a core element of Air Canada’s compensation framework since 2006 and the replenishment is appropriate to ensure continuity of compensation programs and maintain competitiveness, while remaining mindful of shareholder dilution. You may find more information at [Replenishing the Long-Term Incentive Plan reserve](#).

Ratification of the shareholder rights plan

The Board recommends shareholders ratify the shareholder rights plan adopted in 2023 in order that it remains in effect until Air Canada’s 2029 annual meeting. The Board determined that the Rights Plan promotes the fair and equal treatment of shareholders in the event of a takeover bid for Air Canada, remains appropriate in light of the Canadian take-over bid regime, and does not preclude a *bona fide* bid for control. The Plan is not a response to any pending or anticipated take-over bid and does not interfere with shareholders’ statutory rights or the Board’s fiduciary duties. You may find more information at [Ratifying our shareholder rights plan](#).

Notice of 2026 annual meeting of shareholders

Your vote is important to us.

This management proxy circular (the circular) is intended to help you make informed decisions about the matters to be dealt with at our annual shareholder meeting to be held on May 1, 2026 (together with any adjournment or postponement thereof, the meeting). The circular also tells you how to exercise your right to vote about those matters. Please read this material carefully and vote your shares.

When	Where
Friday, May 1, 2026 8:30 a.m. (Pacific time) 11:30 a.m. (Eastern time)	- In person, at TELUS Garden, 510 West Georgia Street, 5th Floor, Vancouver, British Columbia - Remotely, via live webcast available by joining us at aircanada.com/AGM

What the meeting is about	Where to find out more	Board recommends
1. Placing our consolidated financial statements for 2025, including the auditors' report, before shareholders	See Receiving our financial statements	
2. Electing 13 directors to serve until the end of the next annual shareholder meeting	See Electing directors	Vote FOR each nominee
3. Appointing our auditors	See Appointing our auditors	Vote FOR
4. Having your say on our approach to executive compensation	See Having a say on our executive compensation	Vote FOR
5. Increasing the number of shares reserved for issuance under our Long-Term Incentive Plan	See Replenishing the Long-Term Incentive Plan reserve	Vote FOR
6. Ratifying our current shareholder rights plan	See Ratifying our shareholder rights plan	Vote FOR
7. Considering and voting on shareholder proposal no. 1, if submitted to a vote	See Shareholder proposals	Vote AGAINST

The meeting may also consider such other business, if any, that may properly come before it.

Record date and right to vote	Shareholders of record on March 3, 2026 are entitled to receive notice of, and vote at, our annual shareholder meeting in respect of the items indicated above and any other matters that may properly come before the meeting. See Voting your shares for how to vote.
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We are providing proxy materials and access to our circular electronically instead of by mailing printed copies to all shareholders. This helps us save costs and reduce our impact on the environment.

We are doing so by mailing or otherwise making available to each of our shareholders a notice of internet availability of proxy materials, which contains instructions on how to access our proxy materials and vote online.

Approval of the notice and circular

The contents and the sending of the notice of meeting and the circular have been approved by the Board of Directors.

The information in this circular is current as at March 19, 2026, unless otherwise indicated, including in the *Message from the Chair of our Board and our President and Chief Executive Officer*.



Marc Barbeau

Executive Vice President, Chief Legal Officer and Corporate Secretary

Montréal, Québec
March 19, 2026





Business of the meeting

The following items are planned to be brought before the meeting:

1. Placing our consolidated financial statements for the year ended December 31, 2025, including the auditors' report thereon, before shareholders. See [Receiving our financial statements](#).
2. Electing 13 directors to serve until the end of the next annual shareholder meeting. See [Electing directors](#).
3. Appointing our auditors until the end of the next annual shareholder meeting. See [Appointing our auditors](#).
4. Having your say on our approach to executive compensation. See [Having a say on executive compensation](#).
5. Approving an increase in the number of shares reserved for issuance under our Long-Term Incentive Plan. See [Replenishing the Long-Term Incentive Plan reserve](#).
6. Ratifying our current shareholder rights plan. See [Ratifying our shareholder rights plan](#).
7. Considering and voting on shareholder proposal no. 1, if submitted to a vote. See [Shareholder proposals](#).

The meeting may consider such other business, if any, that may properly come before it or any adjournment thereof. Management is not aware of any changes to these items and does not expect any other items to be brought forward at the meeting.

If you have completed a form of proxy or voting instruction form and do not specify how you want your shares voted in respect of the items of business to be brought before the meeting, the management proxy nominees named as proxyholders will cast the votes represented by proxy at the meeting (a) to vote **FOR** the election of the director nominees who are named in this circular, (b) to vote **FOR** the appointment of PricewaterhouseCoopers LLP as auditors, (c) to vote **FOR** the advisory, non-binding resolution supporting our approach to executive compensation, (d) to vote **FOR** the passing of the ordinary resolution authorizing the increase in the number of shares that are reserved for issuance under Air Canada's Long-Term Incentive Plan, (e) to vote **FOR** the passing of the ordinary resolution ratifying our current shareholder rights plan, and (f) to vote **AGAINST** shareholder proposal no. 1, set out at [Schedule "B" | Shareholder proposals](#), if submitted to a vote.

If other matters properly come before the meeting, the persons designated in the proxy or voting instruction form enclosed with the Notice-and-Access Letter will vote in accordance with their judgment, pursuant to the discretionary authority conferred by the proxy with respect to such matters.

Receiving our financial statements

The consolidated financial statements for the year ended December 31, 2025, including the auditors' report thereon, are available on SEDAR+ at www.sedarplus.ca or on our website at investors.aircanada.com.

Electing directors

Thirteen (13) directors are to be elected to the Board, to serve until the end of the next annual shareholder meeting. Except for Eric La Flèche and Rachel Notley, all of the individuals nominated as directors were previously elected to the Board by our shareholders. We set out more information about our nominees in the [Our nominated directors](#).

The election of directors at the meeting will be governed by the majority voting requirements under the *Canada Business Corporations Act*. These require that in an uncontested election of directors, such as the one planned for the meeting, a nominee must receive a majority of the total votes cast in favour of their election in order to be elected as a director. If a nominee fails to receive that level of support, they will not be elected, though they may continue to serve for up to 90 days after the election.

Appointing our auditors

The Board of Directors, on the advice of the Audit, Finance and Risk Committee, recommends for the reasons set out below that PricewaterhouseCoopers LLP, Chartered Accountants, be reappointed as auditors to serve until the end of the next annual shareholder meeting or until their successors are appointed.

Fees payable for the years ended December 31, 2025, and December 31, 2024, to PricewaterhouseCoopers LLP and its affiliates were \$7,718,113 and \$6,811,677 respectively, as shown in the table below:

	2025	2024
Audit and audit-related fees		
Audit fees	\$4,090,000	\$3,445,000
Audit-related fees	\$2,460,728	\$1,433,971
Non-audit fees		
Tax fees	\$257,385	\$251,176
All other fees	\$910,000	\$1,681,530
Total fees	\$7,718,113	\$6,811,677



Review and approval of non-audit services

The Audit, Finance and Risk Committee reviews and pre-approves all non-audit services to be provided by the external auditor before such work begins, in accordance with securities rules and its non-audit services approval process. Each category of fees is described below:¹⁾

Audit and audit-related fees

- **Audit fees.** Audit fees were paid for professional services rendered for the audit of Air Canada's annual consolidated financial statements and for services that are normally provided in connection with statutory and regulatory filings or engagements related to the annual consolidated financial statements, including review engagements performed on the interim condensed consolidated financial statements of Air Canada. During the year ended December 31, 2025, Air Canada implemented a new enterprise resource planning (ERP) system. Audit fees for 2025 included additional fees associated with audit work arising from the ERP implementation.
- **Audit-related fees.** Audit-related fees were paid for professional services related to the audit of the non-consolidated financial statements of Air Canada, pension plan audits, audits of subsidiary companies, where required, specified procedures reports, and other audit engagements not related to the consolidated financial statements of Air Canada.

In 2025, the auditor performed a CSAE 3000 assurance engagement over information technology general controls (ITGC) to support Air Canada's internal control certification under National Instrument 52-109. In 2024, Air Canada had used another external service provider to provide assistance with the ITGC component of the 52-109 certification. Given the implementation of the new ERP, Air Canada saw efficiencies in using one firm for both the consolidated audit and assurance over the ITGC portion of the 52-109 certification.

Audit related fees also include services performed in connection with regulatory and other filing requirements in foreign jurisdictions in which Air Canada operates. These filing requirements continue to increase as Air Canada expands into new international markets.

Non-audit fees

- **Tax fees.** Tax fees were paid for professional services for tax compliance and tax advice.
- **All other fees.** Other fees were paid for advisory and consulting services, as well as translation services (generally related to financial statements and other financial filings). The majority of non-audit fees in 2025 and 2024 included risk advisory services in relation to the ERP implementation other than the fees for audit work described above. PricewaterhouseCoopers LLP was engaged for this work following management's determination that it was best suited to complete this work due to its understanding of our business and previous engagements completed of a similar nature for other organizations of a similar size and complexity.

The amount of non-audit fees in 2025 was lower than in 2024, due to certain 2024 special engagements that were completed prior to the start of 2025 and the completion of the ERP engagement during 2025.

2025 auditor vote and engagement

At our 2025 annual meeting of shareholders, shares representing 73.71% of the votes cast at such meeting were voted in favour of the appointment of PricewaterhouseCoopers LLP as our auditors, and shares representing 26.29% of the votes cast were withheld. The shares whose votes were withheld in respect of our auditor's reappointment represented less than 10% of our outstanding voting shares at the time. We have engaged with shareholders holding most of those withheld shares to understand their positions and share the Board's perspective and reasons for reappointing PricewaterhouseCoopers LLP. Asset managers and institutional investors are often primarily guided by their voting policies and practices regarding the tenure of auditors. Some of them refer to European guidance, where mandatory audit firm rotation is a regulatory requirement.

The Audit, Finance and Risk Committee considered the results of the vote and the comments received from our engagement with shareholders in making its recommendation.

2026 auditor recommendation

The Committee believes that it is essential that the external auditor be qualified, capable and independent, maintain a high level of independence and bring a consistent level of professional scepticism to its audit work. While the tenure of the external auditor is a factor considered by the Committee in making its recommendation, it does not believe that tenure should be the sole determining factor. The intent of the Committee is to obtain a high-quality audit from an independent auditor, which aligns with the expectations of our shareholders.

The Committee also believes that a good understanding of the audit quality assessment process, the role of the Committee in preserving audit quality, the Canadian regulatory environment, and best practices are relevant to maximize informed voting on the appointment of the external auditors. Accordingly, we share the following factors that were considered by the Committee in making its recommendation for 2026:

- **Canadian regulatory framework.** Canada's regulatory framework for auditor independence emphasizes robust regulatory oversight, mandatory engagement-partner rotation, and active audit committee evaluation rather than mandatory audit firm rotation or retendering. Guidance from CPA Canada, the Canadian Public Accountability Board (CPAB), and the Institute of Corporate Directors supports periodic, comprehensive reviews of the external auditor by the audit committee as the preferred means of addressing institutional familiarity threats and enhancing audit quality. The CPAB and CPA Canada have referred to research that concludes that mandatory audit firm rotation does not demonstrably improve audit quality and may introduce unintended risks, while strong audit committee oversight, partner rotation, and regulatory inspection effectively safeguard auditor independence.
- **Significant benefits to extensive history.** PricewaterhouseCoopers LLP has been Air Canada's independent external auditor since 1990. The Audit, Finance and Risk Committee has determined there are significant benefits to having a qualified, capable and independent external auditor with an extensive history with Air Canada. These include higher-quality audit work and accounting advice due to their institutional knowledge of our business and operations, accounting policies, financial systems and internal control framework, as well as a tailored audit approach that

1) The classification of fees is based on applicable Canadian securities laws.



leads to audit efficiencies because of its history and familiarity with our business. This is particularly true at present, as Air Canada introduces new information technology systems while it focuses on its long-term 2028 financial targets and 2030 aspirations.

- **Annual and 5-year review.** The Audit, Finance and Risk Committee annually assesses the independence, qualifications, and performance of the external auditor, and performs a comprehensive review every five years, with the last comprehensive review performed in 2023 covering the annual audit periods ended December 31, 2022. The Committee also evaluates the benefits and risks of having a long-tenured auditor and the firm's controls and processes that ensure their independence, while maintaining the auditor's experience and fresh perspective through mandatory lead audit engagement partner rotation and the auditor's periodic rotation of other audit partners involved in the engagement. Upon completion of the review, the Chair of the Committee meets with the lead audit engagement partner as well as the chief executive officer of PricewaterhouseCoopers LLP to discuss its performance.
- **Scope of reviews; AQIs.** The scope of the annual and comprehensive reviews covers audit quality, including independence, objectivity and professional scepticism, quality of service, candour of communications and PricewaterhouseCoopers LLP's ability to meet Air Canada's future needs. Assessments are based, among other things, on the audit plan submitted, the risk areas identified, the nature of the audit findings, reports presented to the Audit, Finance and Risk Committee and the quality and candour of PricewaterhouseCoopers LLP's communications with Committee members and management. The annual and comprehensive assessments also consider audit quality indicators (AQIs), which the external auditor reports on annually. The use of AQIs is recommended by Canadian regulatory and accounting member bodies, such as CPA Canada, the CPAB, the Institute of Corporate Directors and the Canadian Centre for Audit Quality, and provides the Audit, Finance and Risk Committee with additional useful quantitative and qualitative information for the purpose of evaluating the external auditor.
- **Review of external reports.** The Audit, Finance and Risk Committee also reviews reports issued by the CPAB and CPA Canada, which conclude that existing auditor independence requirements, including audit firm review and audit team member rotation, ensure auditor independence while maintaining and enhancing audit quality and avoiding the risks associated with auditor firm rotation.

- **Lead partner rotation.** PricewaterhouseCoopers LLP rotates its lead audit engagement partner every seven years, which is done in full consultation with the Audit, Finance and Risk Committee, including interviews with the proposed candidates by the Chair of the Committee. The current lead audit engagement partner was selected commencing with the fiscal year 2023 audit.

The Audit, Finance and Risk Committee has shared with the Board of Directors its evaluation that PricewaterhouseCoopers LLP is qualified, capable and independent and that it is in the best interests of Air Canada and its shareholders that they be reappointed as auditors. Each year, the Committee will assess what is in the best interests of Air Canada and its shareholders with respect to the appointment of its external auditor.

More information is available at section 18 of our Annual Information Form ("Audit, Finance and Risk Committee"), which is available on SEDAR+ at www.sedarplus.ca and on our website at investors.aircanada.com.

Having a say on our executive compensation

We will present our annual non-binding advisory resolution on executive compensation at the meeting. The Board has considered the outcomes of past advisory votes and used them as opportunities to follow up with enhanced disclosure and engage with shareholders.

Support for the advisory resolution on Air Canada's approach to executive compensation increased from about 70.4% in 2024 to 84.1% of votes cast at the 2025 meeting, with about 5.4% of our outstanding shares having voted against. From 2022 to 2024, the input of a single shareholder impacted our say-on-pay vote, reflecting their perspective on executive compensation for any employer that had pursued government assistance during the pandemic. The dissenting shareholder sold their position at a profit before last year's annual meeting, at which the support for our executive compensation approach increased. We have engaged with shareholders who in 2025 represented most of the shares voted against our approach to executive compensation to have their insights and share the Board's perspective and objectives.

The Human Resources, Compensation and Pension Committee considered the results of the vote and the comments received from our engagement with shareholders. Based on these considerations, the Compensation Committee determined that while no substantial changes to our executive compensation policies and program were called for this year, there were opportunities to reinforce our pay-for-performance philosophy. In maintaining our approach, the Compensation Committee also considered other factors, such as:

- significant weighting of incentive- and performance-driven compensation for our named executives (88% for our CEO and 77% on average for our other named executives) that is at risk,
- alignment of executive compensation policies and programs with the long-term interests of shareholders, and
- relationship between risk-taking and incentive compensation.

Nevertheless, as part of our ongoing review, effective 2026, we have taken steps to modernize the design of our long-term incentive plan to further emphasize performance, notably by increasing the performance-based portion of the LTIP to 55% and enhancing PSU performance assessment if results exceed targets and outperform peers. The new structure allocates 55% to PSUs, 25% to time-based stock options, and 20% to RSUs, removing performance-based stock options. We also made other changes to better align with market practices, such as in the treatment of options and units when employment ends.

Our share ownership guidelines were also updated for the same reasons. We will continue to ensure that executive compensation policies and programs remain competitive and commensurate to our size and complexity, aligning executive compensation with the long-term interests of Air Canada and its shareholders. The roles of our named executives and their target total compensation opportunities will continue to be benchmarked at competitive levels, with reference to the median of our comparator group, based on all relevant factors. We also plan to maintain significant weighting on incentive and performance-driven compensation that is at risk. For further information concerning our approach to executive compensation, please see [Executive compensation](#).



The Board accordingly recommends that shareholders vote in favour of approving the following advisory resolution in support of its approach to executive compensation:

“BE IT RESOLVED THAT, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in Air Canada’s management proxy circular provided in advance of the 2026 annual meeting of its shareholders.”

This is an advisory vote, whose results are not binding on the Board. However, the Board and the Human Resources, Compensation and Pension Committee will take the outcome of the vote into account when reviewing our future executive compensation philosophy, policies, programs or arrangements.

Replenishing the Long-Term Incentive Plan reserve

Since 2006, Air Canada’s Long-Term Incentive Plan (we also refer to it as the LTIP) has served to attract, retain and motivate employees in key positions, and to align their interests with those of our shareholders by providing a form of pay-for-performance compensation tied to the value of our voting shares. Stock options or share units are granted to participants upon recommendation of our HRCPC to our Board. For more information, please refer to [Long-Term Incentive Plan](#).

Shareholders last approved a replenishment of the LTIP reserve in March 2024 to increase the number of issuable shares under reserve to 14,326,718 shares, or about 4% of our voting shares then outstanding, subject to no more than 250,000 shares being reserved for issuance in respect of share units. Since the last replenishment, the number of reserved shares has decreased by the number of shares issued upon the exercise of 187,107 options and by an adjusting entry of 108,427 shares, although no share units have been redeemed for shares issued from treasury.

Accordingly, as at December 31, 2025, the then remaining outstanding share reserve authorized for issuance upon the exercise of stock options or the redemption of share units under the Long-Term Incentive Plan was of 14,031,184 Air Canada shares. As of the same date, there were 12,137,096 options outstanding under the LTIP (of which about 3.4 million were granted since March 2024), such that 1,894,088 Air Canada shares remained available for issuance

under future grants of stock options or share units (subject to a sub-limit of 250,000 Air Canada shares being available for issuance in respect of share units all of which remains available for future grants).

Board recommendation

The Board of Directors has determined that it would be appropriate to increase the share reserve to provide an effective means to utilize incentive awards in future years. We are proposing to do so by replenishing the share reserve by 6,000,000 shares.

If approved at the meeting, the amendment to the LTIP will replenish the maximum number of issuable shares, under reserve upon the exercise of stock options or the redemption of share units granted thereunder, from 14,031,184 to 20,031,184 shares, which will represent about 6.9% of the outstanding shares of Air Canada as of the date of this circular. The current number of outstanding shares against which this percentage is calculated reflects the purchase and cancellation of over 65.5 million shares by Air Canada since March 2024. The number of shares reserved for issuance in respect of share units will continue to be subject to a sub-limit of no more than 250,000.

The Board has determined that replenishing the LTIP reserve is in the best interests of Air Canada and its shareholders for the following reasons:

- **Attracts and retains talent.** Equity-based compensation, that includes a component of options, is critical to maintain our ability to effectively attract, motivate, reward, and retain our employees in key positions and executive officers in a competitive market for talent, while encouraging them to contribute to our performance and results.
- **Supports our pay-for-performance philosophy.** The vast majority of total compensation for our executive officers is incentive compensation that is at-risk in that it is tied to the achievement of results which drive our share price performance. We use equity-based compensation, such as option grants, that is at-risk to reinforce desired business results and to motivate executives to produce those results. Since our equity awards generally vest over several years, the value ultimately realized from these awards depends on the long-term value of our shares. Our compensation program is accordingly designed to align with the long-term success of Air Canada with a diligent focus on incentivizing performance for executing against our long-term growth strategy.

- **Allows continuity in our compensation programs.** The replenishment of the LTIP share reserve avoids the need to replace components of compensation intended to be awarded in equity with cash or with other instruments that may significantly reduce our flexibility to provide competitive compensation programs, and which may not support our goals of strengthening longer term retention and aligning employee interests with those of our shareholders, in addition to increasing our cash compensation expense.
- **Balances shareholder interests regarding dilution.** We recognize the dilutive impact of option-based compensation on shareholders. As described in more detail below under the heading [Securities authorized for issuance under equity compensation plans](#), we believe the amended LTIP would not be excessively dilutive to our shareholders given our three-year average dilution, overhang, and annual burn rate are about 4.1%, 4.8% and 1%.
- **Reflects sound compensation practices.** The amended LTIP continues to include features that are consistent with the interests of our shareholders and sound corporate governance practices, including that we do not reprice or replace awards, we price stock options at the fair market value of our shares on the grant date, we seek shareholder approval to increase the share reserve, our named executive employment terms require a double trigger in the event of a change of control for accelerated LTIP vesting, our non-executive directors do not receive grants of awards under the LTIP, and the LTIP does not provide for automatic grants or any tax gross-ups.

The Board of Directors accordingly recommends that shareholders vote in favour of the replenishment of the LTIP reserve by approving the following ordinary resolution:

“BE IT RESOLVED THAT the maximum number of Air Canada Class A variable voting shares or Class B voting shares (which are defined as Common Shares under Air Canada’s Long-Term Incentive Plan (the Plan)) issuable pursuant to the exercise of options or the redemption of share units under the Plan, be replenished by the addition of 6,000,000 such shares (from 14,031,184 to 20,031,184 shares, which represents about 6.9% of the outstanding shares of Air Canada as of March 19, 2026).”



Ratifying our shareholder rights plan

In 2023, shareholders approved a shareholder rights plan previously adopted by the Board of Directors on March 21, 2023 (the Rights Plan). The Rights Plan provided for its continued effectiveness until 2029, if its ratification is approved at the 2026 meeting.

The Board of Directors recommends that shareholders vote in favour of approving the following ordinary resolution ratifying the Rights Plan in accordance with its terms:

“BE IT RESOLVED THAT the shareholders rights plan governed by the shareholder rights plan agreement entered into on March 21, 2023 between Air Canada and TSX Trust Company be, and it is hereby, ratified in accordance with its terms until the close of business on the day immediately following the day of Air Canada’s annual meeting of shareholders to be held in 2029.”

The Rights Plan took effect after our 2023 annual shareholders’ meeting and will continue until the day following our 2029 annual meeting, provided that the ratification resolution is approved by a majority vote of independent shareholders at the meeting. To our knowledge, all of our shareholders currently qualify as independent shareholders for these purposes. If the resolution is not approved at the meeting, the Rights Plan and the rights thereunder will end at the close of business on the day after the meeting.

A summary of the principal terms of the Rights Plan and the defined terms we use is included at [Schedule “A”](#) to this circular. This summary is qualified in its entirety by reference to the terms of the Rights Plan. The Rights Plan is available on SEDAR+ at www.sedarplus.ca under the name of Air Canada as a filing made on March 21, 2023.

Objectives and background of the Rights Plan

In approving the Rights Plan, the Board of Directors considered the existing legislative framework governing take-over bids in Canada. In May 2016 the Canadian Securities Administrators (the CSA) adopted amendments to the take-over bid regime. The amendments lengthen the minimum bid period to up to 105 days, require that all non-exempt take-over bids meet a minimum tender requirement of more than 50% of the outstanding securities held by Independent Shareholders, and require a 10-day extension after the minimum tender requirement is met. The minimum bid period may be reduced in certain circumstances.

The existing legislative framework governing take-over bids in Canada does not apply to exempt take-over bids. This explains why there continues to be a role for rights plans in protecting issuers and preventing the unequal treatment of shareholders. Some remaining areas of concern include protecting against “creeping bids” (the accumulation of more than 20% of our shares on a combined basis) through purchases exempt from Canadian take-over bid rules, and requiring the bid to be made to all shareholders, preventing a potential acquirer from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan, potential circumstances where bidders request lock-up agreements that are not in the best interest of Air Canada or its shareholders, shareholders feeling compelled to tender their shares to a take-over bid, even if they consider such bid to be inadequate, out of a concern that failing to do so may result in a shareholder being left with illiquid or minority discounted shares in Air Canada, particularly in the case of a partial bid for less than all the Class A variable voting shares and Class B voting shares.

After careful consideration, the Board of Directors determined that it is in the best interests of Air Canada and its shareholders that a shareholder rights plan be in place that is designed to ensure that all shareholders receive equal treatment by applying to all acquisitions of 20% or more of Class A variable voting shares and Class B voting shares on a combined basis, except in limited circumstances. In arriving at its decision to adopt the Rights Plan, the Board of Directors has also considered the fact that the Rights Plan:

- does not preclude a bid for control of Air Canada, but rather allows shareholders to tender their shares to a take-over bid as long as the bid is a “Permitted Bid” under the Rights Plan,

- is not a substitute for the Board of Directors’ duty to consider a take-over bid, even one that does not meet the Permitted Bid criteria, which the Board would be required to do honestly and in good faith with a view to the best interests of Air Canada, taking into account the interests of shareholders,
- is designed to encourage a potential acquirer to proceed either by way of a Permitted Bid or with the concurrence of the Board of Directors,
- shareholders are not being asked to ratify the Rights Plan in response to any proposal to acquire control of Air Canada, nor is the Board currently aware of any pending or potential take-over bid for it,
- does not preclude any shareholder from using the proxy mechanism of the CBCA to promote a change in Air Canada’s management or in its Board, and it will have no effect on the rights of shareholders to requisition a meeting of shareholders,
- is not expected to interfere with our day-to-day operations, nor will the issuance of rights thereunder in any way alter our financial condition, impede our business plans, or alter our financial statements,
- is neither initially nor in the ordinary course of our business dilutive, although, as described in [Schedule “A”](#) to this circular, holders of rights not exercising their rights after a Flip-in Event may suffer substantial dilution.

A Permitted Bid is a take-over bid that meets certain minimum fairness standards failing which holders of rights under the Rights Plan, other than the acquirer, will be able to purchase additional shares at a significant discount to market, thus exposing the acquirer to substantial dilution.



Canadian federal income tax consequences

Air Canada will not be required to include any amount in computing Air Canada's income for the purposes of the *Income Tax Act* (Canada) (the ITA) as a result of the issuance of the rights. Generally, under the ITA, the value of a right, if any, to acquire additional shares of a company is not a taxable benefit includable in income of the holder of rights and is not subject to non-resident withholding tax if an identical right is conferred on all shareholders. While such rights are conferred on all shareholders, they may become void in the hands of certain shareholders upon the occurrence of certain triggering events. Whether the issuance of the rights is a taxable event for the holder of rights is not therefore free of doubt. In any event, no amount in respect of the value of the rights is required to be included in computing income of the holder of rights, or subject to withholding tax, if the rights do not have any value at the date of issue. Air Canada considers that the rights have negligible value when issued, there being only a remote possibility that the rights will ever be exercised. If the rights have no value, the issue of the rights will not give rise to a taxable benefit and will not be subject to non-resident withholding tax. The foregoing does not address the Canadian income tax consequences of other events such as the separation of the rights from the shares, the occurrence of a Flip-in Event or the redemption of rights. The holder of rights may have income or be subject to withholding tax under the ITA if the rights become exercisable or are exercised or are otherwise disposed of. This statement is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular holder of shares. Such shareholders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their rights, taking into account their own particular circumstances and any applicable federal, provincial, territorial or foreign legislation.

Board recommendation

The Board recommends that the shareholders vote in favour of ratifying the Rights Plan. **If you do not specify how you want your shares voted, the management proxy nominees named as proxyholders in the form of proxy or voting instruction form will cast the votes represented by proxy at the meeting FOR the ratification of the Rights Plan.**

Shareholder proposals

Air Canada received two shareholder proposals from the *Mouvement d'éducation et de défense des actionnaires* (MÉDAC), an Air Canada shareholder holding 141 voting shares, that it intended to present for consideration at the annual meeting of shareholders. An English translation of each of the proposals appears at [Schedule "B" | Shareholder Proposals](#). The proposals and their supporting statements represent the views of MÉDAC.

The Board recommends shareholders vote AGAINST shareholder proposal no. 1 set out at [Schedule "B" | Shareholder Proposals](#) for the reasons indicated therein. Following engagement with Air Canada, MÉDAC agreed to withdraw its other proposal (shareholder proposal no. 2), which will not be submitted to a vote at the meeting. Air Canada agreed to reproduce the withdrawn proposal and supporting statement, and understands MÉDAC will speak to this proposal at the meeting.

Consideration of other business and report on business highlights and strategic initiatives

The meeting may consider such other business, if any, that may properly come before it or any adjournment thereof.

We will also report on other items that are significant to our business and invite questions from shareholders.

Our nominated directors

The Board of Directors has resolved that there should be 13 directors effective upon the election of the directors at the meeting. All nominees have established their eligibility and willingness to serve as directors. If prior to the meeting, any of the listed nominees would become unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder.

This section sets out certain information relating to the proposed nominees for election as directors, to hold office until the end of the next annual meeting of shareholders or until their successor is elected or appointed. The nominee profiles include an overview of each nominee's major competencies and experience, current Board committee memberships and directorships at other public companies over the past five years. Voting results from the 2025 annual meeting of shareholders are summarized below and provided in full under [Voting results from 2025 annual meeting of shareholders](#).

This section also includes each nominee's equity ownership in Air Canada as of December 31, 2024 and December 31, 2025, consisting of shares and deferred share units (DSUs), the values of which are determined using the TSX closing prices of the voting shares as at those dates.

For more information, see [Board nominees at a glance](#).

Total shareholdings of non-executive directors

Your directors own significant equity in Air Canada, aligning their interests with yours.

The following table discloses the total holdings of Air Canada shares and deferred share units (DSUs) of the then 11 non-executive directors as at December 31, 2025 and the 12 non-executive directors December 31, 2024. Except as described below, the total value of shares and DSUs held by non-executive directors is determined by multiplying the number of shares and DSUs of Air Canada held by each director by the closing prices of Air Canada shares on the TSX as at those dates.

	2025-12-31 ¹⁾ (11 NEDs)	2024-12-31 ²⁾ (12 NEDs)
Air Canada shares	340,395	358,063
Air Canada DSUs	1,071,957	1,077,571
Total shares and DSUs	1,412,352	1,435,634
Value	\$27,244,270	\$31,780,240

1) No shares or units have been acquired or sold since December 31, 2025, except in connection with quarterly Board and Committee retainers. Value based on the December 31, 2025 Air Canada shares closing price on the TSX, the last trading day of the year (\$19.29). Totals include Mr. Doer's holdings, who is not standing for re-election at this year's annual shareholder meeting.

2) Value based on the December 31, 2024 Air Canada shares closing price on the TSX, the last trading day of the year (\$22.26).

Our nominees

Amee Chande

Corporate director
Director since June 2020
Age: 52
Status: Independent
British Columbia, Canada

Major competencies and experience:

- Digital transformation and technology
- Finance
- Global business
- Executive or operational experience
- Related industry experience
- Retail industry

2025 annual meeting votes in favour 97.25% (107.8m) and against 2.75% (3m)

Amee Chande is a corporate director. In 2019, Ms. Chande was Chief Commercial Officer for Waymo, Google's self-driving car projects. From 2015 to 2018, she was a Managing Director at Alibaba Group where she was the first senior executive hired to lead globalization. Ms. Chande has also held divisional president and other executive roles at global retailers including Tesco, Staples and Walmart in Europe and the United States. She began her career as a strategy consultant with McKinsey & Company.

Ms. Chande is a volunteer with the World Association of Girl Guides and Girl Scouts where she served as a member of the World Board, and is an active unit leader. She also teaches strategy as an adjunct professor at University of British Columbia.

Ms. Chande holds a bachelor of business administration from Simon Fraser University, a master of science from the London School of Economics and a master of business administration from Harvard Business School.

2025 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk	5/5
Safety, Health, Environment and Security	4/4
Combined attendance	100%

Other public issuer boards since 2021

Fortune Brands Innovations (since 2023); Algonquin Power & Utilities Corp. (since 2022); Signature Aviation PLC (2018–2021)

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares	14,508	14,508
DSUs	29,755	21,735
Total shares/DSUs	44,263	36,243
Total value	\$853,833	\$806,769

Share ownership guidelines status and 5-year target date to meet

Five-year target (2029-06 | \$780,000): **Met** (1.1x)

**Christie J.B. Clark****Corporate director****Director since** June 2013**Age:** 72**Status:** Independent

Ontario, Canada

**Major competencies
and experience:**

- Accounting and finance
- Global business
- HR | Labour
- Retail industry
- Risk management

2025 annual meeting votes in favour 93.19% (103.2m) and against 6.81% (7.5m)

Christie J.B. Clark is a corporate director. From 2005 to 2011, Mr. Clark was Chief Executive Officer and senior partner of PricewaterhouseCoopers.

In addition to his public issuer boards, Mr. Clark is also a member of the Board of the Sunnybrook Hospital Foundation, the Sunnybrook Health Sciences Centre, the Vibrant Community Health Centre and an emeritus member of the Advisory Council of the Stephen J.R. Smith School of Business at Queen's University. Mr. Clark has also served as a director of Hydro One, Brookfield Office Properties, IGM Financial, the Canadian Olympic Committee, the Canadian Olympic Foundation and Own the Podium.

Mr. Clark graduated from Queen's University with a bachelor of commerce degree and the University of Toronto with a master of business administration degree. He is a Fellow Chartered Accountant. Mr. Clark is a former National Academic Director for the Institute of Corporate Directors' course entitled Audit Committee Effectiveness.

2025 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk (Chair)	5/5
Governance and Nominating	4/4
Combined attendance	100%

Other public issuer boards since 2021

Loblaw Companies Limited (since 2011); AtkinsRéalis (since 2020);
Choice Properties Real Estate Investment Trust (2013–2023)

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares ¹⁾	79,010	79,010
DSUs	58,890	50,326
Total shares/DSUs	137,900	129,336
Total value	\$2,660,091	\$2,879,019

Share ownership guidelines status and 5-year target date to meet

Five- year target (2029-06 | \$780,000): **Met** (3.4×)

1) Total includes 69,310 voting shares held by Mr. Clark's spouse.

Rob Fyfe, CNZM**Corporate director****Director since** September 2017**Age:** 64**Status:** Independent

North Island, New Zealand

**Major competencies
and experience:**

- Airline industry
- Digital transformation and technology
- Global business
- HR | Labour
- Executive or operational experience
- Safety, health and environment

2025 annual meeting votes in favour 97.76% (108.3m) and against 2.24% (2.5m)

Rob Fyfe is a corporate director. Mr. Fyfe is Chair of Michael Hill International. He has acted as a Special Advisor to the Prime Minister of New Zealand on New Zealand's COVID-19 response and recovery plan and an honorary advisor to the Asia New Zealand Foundation. Mr. Fyfe is the former Chief Executive Officer of Air New Zealand where he was credited with driving a historic turnaround in the airline's strategy and culture and maintaining profitability during economic downturns. During his tenure from 2005 to 2012, the airline was named Airline of the Year by Air Transport World, as well as New Zealand's most attractive employer and most reputable company.

Mr. Fyfe has served as Chair of the Star Alliance Chief Executive Board and as a member of the Board of Governors of IATA. He has been recognized as New Zealand's Executive of the Year and Airline Chief Executive of the Year for the Asia Pacific region, among many awards.

Mr. Fyfe holds a bachelor of engineering (mechanical) honours degree and an honorary doctorate of commerce degree from Canterbury University in Christchurch, New Zealand. He is a Distinguished Fellow of Engineering New Zealand. In 2021, Mr. Fyfe was appointed a Companion of the New Zealand Order of Merit.

2025 meeting attendance

Board of Directors	8/8
Human Resources, Compensation and Pension	4/4
Safety, Health, Environment and Security (Chair)	4/4
Combined attendance	100%

Other public issuer boards since 2021

Michael Hill International Limited (since 2016)

Ownership and total value of equity

	2025-12-31	2024-12-31
DSUs	85,916	69,603
Total shares/DSUs	85,916	69,603
Total value	\$1,657,320	\$1,549,363

Share ownership guidelines status and 5-year target date to meet

Five- year target (2029-06 | \$780,000): **Met** (2.1×)

**Michael M. Green****Chief Executive Officer and Managing Director, Tenex Capital Management****Director since** March 2009**Age:** 67**Status:** Independent
Florida, USA**Major competencies and experience:**

- Finance
- Global business
- Executive or operational experience
- Related industry experience
- Risk management

2025 annual meeting votes in favour 94.84% (105m) and against 5.16% (5.7m)

Michael M. Green is Chief Executive Officer and Managing Director of Tenex Capital Management, a private investment firm.

Mr. Green has a multi-industry investment and operations background in aerospace, transportation, telecommunications and software systems. Mr. Green was a Managing Director of Cerberus Capital Management from 2004 to 2009. From 1999 to 2004, Mr. Green was the Managing Partner of TenX Capital Partners and joined Cerberus in 2004 when Cerberus acquired certain portfolio companies from TenX. Previously, Mr. Green was Chief Executive Officer of Trispan Solutions and Naviant Technology. Mr. Green began his career at General Electric Company where he worked in several operating departments and held positions in engineering, manufacturing, sales, marketing and general management.

Mr. Green holds a dual bachelor of science degree in electrical engineering and physics from State University of New York, Buffalo and a master of science degree in electrical engineering from Villanova University.

2025 meeting attendance

Board of Directors	7/8
Human Resources, Compensation and Pension	3/4
Safety, Health, Environment and Security	3/4
Combined attendance	81%

Other public issuer boards since 2021

No other public board directorships

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares	88,771	88,771
DSUs	85,916	77,729
Total shares/DSUs	174,687	166,500
Total value	\$3,369,712	\$3,706,290

Share ownership guidelines status and 5-year target date to meetFive- year target (2029-06 | \$780,000): **Met** (4.4x)**Jean Marc Huot****Partner, Stikeman Elliott LLP****Director since** May 2009**Age:** 64**Status:** Independent
Québec, Canada**Major competencies and experience:**

- Finance
- Government affairs
- HR | Labour
- Legal and regulatory
- Risk management
- Safety, health and environment

2025 annual meeting votes in favour 94.56% (104.7m) and against 5.44% (6m)

Jean Marc Huot is a partner with the Canadian law firm Stikeman Elliott. His practice is focused primarily in the areas of corporate finance, mergers and acquisitions, corporate governance and securities law matters.

From 2001 to 2011, Mr. Huot was a member of the Advisory Committee of the *Autorité des marchés financiers* and, from 1998 to 2014, co-chair of Stikeman Elliott's national Securities Law Group.

Mr. Huot holds a bachelor of arts degree and a bachelor of law degree from Laval University.

2025 meeting attendance

Board of Directors	8/8
Governance and Nominating (Chair)	4/4
Safety, Health, Environment and Security	4/4
Combined attendance	100%

Other public issuer boards since 2021

No other public board directorships

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares	31,098	31,098
DSUs	268,526	252,325
Total shares/DSUs	299,624	283,423
Total value	\$5,779,747	\$6,308,996

Share ownership guidelines status and 5-year target date to meetFive- year target (2029-06 | \$780,000): **Met** (7.4x)

Eric La Flèche



President and Chief Executive Officer, Metro Inc.

First nomination for election as director of Air Canada

Age: 64

Status: Independent
Québec, Canada

Major competencies and experience:

- Finance
- Executive and operational experience
- Legal and regulatory
- Retail industry
- HR | Labour
- Risk management

2025 annual meeting votes N/A¹⁾

Mr. La Flèche has been President and Chief Executive Officer of Metro Inc., a leading Canadian food and pharmacy retailer and distributor, since April 2008. He joined the company in 1991 and held various senior management positions before being appointed Executive Vice-President and Chief Operating Officer in 2005.

In 2020, Mr. La Flèche was recognized as Canada's Outstanding CEO of the Year. He is actively involved with several not-for-profit organizations, including Centraide of Greater Montréal, the Montréal Neurological Institute, the Sainte-Justine Hospital Foundation and Tel-jéunes.

Mr. La Flèche holds a Bachelor's degree in Civil Law from the University of Ottawa and an MBA from the Harvard Business School.

2025 meeting attendance¹⁾

Not applicable

Other public issuer boards since 2021

Bank of Montreal (BMO) (since 2012);²⁾ Metro Inc. (since 2008)

Ownership and total value of equity

	2025-12-31
Class B voting shares	20,083
Total value	\$387,401

Share ownership guidelines status and 5-year target date to meet

Five-year target (2031-05 | \$780,000)

1) Mr. La Flèche is a new nominee for election as a director.
2) The BMO board of directors tenure policy provides for a 15-year term limit.

Claudette McGowan, O.C.



Chief Executive Officer, Protexxa Inc.

Director since May 2023

Age: 54

Status: Independent
Ontario, Canada

Major competencies and experience:

- Digital transformation and technology
- Global business
- HR | Labour
- Executive or operational experience
- Risk management

2025 annual meeting votes in favour 98.23% (108.8m) and against 1.77% (1.96m)

Claudette McGowan is Chief Executive Officer for Protexxa, a Canadian-based cybersecurity software and services company. Ms. McGowan is a global information technology leader who has worked in the technology industry for several organizations such as Deloitte, Metropolitan Police Services, North York General Hospital, Bank of Montreal (BMO) and The Toronto-Dominion Bank (TD).

At BMO, Ms. McGowan served as the Chief Information Officer, Enterprise Technology Employee Experience, and at TD, she was the Global Executive Officer for Protect Fusion & Cyber Experience.

Ms. McGowan is the Chair of the Coalition of Innovation Leaders Advancing Respect (CILAR), a group of senior business leaders committed to creating platforms that break down systemic barriers within the innovation economy. She co-led the launch of Phoenix Fire & The Firehood, a women-focused angel fund and network for women in technology. She serves on the board/council of the SickKids Hospital Foundation, CILAR, MaRS Discovery District, and the Toronto Region Board of Trade.

Ms. McGowan completed her studies in Canada and graduated with bachelor of arts (Lakehead University) and master of business administration (Athabasca University) degrees. Ms. McGowan holds honorary doctorate degrees from many Canadian universities including Carleton University, University of Waterloo, McMaster University and Trent University in recognition of her distinguished career as a global information technology leader.

In 2025, Ms. McGowan was made a Member of the Order of Canada and, in 2026, was appointed to the Order of Ontario.

2025 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk	5/5
Human Resources, Compensation and Pension	4/4
Combined attendance	100%

Other public issuer boards since 2021

No other public board directorships

Ownership and total value of equity

	2025-12-31	2024-12-31
DSUs	19,200	11,179
Total shares/DSUs	19,200	11,179
Total value	\$370,368	\$248,845

Share ownership guidelines status and 5-year target date to meet

Five- year target (2028-05 | \$585,000): 0.4363x
New five-year target (2029-06 | \$780,000): 0.47x



Rachel Notley



Corporate director

First nomination for election as director of Air Canada

Age: 61

Status: Independent
Alberta, Canada

Major competencies and experience:

- Carbon emissions and innovation and public policy
- Government affairs
- HR | Labour
- Legal and regulatory
- Risk Management
- Safety, health and environment

2025 annual meeting votes not applicable¹⁾

Rachel Notley is an Associate Counsel at Southern Law LLP. Her practice focuses mainly on leadership, governance, and conflict resolution.

Ms. Notley was a member of the Legislative Assembly of Alberta from 2008 to 2024 and the leader of the Alberta New Democratic Party from 2014 to 2024. She served as the 17th Premier of Alberta from 2015 to 2019. Since January 2025, she is a member of the Prime Minister’s Council on Canada-U.S. Relations.

Rachel received her law degree from Osgoode Hall Law School in 1990. She was called to the Alberta Bar in 1991. She also obtained a Bachelor of Arts in Political Science from the University of Alberta.

2025 meeting attendance¹⁾

Not applicable

Other public issuer boards since 2021

No other public board directorships

Ownership and total value of equity

Nil.

Share ownership guidelines status and 5-year target date to meet

Five-year target (2031-05 | \$780,000)

1) Ms. Notley is a new nominee for election as a director.

Madeleine Paquin, C.M., FSCMA



Corporate director

Director since May 2015

Age: 63

Status: Independent
Québec, Canada

Major competencies and experience:

- Global business
- Government affairs
- Executive or operational experience
- HR | Labour
- Related industry experience
- Safety, health and environment

2025 annual meeting votes in favour 97.16% (107.6m) and against 2.84% (3.1m)

Madeleine Paquin is a corporate director. From 1996 to 2024, she was President and Chief Executive Officer of Logistec Corporation, a North American marine and environmental services provider. In addition to her public issuer boards, Ms. Paquin sits on Strom Corporation, a private company in the wellness industry.

Ms. Paquin has served as a director of Canadian Pacific Railway, Sun Life Financial, Aéroports de Montréal, the Chamber of Marine Commerce and the Board of Trade of Metropolitan Montréal.

Ms. Paquin graduated from the Richard Ivey School of Business at the University of Western Ontario with an honors in business administration and from the *École des Hautes Études Commerciales*, Université de Montréal, with a graduate diploma in administrative sciences.

In 2017, Ms. Paquin was appointed a Member of the Order of Canada for her role in leading innovation in supply chain practices and environmental protection, two major drivers of change in the Canadian economy. She was named a companion of the Canadian Business Hall of Fame in 2023.

2025 meeting attendance

Board of Directors	8/8
Governance and Nominating	4/4
Safety, Health, Environment and Security	4/4
Combined attendance	100%

Other public issuer boards since 2021

Canadian National Railway Corporation (since 2025);
Logistec Corporation (1987–2024)

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares	18,500	6,500
DSUs	82,144	72,682
Total shares/DSUs	100,644	79,182
Total value	\$1,941,423	\$1,762,591

Share ownership guidelines status and 5-year target date to meet

Five- year target (2029-06 | \$780,000): Met (2.5x)



Michael Rousseau



**President and Chief Executive Officer
Air Canada**

Director since February 2021

Age: 68

Status: Not Independent
Québec, Canada

Major competencies and experience:

- Airline industry
- Executive or operational experience
- Finance
- Global business
- Related industry experience
- Retail industry
- Risk management

2025 annual meeting votes in favour 97.42% (107.9m) and against 2.58% (2.9m)

Michael Rousseau was appointed President and Chief Executive Officer in February 2021. He had served as Deputy Chief Executive Officer and Chief Financial Officer since January 2019, adding oversight over several significant corporate initiatives and businesses to his continuing responsibilities since 2007 as Executive Vice President and Chief Financial Officer. In these prior roles, Mr. Rousseau played a significant and highly strategic role in Air Canada's successful transformation over more than a decade. In December 2024, he was elected Chair of the Star Alliance Chief Executive Board (CEB).

Before joining Air Canada, Mr. Rousseau was President at Hudson's Bay Co. and also held senior executive roles in financial and other areas at several major international groups, such as Moore Corp., Silcorp and the UCS Group (an Imasco division). He has also been a director of several public companies and serves on the Board of Governors of IATA.

A graduate of York University, Mr. Rousseau has been a member of the Ontario Institute of Chartered Accountants since 1983. He holds the FCA and FCPA designations, conferred by CPA Ontario in recognition of his professional achievements and contributions. He was named Canada's CFO of the Year™ for 2017 by Financial Executives International Canada, PwC Canada and Robert Half.

2025 meeting attendance

Board of Directors	8/8
Combined attendance	100%

Mr. Rousseau also attended all Board committee meetings as an ex officio member thereof.

Other public issuer boards since 2021

Resolute Forest Products Inc. (2010–2023)

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares ¹⁾	166,805	166,805
RSUs	290,137	251,810
Total shares/RSUs	456,942	418,615
Total value	\$8,814,411	\$9,318,370

Share ownership guidelines status and 5-year target date to meet

See [Enhanced share ownership guidelines](#) for Mr. Rousseau's share ownership.

Vagn Sørensen



Corporate director

Director since November 2006

Chair since May 2017

Age: 66

Status: Independent
Copenhagen, Denmark

Major competencies and experience:

- Airline industry
- Digital transformation and technology
- Finance
- Global business
- Executive or operational experience
- Related industry experience

2025 annual meeting votes in favour 90.70% (100.4m) and against: 9.30% (10.2m)

Vagn Sørensen is a corporate director. He also represents various private equity funds in some of their portfolio companies. Mr. Sørensen was President and Chief Executive Officer of Austrian Airlines from 2001 to 2006 and held various senior commercial positions with SAS Scandinavian Airlines System including Deputy Chief Executive Officer.

Mr. Sørensen is a former Chair of British Midland, of FLSmidth & Co. and of Pantheon Infrastructure, as well as a former director of Lufthansa Cargo. He has also served as Chair of the Association of European Airlines and as a member of the Board of Governors of IATA.

Mr. Sørensen holds a master of science degree in economics and in business administration from Aarhus School of Business, University of Aarhus, Denmark.

2025 meeting attendance

Board of Directors	8/8
Combined attendance	100%

Mr. Sørensen also attended all Board committee meetings as an ex officio member thereof.

Other public issuer boards since 2021

CNH Industrial N.V. (since 2020); Royal Caribbean Cruises Ltd. (since 2011); FLSmidth & Co. A/S (2009–2022); Pantheon Infrastructure PLC (2021–2024).

Ownership and total value of equity

	2025-12-31	2024-12-31
Class A voting shares	30,740	30,740
DSUs	207,923	194,601
Total shares/DSUs	238,663	225,341
Total value	\$4,603,809	\$4,964,496

Share ownership guidelines status and 5-year target date to meet¹⁾

Five-year target (2029-06 | \$1.3 million): **Met** (3.5×)

1) The Board Chair must own securities valued at no less than five times their annual retainer fee.

1) Total includes 8,500 voting shares held by Mr. Rousseau's spouse.

**Kathleen Taylor, C.M.****Corporate director****Director since** May 2016**Age:** 68**Status:** Independent

Ontario, Canada

**Major competencies
and experience:**

- Finance
- Global business
- HR | Labour
- Executive or operational experience
- Related industry experience
- Risk management

2025 annual meeting votes in favour 95.97% (106.2m) and against 4.03% (4.4m)

Kathleen Taylor is a corporate director. Ms. Taylor is chair of Element Fleet Management and of Mattamy Asset Management and Vice Chair of the Adecco Group. She also serves as Chair of Altas Partners, a Toronto-based private equity firm, and Chair of the Advisory Board of the Cabot Collection, a developer and operator of golf resorts and residential properties. She is a former President and Chief Executive Officer of Four Seasons Hotels and Resorts.

Ms. Taylor is chair of the board of trustees of the Hospital for Sick Children, a director of the SickKids Foundation and Chancellor of York University. She is a former chair of the Royal Bank Canada. Ms. Taylor is also a member of the C.D. Howe Institute's National Council and the Dean's Advisory Council of the Schulich School of Business.

Ms. Taylor holds a master of business administration from the Schulich School of Business, a law degree from Osgoode Hall Law School, and a bachelor of arts (honours) from the University of Toronto. She has received honorary doctorates from a number of Canadian universities.

2025 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk	5/5
Governance and Nominating	4/4
Human, Resources, Compensation and Pension (Chair)	4/4
Combined attendance	100%

Other public issuer boards since 2021

Adecco Group AG (since 2015, retiring April 2026); Element Fleet Management Corp. (since 2023); Royal Bank of Canada (2001–2023)

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares	10,000	10,000
DSUs	78,418	69,582
Total shares/DSUs	88,418	79,582
Total value	\$1,705,583	\$1,771,495

Share ownership guidelines status and 5-year target date to meet

Five- year target (2029-06 | \$780,000): **Met** (2.2×)

Annette Verschuren, O.C.**Chair and Chief
Executive Officer,
NRStor Inc.****Director since** November 2012**Age:** 69**Status:** Independent

Ontario, Canada

**Major competencies
and experience:**

- Carbon emissions and innovation and public policy
- Risk management
- Global business
- Digital transformation and technology
- Executive or operational experience
- Retail industry

2025 annual meeting votes in favour 94.33% (104.4m) and against 5.67% (6.2m)

Annette Verschuren is Chair and Chief Executive Officer of NRStor. The company develops, builds and manages energy storage projects. From 1996 to 2011, Ms. Verschuren was President of The Home Depot Canada where she oversaw the company's growth to 179 from 19 Canadian stores and led its entry into China. Prior to joining Home Depot, Ms. Verschuren was President and co-owner of Michaels of Canada, a chain of arts and crafts stores. Previously, Ms. Verschuren was Vice President, Corporate Development of Imasco and Executive Vice President of Canada Development Investment.

Ms. Verschuren is Chair of the board of the MaRS Discovery District. In addition, she is a director of Liberty Mutual Insurance Group and of the Verschuren Centre for Sustainability in Energy and the Environment in Cape Breton. She serves as Emeritus Chancellor of Cape Breton University and supports many non-profit organizations. She is a founding member of the Rideau Hall Foundation. In 2011, Ms. Verschuren was made an Officer of the Order of Canada and, in 2019, was named a companion of the Canadian Business Hall of Fame.

Ms. Verschuren holds honorary doctorate degrees from many Canadian universities including St. Francis Xavier University where she also earned a bachelor of business administration degree.

2025 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk	5/5
Governance and Nominating	4/4
Combined attendance	100%

Other public issuer boards since 2021

Saputo Inc. (since 2013); Canadian Natural Resources Limited (since 2014)

Ownership and total value of equity

	2025-12-31	2024-12-31
Class B voting shares	67,768	64,968
DSUs	86,145	78,069
Total shares/DSUs	153,913	143,037
Total value	\$2,968,982	\$3,171,376

Share ownership guidelines status and 5-year target date to meet

Five- year target (2029-06 | \$780,000): **Met** (3.8×)



Trust in connection with pension matters

Air Canada maintains several defined benefit pension plans. In 2009, the Government of Canada approved pension funding relief under regulations adopted in co-ordination with pension funding agreements reached with Air Canada's Canadian-based unions and a consultation process with its retirees and non-unionized workforce, pursuant to which Air Canada issued 17,647,059 Class B voting shares to a trust (the Trust). The terms of the Trust require that the net proceeds of any sales of such shares be contributed to the pension plans. They also require that as long as the Trust holds at least 2% of Air Canada's outstanding shares, the trustee may designate one nominee to the Board of Directors who is not a member or an officer of any of its Canadian-based unions, subject to Air Canada's usual governance process for selection and confirmation of director nominees.

In late 2021, Air Canada and its Canadian-based unions signed a letter of intent to permit certain other uses of proceeds of share sales by the Trust. If certain conditions are met, the Trust will gradually sell shares by the end of 2037, and the net proceeds from these sales would be used to make lump sum payments to Canadian pensioners and to fund voluntary separation packages for senior unionized employees and non-executive employees. The right to designate one nominee for election to our Board of Directors will continue until the earlier of January 2030 or when shares held by the Trust represent 2% or less of our outstanding shares.

Remuneration of non-executive directors

The Board's compensation program for non-executive directors is designed to lead to the long-term success of Air Canada by attracting and retaining highly qualified, committed and experienced directors, aligning the interests of our directors with our own long-term interests and those of our shareholders and offering competitive compensation. Any director who is also an employee of Air Canada or any of its subsidiaries does not receive any compensation as a director.

Overview of approach

The Board sets the compensation of non-executive directors based on recommendations of the Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee. The compensation of non-executive directors is reviewed periodically, and adjustments are recommended when appropriate, including to reflect the responsibilities, workload and time commitment of the Board and Committee members and to ensure that compensation is competitive to attract and retain qualified and experienced directors from Canada and other countries. Our objective for compensation to non-executive directors is to make measured adjustments every few years, rather than more frequent smaller adjustments.

The compensation of non-executive directors remained unchanged from 2018 until 2023. A review of board compensation was completed in 2024, leading to changes in compensation. Consistent with past practice, independent consultant Willis Watson Towers was retained to conduct a market review of board compensation and to provide advice on the design and competitiveness of board compensation and other factors, including emerging trends, market positioning and best practices to complement the Committees' deliberations and informed judgment. Following their review, the Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee recommended that annual retainers be increased in 2024 to reflect the greater responsibility, time commitment and complexity of leadership positions. The compensation of non-executive directors remains unchanged since 2024.

Compensation levels

Non-executive directors are paid the fixed board and committee retainers, and the chair retainers, where applicable, to cover all of their responsibilities, attendance and work performed during the year. Directors are also reimbursed for expenses incurred for attendance at Board and committee meetings or Board-related activities such as other meetings or business at the request of Air Canada. Non-executive directors do not receive any stock options, shares, benefits, pension, or other fees or compensation.

The table below lists the annual retainer fees payable to non-executive directors of Air Canada in 2025.

Annual retainers	Fees
Directors	\$260,000
Other	
Chair of the Board	\$230,000
Chair of the Audit, Finance and Risk Committee	\$40,000
Chair of the Human Resources, Compensation and Pension Committee	\$30,000
Chair of other Committees	\$25,000
Member of the Audit, Finance and Risk Committee	\$20,000
Member of other Committees	\$15,000



The annual fees are payable in cash, DSUs under the deferred share unit plan for Non-Employee Directors or shares (acquired on the open market), or a combination thereof. DSUs are notional units whose value is always equal to the value of the shares of Air Canada. Such DSUs are vested on the date of grant. Non-executive directors are required to receive a minimum of 50% of their annual board retainer fee and Committee fees in DSUs or in shares of Air Canada. DSUs are not settled until directors leave the board.

At least 50% of board retainer and committee fees are paid in DSUs or shares.

In 2025, non-executive directors received 67.7% of their aggregate compensation in equity.

The table below shows the amounts earned by individual non-executive directors of Air Canada for the year ended December 31, 2025, in respect of their memberships on the Board and its committees. Mr. Rousseau is not included in the table because we describe his compensation in this circular under [Executive compensation](#).

Name	2025 fees earned by retainer				Allocation of total 2025 fees	
	Board	Board Committee chair	Committee member	Total	Cash	DSUs
Ameé Chande	\$260,000	—	\$35,000	\$295,000	\$147,500	\$147,500
Christie J.B. Clark	\$260,000	\$40,000	\$15,000	\$315,000	\$157,500	\$157,500
Gary A. Doer	\$260,000	—	\$30,000	\$290,000	—	\$290,000
Rob Fyfe	\$260,000	\$25,000	\$15,000	\$300,000	—	\$300,000
Michael M. Green	\$260,000	—	\$30,000	\$290,000	—	\$290,000
Jean Marc Huot	\$260,000	\$25,000	\$15,000	\$297,500	—	\$297,500
Claudette McGowan	\$260,000	—	\$35,000	\$295,000	\$147,500	\$147,500
Madeleine Paquin	\$260,000	—	\$30,000	\$290,000	\$116,000	\$174,000
Vagn Sørensen	\$260,000	\$230,000	—	\$490,000	\$245,000	\$245,000
Kathleen Taylor	\$260,000	\$30,000	\$35,000	\$325,000	\$162,500	\$162,500
Annette Verschuren	\$260,000	—	\$35,000	\$297,500	\$148,750	\$148,750
Michael M. Wilson ¹⁾	\$65,000	—	\$8,750	\$8,750	—	\$73,750
					32.3%	67.7%

1) Payment for one quarter (January 1 to March 31). Mr. Wilson did not stand for re-election at the March 2025 annual shareholder meeting.

Mr. Rousseau receives no compensation as a director of Air Canada or of any of its subsidiaries. In those cases where the directors of our subsidiaries are also executive officers or members of senior management, they receive no compensation as directors of any such subsidiary. Transportation privileges are provided to directors of Air Canada in line with airline industry practice.

Share ownership requirements for directors

Under our share ownership guidelines, non-executive directors are required to own securities of Air Canada having a value equivalent to at least three times their annual Board retainer fee, through shares or deferred share units (DSUs), except in the case of the Chair of the Board for whom the multiple is five times the annual Board retainer. Such ownership must be achieved or increased within five years of the date of the director's initial appointment or election or of any change in the retainer. Securities held by a director's spouse may be counted toward these guidelines.

The President and Chief Executive Officer is required to own securities of Air Canada having a value equivalent to at least five times his annual base salary, through shares, vested DSUs or restricted share units (RSUs) (options and performance share units not being included for these purposes). Our share ownership guidelines require that such share ownership be achieved within five years of the date of appointment, subject to exceptional circumstances.

The number of securities of Air Canada owned by individual directors and their market values as of the date indicated are provided in their biographical information under [Our nominated directors](#).



Statement of governance practices

We believe that a strong, effective, independent board plays a crucial role in advancing the interests of Air Canada and maximizing the long-term value thereof. The Board is committed to meeting high standards of corporate governance in all aspects of Air Canada's affairs.

The Board is responsible for the stewardship of Air Canada through the management of its business and affairs. The Board works with management through oversight, review and counsel to establish our fundamental policies and overall strategic direction and to advance its business objectives and priorities. Directors act in the best interests of Air Canada, with a view to create sustainable long-term value for it and for its investors, thereby benefiting stakeholders generally. The Board's oversight of Air Canada's overall strategic plan takes into account evolving business conditions, including opportunities and risks arising from emerging trends and technologies, such as artificial intelligence.

The Board focuses on five areas in carrying out its stewardship role, namely strategy and enterprise risk management, business and financial performance and internal controls, sustainability matters, succession planning and talent, and culture and integrity. The Board has delegated certain decision-making authority to management to allow it to manage the business and operations in the normal course, subject to Board approval for matters that exceed certain dollar thresholds.

We describe our Board's governance practices in this section. We periodically review our governance practices for opportunities to update them. These governance practices comply with the Canadian Securities Administrators' corporate governance guidelines as well as their rules relating to audit committees and certification of financial information and are reflected in the Board's written charter, which we reproduce in [Schedule "C"](#). See also [Board mandate](#). Air Canada has adopted a Code of conduct, as further described below in [Code of conduct](#). A copy of this document can be obtained on SEDAR+ at www.sedarplus.ca and on our website at investors.aircanada.com.

Board of Directors

Director independence

Our Governance Code provides that the Board shall be constituted of a majority of directors who must be determined to have no material relationship with Air Canada and who, in the reasonable opinion of the Board, must be unrelated and independent under applicable requirements. Based on the information received from each director nominee and having considered these independence criteria, the Board concluded that all director nominees standing for election to the Board are independent, other than Mr. Rousseau, who is not independent because he is an officer of Air Canada.

Directorships of other reporting issuers and other commitments

Some of our director nominees are also directors of other public entities, as indicated in the [Our nominated directors](#) section of this circular. None of our nominees serve with another nominee on the board of another public entity.

All members are expected to commit the necessary time required to be an effective and fully contributing member of the Board and of each Board committee on which they serve. In this regard, it is the Board's policy that, including Air Canada's Board, directors who are not active public-company CEOs serve on no more than four public-company boards, and directors who are public-company CEOs or senior executives serve on no more than two public-company boards. The Board may waive any of these requirements for a transition period of up to one year to allow an affected individual to reduce their directorships or where the director has stated their intention to step down from the Air Canada Board or their position or will not seek re-election. This one-year transition period applies to Mr. La Flèche's first nomination as a new Air Canada director.

Chair of the Board

The Chair of the Board is appointed by resolution of the Board. The Chair of the Board is Vagn Sørensen who is an independent director of Air Canada. The responsibilities of the Chair of the Board are set out in a position description, which is described below under [Position descriptions – Chair of the Board](#).

Board size

Air Canada's articles permit it to have between seven and 21 directors, with the actual number of directors determined by the Board of Directors. The Board will be comprised of 13 directors in the event all director nominees are elected. The Board is of the view that this size and its composition are adequate and allow for the efficient functioning of the Board as a decision-making body. The Board size may be increased in future to facilitate the gradual renewal of its members and ensure a seamless transfer of experience and knowledge.

Board mandate

The Board has adopted a written charter that sets out its roles and responsibilities, which we reproduce in [Schedule "C"](#). See also [Statement of governance practices](#) and [Overview of sustainability governance](#).

Independent directors' meetings

Consistent with our Governance Code, the practice of the independent directors of the Board is that at every meeting thereof the Chair leads a session without the presence of Mr. Rousseau and other members of management. In 2025, the Board held *in camera* sessions without the presence of management at every Board meeting.



Board and Committee meeting attendance

The record of attendance by directors at meetings of the Board and its committees during 2025 appears in the nominees' profiles above.¹⁾ Overall attendance does not reflect attendance by Board members as observers at meetings of Board committees of which they are not members. Directors routinely attend other committee meetings, regardless of membership, on a non-voting basis for educational and informational purposes. In 2025, independent directors attended a total of 38 meetings of Board committees of which they are not members.

Directors are expected to make all reasonable efforts to attend all meetings of the Board and of the committees of which they are a member. Non-attendance at Board and committee meetings is rare and is usually attributed to unexpected or exceptional circumstances. If directors are unable to attend Board or committee meetings, they are nonetheless provided with the relevant meeting materials ahead of time and are given the opportunity to provide feedback or comments on such materials to, or to be briefed separately after the meeting by, the Chair of the Board, the Chair of the relevant Board committee or the Corporate Secretary. Special Board meetings are called on short notice due to exceptional circumstances, and must, on occasion, be held at a time and date when the largest number of directors are available, even though certain members may be unable to attend.

While the Chair of the Board and our President and Chief Executive Officer are not members of Board committees, they attend and participate on a non-voting basis in meetings thereof as *ex-officio* members (except, with respect to our President and Chief Executive Officer, for non-executive *in camera* sessions). In 2025, independent directors attended a total of 38 meetings of Board committees of which they are not members.

Position descriptions

President and Chief Executive Officer

The Board has adopted a position description for the President and Chief Executive Officer. The President and CEO has responsibility for management of Air Canada's business in accordance with its strategic plan and business plans as approved by the Board, including in respect of its sustainability priorities. He provides the leadership and vision for our effective management. The primary responsibilities of the CEO include managing the business and day-to-day operations, creating and maintaining a culture and tone of engagement, ethical conduct and performance that drives the achievement of strategic and operational objectives and long-term success in an inclusive, sustainable and responsible manner, fostering and promoting a corporate culture that promotes customer focus and service excellence, including through our official languages action plan, working with the Chair of the Board to ensure an effective relationship between management and members of the Board, and ensuring, in co-operation with the Board, that there is an effective succession plan in place for the CEO position.

Chair of the Board

The Board has adopted a position description for the Chair of the Board. The Chair leads the work of the Board including by chairing its meetings. The primary responsibilities of the Chair of the Board include taking steps to ensure that the Board has a strategic focus, a strong corporate tone and culture, and effectively represents the long-term best interests of Air Canada and its investors, overseeing and guiding the activities and work of the Board, providing leadership to the Board, as well as counsel and mentorship, to promote a spirit of respect, trust and collegiality, adopting practices and procedures to enable the Board to conduct its work effectively and efficiently, overseeing the Board's shareholder engagement policy and practices and chairing Board meetings and encouraging free and open communication, as well as active and effective participation, at such meetings.

Chairs of standing committees

The Board has adopted position descriptions for the Chairs of each of its four standing committees, namely the Audit, Finance and Risk Committee, the Governance and Nominating Committee, the Human Resources, Compensation and Pension Committee and the Safety, Health, Environment and Security Committee. These position descriptions provide that the Chair of each committee establishes procedures to govern the committee's work and the discharge by the committee of its objectives, duties and responsibilities, takes steps to ensure that enough time and attention is given to each aspect of the committee's mandate, takes steps to ensure that the members of the committee have the required skills, experience and talents on an ongoing basis and maintain the required level of independence, oversees the flow and adequacy of information to committee members and leads an annual review of the adequacy of the committee charter.

Board composition and mechanisms of renewal

The Board's goal is to be a balanced governing body comprising members with diverse backgrounds, experience and tenure and to ensure that there are fresh ideas and viewpoints contributing to its deliberations while preserving the insight, experience and other benefits of continuity contributed by longer serving directors. The Board membership's continuity and collective experience and industry knowledge proved invaluable in its efficient operation and oversight in the face of a period of industry-wide unprecedented challenges.

The Governance and Nominating Committee recommends criteria for the composition and renewal of the Board and annually assesses its overall composition and anticipated retirements, even when the Board does not have an immediate vacancy. In doing so, the Committee considers the competencies, skills, qualities and other attributes of Board members which it believes the Board needs to possess to fulfil its responsibilities, as well as its representative and inclusive character overall, including by reference to underrepresented "designated groups" under our governing law.

1) Mr. Gary Doer is not standing for re-election at the meeting and is accordingly not a nominee. He attended all Board and committee meetings of which he was a member, being eight Board meetings, five Audit, Finance and Risk Committee meetings, and four Safety, Health, Environment and Security Committee meetings.



Members of “designated groups” are defined under Canadian law for these purposes as women, members of visible minorities, Indigenous Peoples and persons with disabilities.

The Board’s composition will continue to evolve, including through scheduled or voluntary retirements. The Chairs of the Board and Governance and Nominating Committee accordingly regularly review anticipated near-term and longer-term Board renewal cycles, in order for its evolving composition to meet the needs of Air Canada over time. During the past six years, two new non-executive, independent directors have joined the Board, and this year two new nominees are presented to join the Board as non-executive, independent directors. These nominations reflect a continuing renewal process.

Director term limits and retirement policy

Board members are elected annually by our shareholders. Our governing law and articles also allow the Board to appoint directors to fill vacancies or as additional directors. The Board added director term limits to its retirement policy in 2019, such that (a) a director shall not stand for re-election after having served for 15 years from the later of the date of the 2019 shareholder meeting and the date on which the director first began serving on the Board and (b) no person shall be appointed or elected as a director after having reached 75 years of age. However, in each case, the Board may determine it is in the interest of Air Canada to request that a director extend their term beyond the regular retirement age, provided, however, that such extension is requested in one-year increments.

The average tenure of the director nominees standing for election to the Board is 9.4 years (down from 9.6 in 2025). The distribution of the average Board service tenures of the director nominees is as follows: 0-6 years 38%; 6-12 years 23%; over 12 years 38%.

Nominations

The Governance and Nominating Committee recommends nominations to the Board and accordingly seeks to identify individuals qualified to become director nominees. The Governance and Nominating Committee and Board chairs work together in leading the process to identify and consider qualified individuals. Our search for and selection of candidates is based on merit and objective criteria, having due regard to the level of representation of members of “designated groups”. Any search firm that is retained to help identify candidates is instructed to include individuals from “designated groups” in the pool from which they may be selected. We also maintain an evergreen list of candidates which draws on the suggestions of directors or others and similarly includes individuals from “designated groups”. Short-listed candidates meet the Governance and Nominating Committee and Board chairs, as well as other directors and the President and Chief Executive Officer.

Each year, in determining whether to recommend a current director for re-election, the Governance and Nominating Committee considers the director’s participation in and contributions to the activities of the Board, the results of the most recent Board evaluation, and meeting attendance. The Governance and Nominating Committee also reviews the competencies, skills, experience and other attributes of any candidate nominated by the trustee under the Trust referred to under [Trust in connection with pension matters](#).

Competencies and skills

The Governance and Nominating Committee determines the expected competencies and skill set of new candidates by taking into account the existing strengths of the Board and the needs of Air Canada. It also determines the necessary attributes for directors, such as an independent mindset, integrity, personal and professional ethics, business judgment, and the ability and willingness to commit sufficient time to the Board. The Governance and Nominating Committee also considers potential conflicts of interest and interlocking public directorships of potential candidates.

Board members must have a broad spectrum of skills, knowledge, educational backgrounds and experience in business, as well as an understanding of our industry and the global reach of our operations. We provide more information concerning the competencies possessed by the director nominees in their profiles found at [Our nominees](#). The Board has considered which competencies are relevant for climate-related and sustainability matters in overseeing the management of our business and affairs. The Board has observed that directors can contribute a broad range of skills in this respect, including carbon emissions and innovation and public policy, legal and regulatory and risk management. The Board’s ongoing education program has emphasized climate-related and sustainability related topics to enhance their existing skills and experience.

Directors are expected to devote sufficient time for all of the Board’s business and the affairs of Air Canada, demonstrate high ethical standards and integrity in their personal and professional dealings, attend all Board and applicable committee meetings, contribute meaningfully to, and challenge, our key business plans and strategic direction, and facilitate active and effective participation in Board and applicable committee deliberations. Management’s responsibility includes educating and communicating to the Board in a way that enables effective oversight of the broad set of questions they are called upon to consider.



Representation

The Board is committed to greater representation, inclusion and belonging at all levels of Air Canada and embraces the need to promote and support these values within our organization, whether in the boardroom or our workforce overall. The Board also believes that diverse perspectives maximize its own and management's effectiveness and improves decision-making in the best interests of Air Canada. The Board aspires through its ongoing renewal to see its composition further reflect Canada and the multiple viewpoints, backgrounds, experiences and other demographics of our customers and employees, including "designated groups" under our governing law.

We confirmed these values in a formal policy we adopted in February 2015, which we have since reviewed annually and embedded into our overall governance policy regarding Board composition and renewal. The Governance and Nominating Committee has also reported annually to the Board on its assessment of the policy's success in promoting an effective, representative and inclusive Board, including by reviewing the evolving composition of the Board and the measures taken to ensure its objectives.

We have previously joined in the leadership of many organizations in pledging or committing to advance representation and inclusion. For example, we had committed in 2022 to having women represent at least 40% of the directors of Air Canada by 2025, up from 30% by 2020. We have met those commitments, and if all nominees are elected this year we will continue to meet those commitments, achieving a relatively balanced state of gender representation. Accordingly, our Board has updated our policy to provide, among other things, that going forward men and women shall each comprise at least 35% to 45% of the Board.

If all nominees are elected, six (46%) of our directors will be women, and two (15%) will be members of a racialized group (visible minority). None of our current directors or nominees has self-identified as an Indigenous person or a person with a disability.

In 2020, we also pledged to have at least 3.5% of our directors and executives based in Canada be Black leaders by 2025. We have achieved that goal by reference to the combined composition of our 13-person Board and of our 7-person Executive Committee, and will continue to foster inclusiveness for Black leaders at the Board level, as well as at senior management and executive levels.

We do not have new targets for "designated groups" or other groups. We believe that our current initiatives and processes will continue to be effective in fostering the representation of all designated groups as opportunities for Board renewal arise, whether or not we use targets or goals in these regards.

We are also very proud of our representative and inclusive workforce and share more information on how we advance these priorities and values among our senior management and throughout Air Canada under [Representation](#).

Assessment of directors

The Chair of the Board, in coordination with the Chair of the Governance and Nominating Committee, assesses, on an annual basis, the effectiveness of the Board, of its committees and of individual directors. For this purpose, the Chair of the Board oversees the evaluation process described below.

Each year directors are asked to complete a survey on the effectiveness of the Board and its committees, as well as the effectiveness of the Chair of the Board and the Chair of each committee. The survey provides for quantitative ratings in key areas and seeks subjective comments in each of those areas. The survey is administered by the Office of the Corporate Secretary and responses are reviewed by the Chair of the Governance and Nominating Committee, the Chair of the Board, and the Office of the Corporate Secretary. The results of the survey are evaluated with the objective of identifying areas in which the Board and its committees may improve.

After the completion of the annual evaluation process, a summary report is prepared and is presented to the Board. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. In addition, the Chair of the Governance and Nominating Committee meets with the Chair of each committee and the Chair of the Board to discuss the results of the survey on their effectiveness.

Each year the directors are also asked to complete a peer evaluation survey that provides for quantitative ratings on key characteristics and behaviours essential for Air Canada directors and seeks subjective comments on peer performance. The results are compiled by an independent third party and reported to the Chair of the Board. The Chair conducts individual sessions with each director to discuss the director's peer feedback and contribution as a member of the Board.

Orientation and continuing education

The Board seeks to ensure that new directors are introduced to their role and all directors have access to the resources they need to focus on ongoing development.

New directors are familiarized with our businesses, strategies and policies and with industry knowledge to optimize their contributions on the Board. New directors are invited to attend orientation sessions with members of senior management as well as with the CEO, and to review governance documents and practices to enable them to better understand their role and responsibilities.

The Governance and Nominating Committee is also responsible for providing a continuous education program for directors of the Board. These programs may include internally developed programs, programs presented by third parties and financial and administrative support to attend qualifying academic or other independent programs. Our directors are also members of the Institute of Corporate Directors and the National Association of Corporate Directors which includes continuing education opportunities and content for them.

The continuous education program provides directors with opportunities to develop skills that contribute to their directorship at Air Canada by raising their awareness of company and industry issues and their duties and responsibilities as directors. Additional documentation and selected presentations, including strategy sessions with management, are also provided to directors to ensure that their knowledge and understanding of our business remains current.



The table below provides an overview of selected education sessions, presentations and reports attended or received by our directors in 2025.

Period	Topic	Attendance
Q1 2025	Quarterly reports on business, strategic and sustainability matters	Board
	Developments in IFRS financial statement presentation and disclosure	AFRC
	Developments in taxation	AFRC
	Update on cybersecurity environment	AFRC
	Sustainability reporting update	AFRC
	Review of structural cost initiatives	Board
	Site visit and overview of system operations control and flight operations	Board
Q2 2025	Quarterly reports on business, strategic and sustainability matters	Board
	Training module on financial risks	HRCPC
	Fuel, foreign exchange and interest rate risk management review	AFRC
	Modern slavery, forced labour and human trafficking	SHESC
	Update on market study of the Canadian domestic airline industry	Board
Q3 2025	Update on tariff environment	Board
	Quarterly reports on business, strategic and sustainability matters	Board
	Update on shareholder activism in Canada and the airline industry	Board
	Update on airline cybersecurity landscape	AFRC
	Fraud prevention risk assessment review	AFRC
	Sustainability reporting update	GNC
	Update on pension investments strategy	HRCPC
Q4 2025	Review of operational readiness	Board
	Quarterly reports on business, strategic and sustainability matters	Board
	Corporate strategic and long-range planning	Board
	Briefing on Canadian air navigation system	Board
	Update on productivity strategy	Board
	Update on artificial intelligence	Board
	Network strategy, industry landscape and revenue management roadmap	Board
	Briefing on economic and geopolitical environment	Board
	Update on airline industry and partnerships	Board

There are several standing items on the agendas of the Board and its committees through which subject matter experts periodically report to our directors on our business and affairs, our operating environment and sustainability matters, including updates on material developments that could affect Air Canada's business. Accordingly, Air Canada provides directors with regular reports and our management periodically briefs the Board with up-to-date industry studies and benchmarking information. Directors have furthermore participated in airport and other facility tours so they can enhance their understanding of the operational and other aspects of Air Canada's business and our industry.

Air Canada training information provided to employees are made available to the Board from time to time, such as in respect of domestic violence, awareness about Indigenous Peoples, and accessibility.

Code of conduct

Air Canada has a Code of conduct, which is reviewed annually by the Board. The Code of conduct applies to all directors, officers and employees of Air Canada. It addresses, among other things, conflicts of interest, use of company assets, confidential information, compliance with laws, fair dealing with other people and organizations, employment policies, computer, email, internet and other authorized technologies and reporting actual or potential misconduct or violations thereof. The Code of conduct is available on SEDAR+ at www.sedarplus.ca and on our website at www.aircanada.com/media/governance.

The Code of conduct is communicated or brought to the attention of all employees of Air Canada. In addition, all directors of Air Canada and members of management are required to complete an annual acknowledgment form and take all reasonable measures to ensure that the employees under their supervision comply with the Code of conduct.

Employees are required under the Code of conduct to report any illegal acts or violations thereof. It also provides guidance on how to file such a report including through our confidential and anonymous telephone and online reporting system administered by an independent third party. On a quarterly basis, the Audit, Finance and Risk Committee receives an overview of reports logged and investigated, and the Human Resources, Compensation and Pension Committee receives an overview of complaints received and investigated by the Human Rights and Harassment Office. No reported departure from the Code of conduct has been substantiated, and Air Canada has not authorized any waiver of the obligations under the Code, in respect of any director or executive officer.

The Code of conduct also provides that all directors, officers and employees are required to disclose to the Office of the Corporate Secretary any business, commercial or financial interests or activities that might create a conflict of interest. Our conflict of interest guidelines for directors set out how conflict situations will be managed during a Board meeting. If a director is deemed to have a conflict of interest because of an interest in a party to a proposed contract or transaction with Air Canada, then a specific "declaration of interest" is noted in the minutes of the meeting, and the conflicted director must abstain from voting on the matter. Depending on circumstances, the director may also withdraw from the meeting while the Board deliberates.



Related-party transactions

We are a global company with extensive operations. Because of these wide-ranging activities, there may be transactions, business arrangements or relationships with businesses and other organizations in which one of our directors, executive officers or nominees for director, or a person who beneficially owns more than 10% of our shares on a combined basis, or their immediate families, may also be a director, executive officer, or significant investor, or have some other direct or indirect material interest (related-parties).

The Audit, Finance and Risk Committee reviews related-party transactions where required by applicable law, including those that are subject to formal valuation or minority shareholder approval under applicable Canadian securities rules or that would otherwise be material to Air Canada. In evaluating a related-party transaction, the Committee would consider those factors it considers relevant to determine whether it has a business purpose for Air Canada and is on terms that are fair and reasonable to it. This could include the nature of the transaction, the costs to be incurred or payments to be made, the benefits associated with the transaction, the significance of the transaction to Air Canada and to the related-party, and management's determination that the transaction is in the best interests of Air Canada. Related-party transactions that require approval by the Audit, Finance and Risk Committee do not include executive compensation or benefits otherwise approved by the Board as described in this circular or transactions that are not material or that applicable laws exempt.

There are ordinary course transactions between Air Canada and related-parties from time to time, none of which constitute related-party transactions that require approval. To the best of our knowledge, no director, officer or other insider of Air Canada, nor any associate or affiliate thereof, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction during our last financial year that has materially affected or is reasonably expected to materially affect Air Canada or any of its subsidiaries.

Shareholder and stakeholder engagement

We believe in strong and consistent engagement with our shareholders and other stakeholders. We proactively engage with them throughout the year to better understand their priorities and perspectives on significant issues. Engagement participants include members of senior management and our Board.

Good corporate governance involves frequent, constructive dialogues with our shareholders to actively seek their feedback and to respond to their questions. We communicate regularly with shareholders to make sure we listen carefully to different viewpoints on various topics such as strategy, business performance, compensation practices and sustainability matters.

In 2016, the Board began inviting major institutional investors to meet with the Chair and other members of the Board on an annual basis so that they could engage and collect feedback from our shareholders. Our 2025–2026 annual outreach cycle began during the fourth quarter of 2025, building on other engagement meetings after our 2025 annual meeting of shareholders. We invited some of our largest institutional shareholders at the time to meet individually with the Board Chair and the Chairs of the Governance Committee, the Compensation Committee and the Audit Committee. Since our 2025 shareholder meeting, we have met with nine shareholders representing about 16% of our outstanding voting shares. Feedback and interest were expressed across multiple areas, such as Board oversight, governance and renewal, executive compensation and succession planning, climate and other sustainability, labour, capital expenditures and priorities, artificial intelligence, markets and auditor rotation.

Our Office of the Corporate Secretary co-ordinates the Board's shareholder engagement with Investor Relations.

Annual meeting

Our annual meeting is an opportunity for Air Canada to further engage with shareholders, which is why we encourage you to attend. The meeting will be held in a hybrid in-person and virtual format (via webcast), with simultaneous translation available in both official languages, and, via the webcast, with simultaneous translation to *Langue des signes québécoise* (LSQ), American Sign Language (ASL), as well as closed captioning. The annual meeting provides a valuable opportunity to hear directly from management about the results of Air Canada's business and operations, as well as our strategic plans. Members of the Board attend annual meetings in person or virtually, and the Chair of the Board is available to answer questions as appropriate.

Investor conferences

Since 2013, we have periodically held Investor Day events, including most recently in December 2024. Through Investor Relations channels, we also regularly participate in investor conferences, fireside chats and one-on-one meetings. In 2025, we participated in nine investor conferences and five additional investor events, and held over 80 engagements with investors. Quarterly conference calls are also held by executive management with the investment community to review Air Canada's most recently released financial and operating results.



Other engagements

The Executive Vice President and Chief Financial Officer and members of the senior management team regularly communicate with stakeholders in various ways to listen to their opinions on matters that are important to them.

We also engage with our stakeholders in a variety of ways including:



Customers

- Customer service discussions through our Contact Centres or Customer Relations or other channels (in person, by phone, email, digital platforms, etc.)
- Satisfaction surveys, customer feedback panels and focus groups, including as part of our customer experience initiative
- Content on website and via social networks
- Conferences and regular discussions with corporate customers

Employees

- Town halls (at least quarterly) with the President and Chief Executive Officer and other members of the Executive Committee
- Internal social media platform
- Surveys and discussion groups on employee experience
- Employee resource groups and other internal committees and councils
- General employee communications and meetings

Communities

- Media and government relations
- Participation in consultations, roundtables, surveys, conferences and forums
- Participation in community events, including with the Air Canada Foundation
- Involvement with industry or business associations
- Submissions to regulators on proposed measures and studies

Accessibility

We filed our first accessibility plan in June 2023, after having asked customers and employees with disabilities for their views about accessibility at Air Canada, and have published our two annual reports on our progress since then. We are working on developing our second accessibility plan for 2026–2029. Please see [Accessibility](#).

We have committed to consult persons with disabilities and accessibility organizations with a view to creating a positive travel experience for persons with disabilities, whether in services or infrastructure, and providing a fulfilling employment experience in the workplace. We are seeking accessibility feedback (including feedback on the plan) through any of the options we provide at [Accessibility plan](#).



Communication channels

The Board recognizes that it is also important for shareholders to have the opportunity to communicate on matters that are important to them. Shareholders who submit feedback or questions or who contact the Board may do so in French or English. Air Canada maintains a telephone number as well as email and regular mail addresses for stakeholder feedback and questions. All communications will be received, processed and initially reviewed by the Office of the Corporate Secretary. Communications that are not related to the responsibilities of the Board, including topics of a commercial nature, customer service matters, employment issues, business suggestions, job inquiries, opinion surveys and business or other solicitations, may be forwarded to the relevant Air Canada department or otherwise dealt with appropriately.

For any questions or comments, please contact the Board through the Chair via email at corporate.secretary@aircanada.ca, or Shareholder Relations by phone on +1-514-422-6644, by email at shareholders.actionnaires@aircanada.ca, or by mail at Air Canada Centre, Zip 1273, P.O. Box 14000, Station Airport, Montréal, Québec, H4Y 1H4, Canada. Please also refer to the section entitled [Documents you can request](#).

Questions directed at the meeting may be submitted by shareholders either in advance of, or at the meeting. Please see [Voting your shares](#) for additional information.



Board committees

The Board fulfils its duties and responsibilities directly and through four standing committees, namely the Audit, Finance and Risk Committee, the Governance and Nominating Committee, the Human Resources, Compensation and Pension Committee, and the Safety, Health, Environment and Security Committee. All Board committees are entirely composed of independent directors. Their roles and responsibilities are set out in written charters, which are reviewed annually. The tables below contain information about the members and purposes of each committee in 2025. The Board has further updated its committee charters with respect to AI initiatives and modern slavery reporting.

Audit, Finance and Risk Committee		
Christie J.B. Clark, FCA¹⁾ (Chair) Amee Chande Claudette McGowan Kathleen Taylor Annette Verschuren	PURPOSE AND SELECTED RESPONSIBILITIES Assist the Board in its oversight of financial reporting and audit processes, the independence, qualifications and appointment of the external auditor, and enterprise risk management. Oversee management's responsibility as to the adequacy of the supporting systems of internal financial and accounting controls. Oversee management's assessment of major information technology and cybersecurity risks. Review and pre-approve the nature of all non-audit services to be provided by our external auditor Facilitate in-depth and candid discussions regarding significant issues involving judgment and impacting quality of controls and reporting. Oversee the development by management of, control mechanisms and the integration of sustainability criteria in financial or other corporate reporting. Review the audit scope and approach of the internal and external auditors relating to sustainability matters. Review certain disclosures and where applicable report on them to the Board.	2025 selected highlights ✓ Oversaw the financial reporting process. ✓ Reviewed the 2025 Corporate Audit and Advisory Plan and oversaw its execution. ✓ Assessed the independence, qualifications, and performance of the external auditor and their ability to meet Air Canada's future needs. ✓ Reviewed management reports on disclosure and internal controls over financial reporting, and received regular updates on the control environment. ✓ Received management updates on fuel, foreign exchange, interest rate, compliance and privacy matters, and cybersecurity. ✓ Oversaw management readiness for the implementation of IFRS 18, including related financial reporting impacts. ✓ Received reports on Air Canada's enterprise risk profile and framework and reviewed top and emerging risks and their management. ✓ Reviewed controls over sustainability metrics and the associated disclosures. ✓ Received regular reports on critical technology projects, including major system launches, AI-driven initiatives, and core technology modernization, with particular focus on cybersecurity readiness.
Meetings in 2025: 5		

1) Mr. Clark is an audit financial expert for purposes of the Audit, Finance and Risk Committee.

Governance and Nominating Committee		
Jean Marc Huot (Chair) Christie J.B. Clark Madeleine Paquin Kathleen Taylor Annette Verschuren	PURPOSE AND SELECTED RESPONSIBILITIES Assist the Board in its oversight of corporate governance and director nominations. Review, monitor and evaluate trends and progress in overall efforts with respect to sustainability matters and their integration in its governance. Oversee progress in official languages action plan and related initiatives quarterly. Facilitate information sharing among Board committees about sustainability matters. Review Board policies and governing documents and updates to Code of conduct. Report regularly and provide guidance to the Board about the general strategy and direction with respect to corporate governance matters.	2025 selected highlights ✓ Reviewed Board and committee charters, governance guidelines and policies. ✓ Reviewed committee composition and chair appointments. ✓ Oversaw the annual assessment of Board, committees and director performance. ✓ Received updates on governance best practices and regulatory developments. ✓ Reviewed the director nominees to stand for election at the 2025 annual meeting. ✓ Oversaw and actively engaged in future board succession planning. ✓ Reviewed our Board policies, official languages initiatives and Code of conduct.
Meetings in 2025: 4		



Human Resources, Compensation and Pension Committee

Kathleen Taylor (Chair)

Gary A. Doer
Rob Fyfe
Michael M. Green
Claudette McGowan

PURPOSE AND SELECTED RESPONSIBILITIES

Assist the Board in its oversight of human resources priorities and risks, compensation and pension matters, including as to sustainability, succession planning, key talent management, and workplace practices and labour relations.

Oversee Air Canada's executive compensation programs consistent with its compensation philosophy and policies.

Review reports in respect of sustainability matters and their integration in compensation matters and Air Canada's human resources management strategies and organizational culture alignment with sustainability objectives, strategies and practices.

2025 selected highlights

- ✓ Reviewed approach to executive compensation, including design and positioning relative to comparators.
- ✓ Reviewed and monitored the performance of the CEO against 2025 objectives.
- ✓ Reviewed compensation approach and benchmarking and made recommendations for adjustments, performance objectives and metrics for 2026.
- ✓ Reviewed and made recommendations to approve the compensation of the CEO and other executives, as well as target compensation for 2025.
- ✓ Reviewed new executive appointments and oversaw executive succession planning.
- ✓ Received regular updates on sustainability and representation objectives.
- ✓ Received updates on pension matters.

Meetings in 2025: 4

Safety, Health, Environment and Security Committee

Rob Fyfe (Chair)

Ameé Chande
Gary A. Doer
Michael M. Green
Jean Marc Huot
Madeleine Paquin

PURPOSE AND SELECTED RESPONSIBILITIES

Assist the Board in its oversight of safety, health, environment and security matters including in relation to strategies, policies, systems and processes, management of risks relating to safety, health, environment and security matters, and compliance with statutory obligations.

Oversee Air Canada's approach and progress in areas relating to climate change and environmental initiatives.

Review the effectiveness of Air Canada's risk management framework in relation to safety, health, environment (including climate change), security matters and compliance with statutory and regulatory obligations.

Monitor progress and review and make recommendations on Air Canada's climate-related initiatives to the Board.

Oversee approach and review and recommend to the Board Air Canada's Modern slavery, forced labour and human trafficking report.

2025 selected highlights

- ✓ Received regular updates on initiatives relating to safety, health, environment and security matters.
- ✓ Received quarterly updates on safety and operational matters.
- ✓ Received quarterly updates on indicators relating to safety management.
- ✓ Received quarterly updates on environmental and compliance matters.
- ✓ Reviewed approach to SAF procurement and credits.
- ✓ Provided strategic direction and oversight of climate-related initiatives targets.

Meetings in 2025: 4



Overview of sustainability governance

The Board evaluates sustainability-related matters that affect Air Canada on a regular basis. It oversees management recommendations on how to allocate resources including with regard to Air Canada's best interests and long-term performance and value creation. Air Canada has multiple levels of oversight and management for sustainability matters, which we define broadly to include climate and other environmental, human capital, representation and inclusion, safety, social, economic and governance factors.

Our Board and its committees

As part of the strategic planning process, our Board of Directors evaluates and reviews public issues of significance that may affect Air Canada's business, operations and stakeholders. The Board accordingly oversees Air Canada's sustainability activities and strategies, including the assessment of climate-related risks and opportunities and progress on climate and other sustainability goals. Management also regularly report to the Board or its committees on technological advancements and initiatives, including artificial intelligence and other digital transformation initiatives, that are relevant to Air Canada and the airline industry. All Board committees are mandated to perform their activities having regard to sustainability matters.

Our Board oversees various dimensions of sustainability through the work of its committees. Some of the matters that benefit from the focused attention of our Board committees at their quarterly meetings include:

- management's recommended sustainability disclosures, processes and controls, review of reports from the enterprise risk management program (Audit, Finance and Risk Committee),
- our overall oversight of activities, policies and programs about sustainability matters (Governance and Nominating Committee),
- the integration of sustainability matters in Air Canada's approach to compensation, human resources management strategies and organizational culture (Human Resources, Compensation and Pension Committee),
- our safety, health, environment strategy, risk management and regulatory compliance and security policies and practices (Safety, Health, Environment and Security Committee). This committee also reviews and recommends Air Canada's climate action or other sustainability plans to the Board and monitors and evaluates progress on them through the receipt of regular reports and updates from management.

The Board annually reviews its committee charters with respect to climate and other sustainability reporting, including in light of evolving sustainability disclosure standards.

We provide additional information regarding the role of the Board and its committees, including in respect of sustainability matters, under [Board committees](#).

Our management

In 2024, we reviewed and updated our management oversight and coordinating framework regarding sustainability. Our Executive Committee and Corporate Environment Board are chaired by our Chief Executive Officer and receive reports from management coordinating committees and other subject matter experts.

Our Sustainability Steering Committee is comprised of Executive Committee members and meets quarterly, and sometimes as part of a regular Executive Committee meeting. It has general oversight of our corporate sustainability initiatives and programs, through the work of coordinating committees relating to corporate sustainability, climate and environmental matters.

The coordinating committees are led by the Vice President of Airport Affairs, Corporate Real Estate and Sustainability and comprise senior management subject matter experts from diverse functions. Specialized working groups are tasked with advancing corporate sustainability initiatives, such as in respect of customer engagement, representation and inclusion, accessibility, official languages, community investments, and human trafficking.

Our sustainability disclosures or portions thereof are reviewed by the coordinating committees in accordance with their respective areas of responsibility, as well as by the Sustainability Steering Committee, before being recommended by management to the Board and the Audit, Finance and Risk Committee.

Stakeholder feedback

Stakeholder engagement allows us to determine what our stakeholders expect about matters that are most important to them. We regularly consult a wide range of stakeholders in various ways as issues evolve and new ones emerge, helping to inform the topics discussed in our disclosures and shape our sustainability approach and initiatives.



Sustainability highlights

We are committed to operating safely, reflecting Canada at its best, leading in sustainability initiatives and governing ourselves responsibly and ethically. Taken together, we believe these efforts benefit shareholders, employees, customers, communities and other stakeholders.

Corporate sustainability reporting

Our approach to sustainability disclosure aligns with international recommendations. Our social and environmental achievements are reported in accordance with the Global Reporting Initiative (GRI) standards. The 2024 edition describes our approach, commitments and progress respecting our sustainability activities and performance throughout that year.

We were the first Canadian airline to join the UN Global Compact (UNGC), which encourages businesses around the world through its networks to adopt more sustainable and socially responsible practices. Air Canada supports the 10 principles of the UNGC and its 17 Sustainable Development Goals (SDGs), established by the UN General Assembly.

Air Canada's GHG emissions, targets and climate strategy are also reported through the Task Force on Climate-related Financial Disclosures (TCFD) Index as well as through the CDP, formerly known as the Carbon Disclosure Project. For additional information relating to the CDP, visit www.cdp.net.

Our 2024 Corporate sustainability report, TCFD Index, and GRI Content Index are available at [Responsibility](#). The information on our Responsibility website is subject to change without notice. While we do our best to ensure the currency and accuracy of the information contained on our Responsibility website, documents in it have necessarily been created as at a point in time and may no longer be current or accurate. We disclaim any intention or obligation to update or revise any statements, whether because of new information, future events or otherwise.

Safety

In everything we do, we dedicate ourselves to Safety First. Always, our overarching priority for ourselves, our customers and our industry.

Safety management is a responsibility and factors into every operational decision Air Canada makes. Air Canada has established the structure, processes and resources to ensure that safety and its stewardship are prioritized and that safety measures are appropriate and effective. Air Canada provides employee training, integrates safety data analytics and AI into its Safety Management System, pursues technology to improve analytics, assesses safety risks linked to new equipment, routes, and projects, and promotes safety reporting while protecting critical information to guide future decisions.

Our Occupational Health and Safety (OHS) Program is designed to protect employees from occupational hazards and minimize risks to their health and well-being. Via our program, we establish procedures for dealing with workplace hazards. See [Employee well-being](#) below as well.

We also continue to engage with other aviation organizations and authorities around the world to promote safety and to share best safety practices.

Artificial intelligence

We are deploying and exploring artificial intelligence (AI), including machine learning, advanced analytics, optimization techniques and generative AI to augment our operational and other capabilities and productivity. We apply AI in multiple areas, enhancing human decision-making subject to human oversight and appropriate controls. In 2025, we launched and expanded several AI-driven solutions across customer relations, commercial optimization, operational planning and fuel supply chain management, and advanced agent-enabled capabilities as part of our broader customer care transformation. We work to identify opportunities and priorities and oversee responsible network-wide AI development and use. We have adopted an AI ethics policy, which sets forth principles that govern our use and development of any artificial intelligence, machine learning or advanced analytics, models, applications, processes and systems related to AI. It applies to the entire life cycle of AI which includes planning, design, building, operation and monitoring as well as data collection and processing. The policy applies to internal development as well as third-party providers of AI tools.

Our values and Code of conduct provide the foundation for the principles that guide our responsible use of AI: fairness, privacy, security, accountability and integrity. Our Board and its committees respectively receive management reports on our governance and initiatives relating to the use of AI, including AI risks and opportunities. We review our AI policy and governance in relation to evolving AI capabilities and use cases and invest in AI-related training for our employees.



Privacy and information security

Privacy and information security are essential components of Air Canada's operational integrity and long-term resilience. They require ongoing care and attention as we operate in an environment where data protection requirements continue to evolve across jurisdictions.

We maintain privacy policies describing how personal information is collected, used, disclosed and retained, as well as the rights individuals have in relation to their information. These policies are supported by enterprise-wide processes designed to ensure responsible data handling. It is also important that suppliers and other third parties we deal with have effective cybersecurity and privacy controls that are aligned with Air Canada's policies and standards. The Privacy Office oversees privacy governance, provides enterprise guidance and manages compliance against applicable data protection laws, thereby contributing to mitigate privacy related risks.

We invest in cybersecurity initiatives that target areas of advancement to stay ahead of evolving threats, both from the growing number of sophisticated actors and information security attacks, which have continued to grow in complexity. Air Canada incorporates cybersecurity requirements into all technology initiatives, referencing established best practices and standards such as the NIST Cybersecurity Framework, while considering advancements in technology, including artificial intelligence. We benchmark our cybersecurity readiness against similar organizations, monitor threats and continue to implement improvements to enhance our resilience in maintaining the security of our systems and protecting the data we hold.

The Audit Committee receives regular updates on privacy and on cybersecurity and artificial intelligence risks.

We have not experienced a material cybersecurity breach during the last three years. In 2023, an unauthorized group briefly obtained limited access to an internal Air Canada system. Our flight operations systems and customer-facing systems were not affected, and no customer information was accessed. We contacted parties whose information had been involved as appropriate, as well as the relevant authorities. Our systems remained fully operational, and we have since implemented further enhancements to our security measures, including with the help of leading global cyber security experts, to help prevent such incidents in the future as part of our ongoing commitment to maintaining the security of our systems and the data we hold.

Employee well-being

In 2025, Air Canada continued to invest in programs and training to support the overall well-being of our employees, including their physical and mental health. We enhanced our Unlock the Best in You (UBY) program, which includes comprehensive financial education and support, access to telemedicine and a rich resource repository on well-being overall, namely work health, mental health, financial well-being and general health and wellness.

Air Canada supported over 240 community organizations through community partnerships.

The [Air Canada Foundation](#) supported over 470 charitable organizations dedicated to children's health and well-being, donated close to \$1.8 million in charitable grants and helped more than 460 children secure access to critical medical care by providing flights and Aeroplan points. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children under the guidance of its own board of directors.

Representation and inclusion

Air Canada's representative and inclusive workforce is a strength that helps attract and retain the best available global talent. It also allows us to better serve our diverse customer base. We work collaboratively to nurture an inclusive work environment, making our employees feel welcome, providing a safe environment for them to express their identities and demonstrating our appreciation for their contributions. Air Canada is proud of the fact that customers and stakeholders can see themselves and their backgrounds reflected in our employees around the world. We acknowledge that fostering inclusion and belonging is an ongoing journey that demands continual commitment and focus, and we are strengthening our efforts to support a representative, equitable and inclusive environment.

Our efforts include embedding these considerations in professional development practices and launching campaigns and community outreach initiatives supporting our goals for underrepresented peoples.

As of December 31, 2025, 85.7% of our Canadian-based employees voluntarily self-identified for representation data regarding four identities designated under applicable Canadian law, including 39 out of 45 members of our executive management team (vice president level and above) who chose to respond. Out of (a) our 36 vice presidents, eight (22.2%) of whom self-identified as women, two (5.6%) as a person with a disability, four (11.1%) as members of visible minorities, and none as an Indigenous person, and (b) our nine executive officers, a subset of the executive management team, one (11.1%) of whom self-identified as a woman, another (11.1%) as a person with a disability, and none as members of visible minorities or Indigenous persons.

In 2020, we pledged to have at least 3.5% of our directors and executives based in Canada be Black leaders by 2025. We have achieved and maintained that goal since 2023 by reference to the combined composition of our Board and Executive Committee, and will continue to foster inclusiveness for Black leaders at our Board, senior management and executive levels. We do not otherwise use targets with respect to representation of designated groups for senior management. The composition and representation of our executive and senior management is supported by our talent pipeline. We manage talent and plan succession by identifying, assessing and developing candidates for future roles, allowing us to build a representative pipeline of leaders as well. In 2025, Air Canada's formal mentoring programs included 394 participants (mentors and mentees), with 48% identifying as female and 37% as visible minorities, 0.5% as Indigenous and 4% as persons with disabilities. To further support the pipeline of underrepresented talent to senior leadership roles, we offer unconscious bias training for our recruiters and a process whereby managers receive a toolkit and guidance during the hiring process to ensure that selection is based on merit.

Members of "designated groups" are defined under Canadian law for these purposes as women, members of visible minorities, Indigenous Peoples and persons with disabilities.



Air Canada follows a holistic framework to embed and foster an intersectional approach within our inclusion strategy called CARE: Community outreach, Accountability, Representation, Engagement and belonging. By leveraging CARE in 2025, we strengthened our efforts to continue delivering on our commitments, including through five employee resource groups. Since 2024, we have incorporated a development objective into the performance metrics for senior leadership regarding sustainability, representation and inclusion, and annually provided leaders with the representational composition of their teams (collected through voluntary self-identification) to be able to better understand their representational composition. In 2025, we also concluded agreements with key partners to support learning and mentorship opportunities that address the specific needs of underrepresented peoples.

Accessibility

Air Canada is committed to being a leader in accessible travel and employment. We invest significant resources in accessibility and will continue to do so. We believe in designing our product and service offerings and employment experience with accessibility in mind. We are committed to engaging with persons with disabilities and accessibility organizations, to developing and enhancing accessibility features, policies and processes, to designing training that embeds accessibility objectives into the full curriculum for our employees, to promoting a culture of respect and dignity, and to collaborating with partners in the aviation ecosystem to ensure the needs of persons with disabilities are considered in the workplace and throughout their travel experience. We also continue to reduce barriers at all stages of a person's employment experience, so they feel safe and supported at work.

In June 2023, we published our first Accessibility Plan for 2023–2026, which sets out our commitment to improve accessibility and reduce barriers for customers and employees with disabilities. We also launched an Accessibility Advisory Committee in 2023, made up of customers with disabilities, representing different Canadian disability organizations, who advise and consult on our accessibility plans and priorities. We are in the process of expanding this Accessibility Advisory Committee to ensure that it is representative of the breadth of the disability community, as well as regional and intersectional diversity.

We have since announced measures to reduce barriers and make travel simpler, more comfortable and consistently reliable for customers with disabilities and to address major sources of dissatisfaction and trip disruption for customers with disabilities. We introduced and completed enhanced accessibility training, with additional new training to come in 2026. We have emphasized making more information available to our customers on what accessibility services we offer and how to access them.

Finally, we have continued to implement mandatory training for all people leaders on workplace accommodations and reinforced training for key people managers responsible for supporting workplace accommodation processes. We also integrated accessibility into new projects for built environment. We also increased accessibility of training and internal communications. Air Canada's Diverse Abilities Employee Resource Group, launched in 2023, promotes the inclusion of disabilities, diverse abilities and accessibility to reduce the stigma of disability and remove barriers, including through panels involving people with disabilities and awareness campaigns. The senior leader sponsor of this ERG is Mark Nasr, Executive Vice President and Chief Operating Officer.

We are now working on our next Accessibility Plan for 2026–2029, in consultation with our employees and our customers.

Accessibility by the numbers

1.46 million accessibility requests were received in 2025 representing both visible and non-visible disabilities

36,396 wheelchairs and large mobility aids were transported on our flights in 2025

36 Canadian airports are equipped with Eagle lifts

27 Canadian airports support the Hidden Disability Sunflower lanyards program

2.29% of our employees self-identified as a person with a disability in 2025, in line with 2.3% representation within the air transportation sector

Official and other languages

Air Canada is proud to be one of the few Canadian private sector companies to offer services in both official languages across Canada. We are the only airline required to do this in Canada. We have done so with steadfast commitment for more than 50 years, in a highly complex industry and on a scale and geographic breadth that is unmatched among other major Canadian companies. Over time, we have developed unique expertise and have been leaders in implementing sustained initiatives to deliver services in both official languages in multiple locations and route combinations, and in promoting the use of both official languages in the workplace.

Our services are offered in a variety of settings, but most visibly at the airport and aboard our aircraft, carrying about 45.3 million passengers on over 372,000 flights in 2025 including flights connecting Canada with the destinations we serve. We are one of few airline companies in the world that serve customers in English and in French on the scale we do, and we are proud to reflect Canada in that way both within and outside its borders. The diverse linguistic abilities of our public facing employees have allowed us to designate 24 route languages other than our official languages. These designations are based on internal criteria including minimum service requirements on the relevant flights.

We are dedicated to meeting our linguistic commitments. We regularly test the linguistic skills of our more than 15,000 public facing employees in respect of Canada's official languages and an additional 24 route languages. Employees may also choose to self-report the languages they speak in which case their self-assessments are recorded. Based on testing and self-reporting data we have in respect of about 39,000 employees:

- more than 80 languages globally are spoken by our employees with some level of tested or self-reported proficiency,
- more than half of our employees, as well as of our public facing employees and our management employees, are able to communicate with some level of tested or self-reported proficiency in both official languages,
- about 40% of our employees speak at least one route language, and
- the most spoken route language among our public facing employees is Spanish, with other prominent languages including Hindi, Punjabi and Mandarin.

Both official languages of Canada are used in our corporate, customer and employee communications and commonly used in everyday interactions in many of our operations. We are committed to promoting both official languages of Canada across the country, and have policies, programs, procedures and tools to help our employees learn and improve their language skills. Six of the seven members of our Executive Committee are bilingual.

We care about all the communities in which we live and work, including Québec where our Montréal head office is located. We will continue to work with all our stakeholders to see how we can meet their expectations, while honouring individual rights and our legal obligations. In 2023, we voluntarily registered with the *Office québécois de la langue française* under the *Charter of the French language*. Our *Programme de francisation* has since then been approved by the *Office* and is being implemented, reflecting our aim to contribute to the protection, promotion and reach of the French language, while complying with the *Official Languages Act* that applies to us.

Our Official Languages department is responsible for implementing our Linguistic Action Plan and official languages initiatives, and supported in this regard by our Official Languages Committee, composed of senior management from key functions. A network of Official Languages Supporters helps implement initiatives at each airport and in-flight service base. A *Comité de francisation* is also in place focusing on activities in Québec. In 2025, we launched the Expression Employee Resource Group, which aims to encourage the use of the French language within the workplace and help create meaningful connections between employees.

Progress on our official languages and Linguistic Action Plan initiatives are reported quarterly to the Governance and Nominating Committee of the Board.



Our climate-related initiatives

Air Canada's climate-related initiatives are aimed at aligning with the Government of Canada's Aviation Climate Plan stated vision of net-zero emissions by 2050, the IATA 2021 resolution for the global air transport industry to achieve net-zero carbon emissions by 2050 and the ICAO member states' collective long-term global aspirational goal of net-zero carbon emissions by 2050. These ambitions align with the Paris Agreement and, to succeed, they will require the co-ordinated efforts of the entire airline industry (e.g., airlines, airports, air navigation service providers, manufacturers) and significant government support.

In March 2021, we announced our climate-related ambition that sets out mid-term targets in support of our long-term aspirational goal of net-zero GHG emissions by 2050. Those mid-term targets are (a) 20% GHG net reductions from our air operations compared to a 2019 baseline by 2030, (b) 30% GHG net reductions from our ground operations compared to a 2019 baseline by 2030, and (c) a \$50 million investment fund for SAF action plan as well as low carbon technologies.

Our ambitions, particularly our net reduction target for our air operations, are dependent on low carbon technologies and the availability of sufficient SAF. IATA estimated that SAF production volumes only accounted for 0.6% of global jet fuel consumption in 2025. Air Canada cannot achieve its ambitions alone; governments play an essential role in these efforts, and each stakeholder across the climate action chain must play its part.

Air Canada's climate-related initiatives build on existing value streams and activities based on four key carbon reduction pillars that are central to the advancement of our objectives and position us to leverage emerging opportunities: Fleet and operations; Innovation; SAF and renewable energy; Carbon reductions and removals.

The aviation industry includes many participants, many of which can play a meaningful role in reducing GHG emissions. Air Canada is accordingly engaged with other stakeholders in the air transport system to advance and explore opportunities. For more information, see [Air Canada's 2024 Corporate sustainability report](#).





Executive compensation

This section explains our executive compensation philosophy and programs and the decisions we took regarding the compensation of our named executive officers.

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Message from the Human Resources, Compensation and Pension Committee

March 19, 2026

Dear fellow shareholders,

On behalf of our Compensation Committee,¹⁾ I am pleased to share our approach to 2025 executive compensation decisions as we reinforced our clear pay-for-performance philosophy in a year that presented a highly demanding and dynamic environment.

2025 context

Air Canada's executive team led the extraordinary efforts of our more than 39,000 co-workers in 2025, delivering solid financial results, capped by an exceptional fourth quarter, despite significant headwinds. Throughout this unsettled period, management stayed focused on Air Canada's long-term plan while achieving near term performance and making progress on capital allocation and other priorities.

During the year, our committee supported the Board's focus on enhancing the strengths of our leadership team to meet the evolving needs and ambitions of Air Canada, including by realigning certain senior executive responsibilities last May. The compensation of these named executives is included in the [Compensation discussion and analysis](#) that follows.

2025 performance that influenced compensation

In determining 2025 compensation for the President and CEO, the Board of Directors identified key areas of focus in financial, strategic, operational and corporate sustainability performance. These key areas were then viewed against our pay for performance philosophy.

Financial performance

Air Canada's overall financial performance in 2025 was strong:

- record operating revenues of \$5.8 billion in the fourth quarter of 2025, reaching \$22.372 billion for the full year, and achieving year over year earnings growth as compared to \$22.255 billion in 2024,
- income before income taxes of \$789 million, as compared to \$515 million in 2024, and
- net cash flows from operations of \$3.657 billion, as compared to \$3.930 billion in 2024.

Financial performance for the annual incentive component, or AIP, of our executive compensation program is assessed using Air Canada's adjusted pre-tax income,²⁾ which totaled \$658 million for the year. Although this result was below our \$677 million target, the difference was significantly less than the impact of the summer labour disruption.

Nonetheless, the missed target led to a reduced rating on the corresponding AIP financial component, as determined by its placement relative to the nearest performance reference points. For more information, see the table below and the [Compensation discussion and analysis](#).

Strategic, operational and corporate sustainability performance

Our leadership team achieved or surpassed all non-financial goals set for Air Canada in 2025 across nine key areas important to our customers and shareholders, which are also tied to compensation:

1. **Safety:** achieving overall safety objectives;
2. **Customers:** improving customer service, on-time performance and our net promoter score,³⁾ notably across major disruptions, highlighting our improved ability to communicate with customers and offer support;
3. **Aeroplan:** surpassing Aeroplan membership targets, increasing points revenue, launching a revenue-based accrual system; expanding redemptions, and securing new 2026 partnerships;
4. **Technology:** completing major technology projects and responsibly exploring and deploying artificial intelligence solutions and biometrics;
5. **Cost transformation:** reducing costs to deliver recurrent savings and advancing our management structure redesign;
6. **Emissions reduction:** driving for progress regarding SAF availability and other emission reduction efforts;
7. **Employee well-being:** promoting employee well-being through increased engagement and supporting employee resource groups;
8. **Succession planning:** advancing succession planning, particularly in our leadership ranks; and
9. **Official languages:** progressing on our official language priorities.

Our leadership team's work also contributed to other positive strategic and operational outcomes that are not reflected in our metrics. For example, we saw significant gains in employee commitment and leadership effectiveness during periods of severe operational stress, notably in safely completing our unprecedented operational restart after our team reached settled terms with our flight attendants' union in the summer.⁴⁾ Air Canada was also forward-looking in joining a consortium to help design a high-speed rail project in Eastern Canada.

Despite the challenges faced in 2025, Air Canada also repurchased over \$850 million of its shares during the year. Since 2024, over \$1.3 billion has been returned to investors.

At the same time, the estimated solvency surplus in Air Canada's domestic registered pension plans reached an estimated \$5.1 billion by the end of 2025, offering long-term sustainability and continued contribution holidays.

Overall, we found the strategic, operational and corporate sustainability performance exceeded stated objectives referred to in the table below and the [Compensation discussion and analysis](#), while also responding effectively to the challenges faced in 2025.

Our pay for performance decisions

In 2025, our executive team demonstrated continued leadership through a challenging environment and delivered solid financial results and exemplary strategic and operational performance. Our committee approved an overall AIP performance weighting of 135% based on that performance, as well as individual objectives, where applicable.

1) We refer for convenience to the Human Resources, Compensation and Pension Committee as the HRCPC or the Compensation Committee.

2) The Compensation Committee assesses performance with adjusted profitability metrics because they better measure Air Canada's ability to grow profitably and manage costs considering industry-wide pressures and macroeconomic factors. Adjusted pre-tax income was chosen in 2025 as it is a comprehensive performance metric that reflects overall pre-tax financial performance, excluding unrelated tax effects, and incorporates depreciation and net interest expense and therefore reflects capital allocation, asset ownership, and financing decisions. For purposes of the AIP payout, adjusted pre-tax income is calculated before deducting expenses relating to the AIP. Adjusted pre-tax income is a non-GAAP financial measure which is not a recognized measure for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities and should not be considered a substitute for, or superior to, GAAP results. We incorporate by reference section 20 (Non-GAAP Financial Measures) of our [Air Canada 2025 MD&A](#), which is also available under Air Canada's profile on SEDAR+ at www.sedarplus.ca, for an explanation of the composition of non-GAAP measures, how they provide useful information to investors and the additional purposes for which management uses them, as well as a reconciliation to the most directly comparable GAAP measure.

3) This widely used customer experience metric focuses on customer care and helps measure the likelihood of customers recommending Air Canada to others.

4) Since then, an arbitration award on the outstanding wage items has finalized a new collective agreement.



We also maintained significant weighting on incentive- and performance-based compensation that is ‘at risk’, ensuring close alignment between the interests of Air Canada’s executives and those of our shareholders.

Our President and Chief Executive Officer Michael Rousseau’s total target direct compensation in 2025 was \$11.9M. Of that amount, over \$10.5M, or 88% of the total, is considered at risk. Similarly, about 77% on average of the total target direct compensation in 2025 of our named executives other than our CEO is also at risk.

The 88% at-risk portion of our CEO’s total target direct compensation is made up of short-term AIP of 15%, as well as long-term equity-based awards of 73%, more than half of which are performance-based.

The CEO’s AIP for 2025 was determined according to the following components and corresponding ratings.

AIP components	AIP target and objectives	2025 results	CEO weighting	CEO rating
Financial component	Adjusted pre-tax income of \$677 million	\$658 million out of \$677 million	50%	41% ¹⁾
Non-financial components	Strategic and operational (four)	Overall exceeded	35%	70%
	Corporate sustainability (five)	Overall exceeded	15%	24%
Total			100%	135%

1) Financial performance weightings are set linearly based on indicated performance reference points within a range.

In 2025, our CEO’s performance-based stock options and performance share units from grants in 2022 and 2023 vested at 79.1%, with key financial targets achieved, while total shareholder return performance was in the lower quartile of peer and index comparisons. These determinations are illustrated in the table below:

Grant	2025 performance measure	Weight	Performance cycle	Target	Actual	Vesting
2022 stock options	4-year average annual operating margin	N/A	2022–2025	4.7%	6%	100%
2023 PSUs	3-year cumulative annual adjusted EBITDA	75%	2023–2025	\$9.9B	\$10.9B	100%
	TSR vs airline peer group	12.5%	2023–2025		6 th rank	33%
	TSR vs S&P/TSX Composite Index	12.5%	2023–2025		< 25 th PCTL	0%
Total						79.1%

Our [Compensation discussion and analysis](#) describes the executive compensation program for all our named executives in 2025 in more detail.

2026 compensation program updates and decisions

Each year, our Compensation Committee reviews our existing compensation program and considers investor feedback and business results, as well as our strategic plan. We also annually review the CEO objectives, including relevant metrics and weightings.

For 2026, the total target compensation opportunity for all named executives will continue to be set by reference to the median of Air Canada’s comparator group for similar roles, factoring in changed responsibilities, retention, and succession considerations, always maintaining a significant component of “pay at risk.”

We have also taken steps to modernize the design of our long-term incentive plan to further emphasize performance, notably by increasing the performance-based portion of the LTIP to 55% and enhanced PSU performance assessment if results exceed targets and outperform peers. We also made changes to better align with market practices, such as in the treatment of options and units when employment ends.

Finally, we are proposing at the meeting to replenish the LTIP share reserve by six million shares. Equity-based awards such as options are a fundamental part of how we align compensation with our shareholders’ interests and play a critical role in our pay-for-performance compensation program. They also help preserve our ability to attract, incentivize and retain key contributors in a competitive market for talent. We describe this proposal at [Replenishing the Long-Term Incentive Plan reserve](#).

CEO succession planning

The Board has had a longstanding focus on CEO succession planning. Consistent with this priority, work has been underway for more than two years on a comprehensive internal development program for high potential executives. An external global search was also commenced in January 2026 to identify potential additional candidates with the skills and experience to lead Canada’s national airline, proudly headquartered in Montréal, Québec. The Committee has been supported in its work by two global organizational consulting firms.

The Committee has developed and updated a CEO role specification that outlines leadership competencies and essential experiences. The role specification includes that our next leader should be based in Montréal and a C-suite leader with proven experience setting enterprise strategy and delivering results at scale, partnering effectively with external stakeholders, driving transformation, and demonstrating strong leadership competencies. The Board’s performance criteria in assessing candidates will also include the ability to communicate in French.

Your continuing input

In 2026, the Board will continue to carefully consider your ongoing feedback and will study what further refinements could be made to enhance our executive compensation program.

We once again invite you to have your say on our approach to executive compensation at our annual meeting. In 2025, the support for our executive compensation approach increased from about 70.4% the year before to 84.1%, with about 5.4% of our outstanding shares having voted against. Although this vote is advisory and non-binding, the Board takes it into account and consults shareholders who oppose our approach to understand their views and ensure our executive compensation policies support Air Canada’s long-term goals and shareholder value creation. To this end, we have now met with shareholders who in 2025 represented most of the shares voted against our approach to executive compensation and have benefited from their insights.

If you have any comments or questions about our approach to executive compensation, please contact us using the information in this circular. We also look forward to your participation at our upcoming annual meeting of shareholders.

In closing, we want to add our expression of gratitude to Gary Doer. Gary’s guidance and knowledge since he first joined the Board and the Compensation Committee in 2018 have been invaluable to us during his tenure.

Sincerely,

Kathleen Taylor

Chair, Human Resources, Compensation and Pension Committee

Compensation discussion and analysis

Air Canada’s long-range plan requires performance. We believe in incentivising and rewarding employees for that, commensurate with market, and in having an executive team that is focused on creating value for Air Canada and its shareholders.

In 2025, Air Canada made progress on its long-term financial targets and aspirations, building on a proven commercial strategy and demonstrated ability to deliver on commitments, leveraging unique strengths developed over the last decade. Air Canada’s long-term plan aligns with the *Rise Higher* framework, introduced in 2021. This framework articulates and elevates our business imperatives around the four key priorities below:



Fund our future

Staying vigilant on costs, seizing on opportunities and making the right strategic investments.



Reach new frontiers

Embracing our competitive strengths to grow our business, restoring and expanding our international reach and continually exploring new opportunities.



Elevate our customers

Supporting the creation of meaningful customer experiences and human connections, such as by leveraging innovations in technology, loyalty program and products.



Lift each other up

Fostering a collaborative workplace that respects all diverse cultures and contributions to society.

The *Rise Higher* framework and its four key priorities are used in articulating the performance objectives under Air Canada’s Annual Incentive Plan (AIP).

Named executive officers

This Compensation discussion and analysis section describes the philosophy, policies and components of our executive compensation program, as well as the compensation decisions of the Human Resources, Compensation and Pension Committee and the Board of Directors for the following named executive officers in 2025.

Named executive officer	Role
Michael Rousseau	President and Chief Executive Officer
John Di Bert	Executive Vice President and Chief Financial Officer
Craig Landry ¹⁾	Executive Vice President, Chief Innovation Officer and President of Aeroplan
Mark Nasr ²⁾	Executive Vice President and Chief Operations Officer
Mark Galardo ³⁾	Executive Vice President, Chief Commercial Officer and President, Cargo

1) Until May 1, 2025, Mr. Craig Landry was Executive Vice President and Chief Operations Officer.
2) Until May 1, 2025, Mr. Mark Nasr was Executive Vice President, Marketing & Digital and President, Aeroplan.
3) Until May 1, 2025, Mr. Mark Galardo was Executive Vice President, Revenue & Network Planning and President, Cargo.

We sometimes refer to our committee as the HRCPC or the Compensation Committee and to the executive officers named above as named executives.



Executive compensation philosophy

Our executive compensation program plays a significant role in successfully attracting, motivating and retaining an exceptional management team. Our executive compensation program is designed to increase shareholder value over the long term through four fundamental tenets:

- Align the interests of executives with those of Air Canada and its shareholders.
- Reward executives for results based on corporate performance in the short and long term.
- Design and maintain an executive compensation program that achieves the right mix of pay components, including performance-based pay that is at risk.
- Provide compensation that is market competitive, while maintaining significant weighting on incentive- and performance-based compensation that is at risk based on Air Canada's performance.

Our executive compensation program is designed by our Compensation Committee and recommended to our Board of Directors to align with our long-term strategy.

Role, responsibilities and composition of the Compensation Committee

The Compensation Committee's core responsibilities include recommending appropriate compensation for our named executives and approving, designing, evaluating and overseeing our executive compensation philosophy, plans, policies and programs for all our executives.

The Compensation Committee reviews our executive compensation program and incentive structure each year and considers a variety of factors in setting total target compensation values and structure or making any potential changes, including the scope and complexity of our business, evolving compensation trends, our financial and operational performance and results and our strategic roadmap. It also considers the advice of its independent compensation consultant, the views of management and investor feedback.

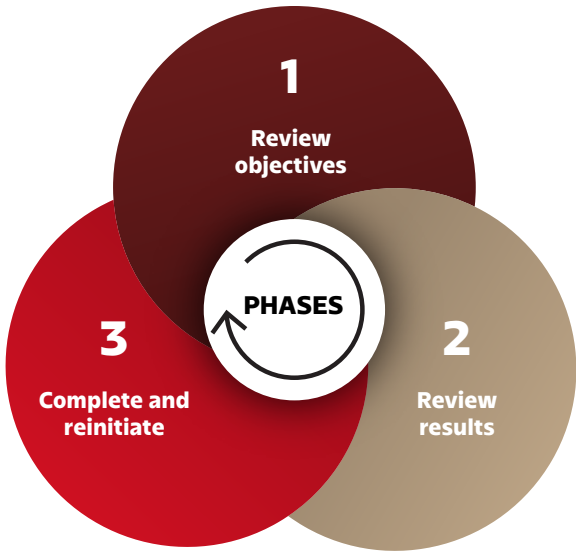
The Compensation Committee's final recommendations regarding the compensation of our named executives are based on the compensation principles discussed in this analysis and any changes to our executive compensation programs based on its informed business judgment. The role and responsibilities of the Compensation Committee are also described under [Board committees](#).

The members of the Compensation Committee have extensive knowledge of key areas of executive compensation. They also have many years of direct experience in applying the principles and policies underlying executive compensation decisions, in designing, implementing, or overseeing compensation programs, and in leadership and succession planning. Our members have acquired their experience as business and government leaders, and through other roles and functions. For more information on the experience of each committee member, as well as their occupations and education, please see their individual profiles in [Our nominees](#).

Annual review process

Each year, the Compensation Committee reviews benchmark information and approves compensation adjustments for the following year by taking into consideration comparator group practices, individual performance, succession planning, and retention considerations. The Compensation Committee applies the following process to align total compensation opportunities for our named executives and our executive compensation program with our compensation philosophy.

Phase 1 (Review objectives)	Phase 2 (Review results)	Phase 3 (Complete and reinitiate)
At the start of each calendar year, the Compensation Committee reviews the annual budget and operating, strategic and sustainability goals and, with recommendations from the President and Chief Executive Officer and Human Resources group, engages in a rigorous review of annual objectives, which include financial and operational objectives and strategic and sustainability priorities. For the short- and long-term incentive plans, the Compensation Committee reviews and approves performance metrics, sets applicable thresholds, targets and limits, and decides weightings for company-wide and individual performance goals. The Compensation Committee approves compensation adjustments for the following year by taking into consideration comparator group practices, individual performance and other factors.	Throughout the year, the Compensation Committee reviews quarterly and year-to-date financial, operational, strategic and sustainability performance, evaluates named executive performance and contributions in achieving corporate performance, and reviews competitive market compensation data provided to it by its independent consultant, taking into consideration named executive roles and other factors. Once the year is completed, the President and Chief Executive Officer and HR group provide recommendations to the Compensation Committee on the compensation of the other named executives based on the performance criteria and targets derived from the business plan.	Following the completion of a fiscal year, the Compensation Committee then makes recommendations to the Board on the named executives' compensation, ensuring they are aligned with their objectives, our overall executive compensation philosophy and Air Canada's performance. All aspects of the President and Chief Executive Officer's compensation and resulting compensation decisions are assessed and determined by the Board taking into account the recommendations of the Compensation Committee. At the same time, the Compensation Committee completes the reviews described in Phase 1 in respect of the ensuing year.
Ongoing Independent compensation consultant The Compensation Committee also receives and considers advice and recommendations from its independent compensation consultant on a variety of matters throughout the year and during the annual executive compensation review process. See Role of the compensation consultant below for more information.	Updates throughout year The Compensation Committee is provided with quarterly updates related to Air Canada's performance against targets throughout the year.	Management support Our management supports the Compensation Committee by providing input regarding the elements of a compensation program that support performance without undue risk taking, implementing and managing processes to administer the program and to measure individual and corporate performance against set objectives, offering an assessment of the results achieved by officers and offering recommendations on certain compensation levels.



The Compensation Committee strives to ensure that performance metrics are consistent with Board-set financial, operational and strategic goals, goals are sufficiently ambitious to provide meaningful incentives, and amounts paid, if performance targets are achieved, will be consistent with overall executive compensation philosophy.



Compensation risks, factors and governance

Compensation policies and practices are designed to promote financial performance year over year and sustained growth in shareholder value by mitigating the potential for excessive risk-taking only aimed at a short-term increase of the share price.

The Compensation Committee uses quantitative analysis and best practices in analyzing executive pay, together with discretion and judgment, to identify risks arising from Air Canada's compensation policies and practices. The Compensation Committee has not identified any risks arising from Air Canada's compensation policies and practices that are reasonably likely to have a material adverse impact on Air Canada.

We recognize that long-term growth and value creation can only be achieved within an acceptable level of risk. We ensure our compensation policies and practices reward executives for short- and long-term decision-making and performance but do not encourage undue risk taking or produce excessive compensation levels. We also ensure our policies and practices reflect best practices in terms of market trends and governance standards. The following are key risk mitigation policies and factors that are part of our approach to sound compensation design and management at Air Canada.

What we do	What we don't do
✓ Set short- and long-term performance metrics	✗ Provide a single trigger for change of control to named executives
✓ Use long-term incentives to encourage management continuity	✗ Have tax gross-ups upon change of control
✓ Tie a significant portion of executives' pay to performance metrics critical to the business	✗ Allow hedging, short sales, option trading or pledging of shares
✓ Mitigate undue risk by using a cap on maximum payouts for short-term plans and performing an annual internal risk assessment of compensation programs	✗ Reprice underwater stock options
✓ Have stock ownership guidelines that reinforce alignment between shareholders and our named executives	✗ Grant excessive perquisites
✓ Impose a post-retirement holding period for the share ownership requirement of our President and Chief Executive Officer	
✓ Maintain a recovery (or clawback) policy	
✓ Have an independent compensation consultant reporting directly to the Compensation Committee	

Role of the compensation consultant

The Compensation Committee's independent compensation consultant, Willis Towers Watson, reviewed executive compensation practices relative to our comparator group. Willis Towers Watson was first engaged by Air Canada in 1980. Willis Towers Watson also assists with preparing information on executive compensation and provides benefit consulting services to Air Canada. The executive compensation consulting services provided by Willis Towers Watson include:

- Reviewing Air Canada's executive compensation practices and program design.
- Updating ongoing and emerging trends in executive compensation and governance best practices.
- Offering perspective on appropriate total compensation mix and levels, based on competitive practices and Air Canada's performance.
- Reviewing materials in advance of committee meetings and identifying discussion points and issues for the Compensation Committee's consideration when evaluating compensation design proposals.
- Providing advice and peer examples on short-term bonuses and long-term incentive compensation.

The Compensation Committee recommendations to the Board are its exclusive responsibility and may reflect factors and information other than advice and information provided by Willis Towers Watson.

The table below details the aggregate fees incurred on behalf of the Compensation Committee in consideration of the services provided by Willis Towers Watson:

Willis Towers Watson services	2025	2024
Executive and other compensation-related fees	\$46,660	\$48,749
Total fees	\$46,660	\$48,749



Clawback policy

In 2011, the Board of Directors first adopted a clawback policy concerning awards under Air Canada's annual and long-term incentive plans. The policy was reviewed, and its scope was expanded, in 2020. Under this policy, which applies to all executives, the Board may require reimbursement of all or a portion of annual or long-term incentive compensation received by an executive or former executive for situations involving serious misconduct including non-compliance with laws and regulations, accounting fraud or failure to follow internal policies and procedures such as those relating to risk management, or a material error or misstatement of financial results where the executive or former executive engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for a restatement, and the amount of incentive compensation that would have been awarded had the financial results been properly reported would have been lower than the amount actually awarded or received.

Recovery under the clawback policy is not contingent on whether the employment of the executive was terminated with cause.

Executive succession planning

The Board is responsible to ensure that a succession plan is in place for Air Canada's executive officers. The Board reviews and updates executive succession planning with the President and Chief Executive Officer at least annually, as required to facilitate individual executive appointments. In particular, the Board reviews the succession plan status for each executive officer, the readiness to fill potential vacancies, and potential candidates to fill them on both an immediate and longer-term basis. The Board also reviews gaps in readiness and receives management's plan on how to address them through training and mentoring. The Board leverages succession planning as a tool to ensure appropriate representation in the management team and reviews how the executive succession planning process itself can be improved.

The Board places heightened focus on the succession of our Chief Executive Officer as well as development considerations for each potential successor candidate. Consistent with this priority, work has been underway for more than two years on a comprehensive internal development program for high potential executives. An external global search was also commenced in January 2026 to identify potential additional candidates with the skills and experience to lead Canada's national airline, proudly headquartered in Montréal, Québec.

The Board meets regularly with members of the executive management team through their participation in meetings and presentations to the Board, as well as occasionally at informal meetings throughout the year. This allows Board members to engage with members of the management team who are potential future leaders of Air Canada.

The Air Canada executive succession plan is integrated with its overall succession planning process for key management positions, ensuring a pipeline of talent is developed at all levels in the organization. Where appropriate, an external search may be launched including if no internal succession candidates are identified.

Shareholder input and engagement

The Board of Directors is committed to providing shareholders with clear, comprehensive and transparent disclosure about executive compensation and to receiving feedback from shareholders on Air Canada's executive compensation programs. The Chair and other members of the Board meet with institutional shareholders every year to ensure a regular and constructive dialogue about alignment of executive compensation and shareholder interests. The Board and the Compensation Committee have also used the "say on pay" vote at our annual meeting to gauge shareholder feedback on Air Canada's approach to executive compensation and other shareholder interests.

We discuss last year's say-on-pay vote and our engagement with investors and shareholders on a variety of topics at [Having a say on our executive compensation](#) and [Shareholder input and engagement](#).





Air Canada compensation comparator groups

Air Canada's executive compensation program is benchmarked against a select comparator group of companies of an appropriate size and scale across selected metrics compared to Air Canada, with executive positions of similar scope and complexity, and with which Air Canada competes for executive talent in the marketplace. The comparative market data provided represents one factor considered by the Compensation Committee when making executive compensation recommendations. We supplement this analysis with other factors, including individual skills, experience, tenure, performance, retention considerations, succession plans and internal equity, and additional market information, including information gleaned from our experience recruiting for executive positions.

We use two peer groups to better reflect the differentiated business, talent and, in some cases, pay models, across sectors: a *compensation peer group* to benchmark and evaluate executive pay and a *performance peer group* to meaningfully assess our total shareholder return performance for purposes of our PSU awards.

Compensation peer group

We annually review the composition of our compensation peer group with our independent compensation consultant, Willis Towers Watson to confirm it continues to reflect our context and compensation philosophy. In 2025, it was determined that the peer group of 24 companies listed opposite remained representative and would not change from 2024. These companies are selected from among large Canadian and U.S. airlines and Canadian companies having all or some of the following attributes: operating in the transportation or aviation industry, with annual revenues exceeding \$5 billion and a large asset base, having an extensive customer service component and operating in a highly technological environment.

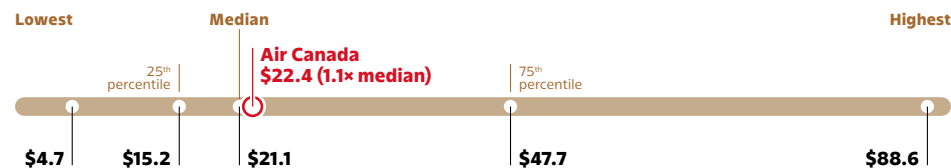
Air Canada monitored the compensation peer group in 2025 to measure its compensation plans and policies against them. Air Canada's independent compensation consultant, Willis Towers Watson, completes an annual analysis of our named executive pay opportunities relative to prevailing market practices, based on our comparator group and information from published surveys of executive pay practices.

The compensation peer group for 2025 was unchanged from 2024 and consisted of the companies set out below:

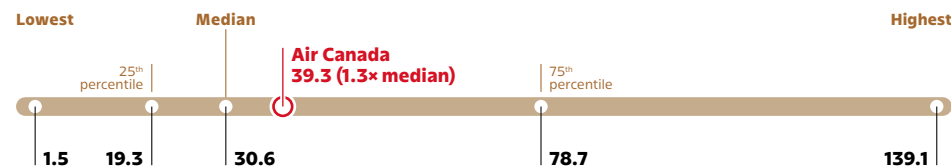
		Revenue +\$5 billion	Large asset base	Extensive customer service	Highly technological environment
Airlines	Alaska Airlines	✓	✓	✓	✓
	American Airlines Group	✓	✓	✓	✓
	Delta Air Lines	✓	✓	✓	✓
	Southwest Airlines	✓	✓	✓	✓
	United Airlines Holdings	✓	✓	✓	✓
Transportation sector	Bombardier Inc.	✓	✓	—	✓
	CAE	—	✓	—	✓
	Canadian National Railway	✓	✓	—	—
	Canadian Pacific Kansas City	✓	✓	—	—
	TFI International	✓	✓	✓	✓
Energy	Enbridge	✓	✓	—	—
	Ovintiv	✓	✓	—	—
	TC Energy Corporation	✓	✓	—	✓
Financial institutions	Bank of Montreal	✓	—	✓	✓
	Royal Bank of Canada	✓	—	✓	✓
	Sun Life Financial	✓	—	✓	✓
	Toronto-Dominion Bank	✓	—	✓	✓
Telecom- munications	BCE	✓	✓	✓	✓
	Rogers Communications	✓	✓	✓	✓
	Telus Corporation	✓	✓	✓	✓
Other	Canadian Tire	✓	✓	✓	—
	Celestica	✓	✓	✓	✓
	Nutrien	✓	✓	—	—
	Atkins Réalis	✓	✓	—	✓

The following charts show Air Canada's position within the compensation peer group on the two screening criteria.¹⁾

Annual revenues (billions)



Employees (thousands)



1) Data as of March 6, 2026. Revenues and employees for the last 12 months closest to December 31, 2025. All data in Canadian dollars, converted from U.S. dollars where applicable at the average Bank of Canada exchange rate during 2025 (CA\$1.3978).



Performance peer group

While the executive compensation peer group includes companies that are close to Air Canada in size and scale across selected metrics, it also contains companies from other industries that involve different business cycles, growth drivers, geographic markets, exposure to macroeconomic market influences and other factors, making their share price performance less relevant for comparison. Accordingly, we use a *performance peer group* to meaningfully assess our total shareholder return performance for purposes of our PSU awards.

The performance peer group in 2025 consists of six large international airlines, namely Delta Air Lines, American Airlines, United Airlines, IAG-International Airlines Group, Lufthansa and Air France-KLM Group. The Compensation Committee considered these six international airlines to be more comparable than others from an industry, operational and complexity perspective, and generally face similar industry pressures and macroeconomic and other factors as does Air Canada.

The table below presents Air Canada's TSR rankings relative to the performance peer group for the one-year, three-year and five-year periods ending in 2025.

TSR 2025	Air Canada		Performance peer group ¹⁾
	Return	Rank	Median return
One-year total shareholder return (January 2025 to December 2025)	(13.3)%	7/7	28.5%
Three-year total shareholder return (January 2023 to December 2025)	(0.5)%	6/7	68.8%
Five-year total shareholder return (January 2021 to December 2025)	(15.3)%	6/7	48.3%

1) Delta Air Lines, American Airlines, United Airlines, IAG-International Airlines Group, Lufthansa and Air France-KLM Group.

Supporting our pay-for-performance philosophy

The Compensation Committee evaluates performance considering financial and non-financial objectives to assess the overall leadership and performance of the CEO and other named executives in a comprehensive and balanced way. When assessing performance, the Compensation Committee considers performance results in the context of qualitative factors not captured in formal financial metrics, including key performance indicators, the business and operational environment and the market and industry conditions in which the performance was achieved. The Board believes the use of informed judgment is important when determining final compensation to ensure awards appropriately reflect our compensation philosophy. Accordingly, we may set target compensation above or below the median based on various factors, including sustained performance over time, readiness for increased responsibilities, skill set, experience relative to external market counterparts and internal equity.

During the past few years, the executive team took several proactive and strategic actions in the best long-term interest of Air Canada, balancing short-term considerations with long-term objectives and priorities. Air Canada completed 2025 building further on its financial and operational progress and positioning it to set its ambitious long-term plan.

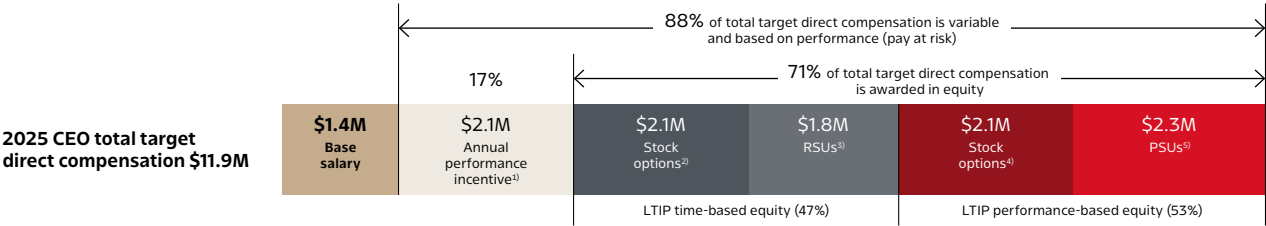
The Compensation Committee determined that our executive team delivered on key priorities leading to strong results in financial metrics and exceptional results in strategic, operational and sustainability metrics. These efforts are reflected in Air Canada's overall performance for 2025.

The compensation mix we provide named executives includes both annual and long-term elements of pay at risk to support our pay-for-performance philosophy. In 2025, total compensation maintained significant weighting on incentive- and performance-driven compensation that is "at risk" to ensure close alignment of the financial interests of Air Canada's executives with those of the shareholders. This incentive-based compensation structure conforms to industry best practices and is designed to motivate executives to achieve and surpass key performance goals linked to the disciplined execution of Air Canada's business plan in the short term, leading to positive results and sustainable value creation for our shareholders over the long term.



Components of our President and Chief Executive Officer's total target direct compensation

Mr. Rousseau's 2025 target total direct compensation takes into consideration the scope and complexity of his role as President and CEO. As shown in the chart below, Mr. Rousseau's total target direct compensation (base salary, target short-term incentive and target long-term incentive) is \$11.9 million for the financial year ended December 31, 2025, of which over \$10.5 million is at risk and based on Air Canada's performance (representing 88% of total target direct compensation) with only the remaining 12% forming base salary, and the compensation that is pay at risk consists of target awards under the Annual Incentive Plan (AIP), as well as performance and time-based stock option and share unit grants.



- 1) Annual performance incentive based on financial and non-financial components.
- 2) 4-year rateable vesting (10-year term).
- 3) 3-year cliff vesting.
- 4) 4-year cliff vesting based on 4-year average annual operating margin performance (10-year term).
- 5) 3-year cliff vesting based on 3-year cumulative annual adjusted EBITDA performance and 3-year TSR as compared to our performance peer group and the S&P/TSX Composite Index.

Most of the target direct compensation of the named executives other than the CEO also depends on how well Air Canada performs. Our executive compensation philosophy is based on paying for results that are related to short- and long-term performance. See [Elements of the executive compensation program](#) for a more detailed explanation of how we compensate our named executives.

Compensation mix at risk

Most of the **total target direct compensation** for our named executives – 88% for our President and CEO and on average 77% for our other named executives – depends on meeting specific performance objectives or is influenced by our stock price.



Elements of the executive compensation program

The following chart highlights key elements of Air Canada's executive compensation program and how each is linked to the objectives of the executive compensation philosophy.

	Objective	Type	Time horizon	Key features
Base salary	Attract and retain executives in a competitive marketplace	Cash	One year	Reflects role and responsibilities, and individual skills, competencies, experience, and performance, as well as succession planning and retention considerations Influences short-term incentives, long-term incentives, pension and benefits
Short-term incentives <i>Annual incentive plan</i>	Reward performance that contributes to annual profitability, performance, and growth	Cash	One year	Ties performance-based rewards to corporate, department and individual performance Reflects annual achievement of Air Canada's financial performance against pre-established targets
Long-term incentives <i>Stock options and share units</i>	Promote a focus on long-term business results Align the interests of executives with those of shareholders Support retention of executives	Equity	Options: 4-year rateable and cliff vesting Units: 3-year cliff vesting	Increases ownership in Air Canada through compensation that is at risk Provides a mix of performance-based and time-based stock options and share units Aligns executives' interests to future share return growth Rewards long-term financial results that drive shareholder value creation Generates compensation linked to business results and long-term value creation
<i>Deferred share unit plan</i>	Provide a vehicle for deferred compensation	Equity	Retirement, termination or death	Allows eligible participants to voluntarily receive all or part of their annual incentive award grant in DSUs Retains same vesting schedule as PSUs and RSUs DSUs are redeemed in cash following retirement, termination or death
<i>Pension plan</i>	Retain executives by offering a vehicle for retirement income	Benefit	Retirement	Provides a lifetime retirement pension based on defined benefit or contribution arrangements and applicable factors such as contributions, service, annualized base salary
Other benefits and privileges <i>Variety of benefits and privileges</i>	Support personal needs	Benefit / Privilege	One year	Offers a comprehensive benefits program that includes both care-based and financial protection benefits Flexible Perquisites Program that includes travel privileges, Maple Leaf Club Card, car lease support, and health counselling



Analysis of 2025 compensation

For 2025, the Board’s and Compensation Committee’s main focus remained unchanged from 2024 to ensure that Air Canada’s executive compensation policies and programs remain competitive, commensurate to our size and complexity and the roles of our named executives and drive rigorous execution of our strategic plan. The Board considers that a critical part of its role is to ensure that a highly skilled and proven management team is recruited, incentivized and retained. The Compensation Committee and the Board aimed to provide named executives with target total compensation opportunities at market-competitive levels, set with reference to the median of the comparator group for similar positions. At all times, we maintain significant weighting on incentive- and performance-driven compensation that is at risk. This compensation approach is aligned with reference to market competitive levels and with best practices and ensures close alignment of the financial interests of Air Canada’s executives with those of its shareholders.

2025 base salary decisions

Base salary reflects each executive’s level of responsibility, capabilities and experience in the context of their role and the market. Although Air Canada does not automatically adjust salaries for executives on an annual basis, we review total compensation and align their overall compensation in accordance with our compensation philosophy described above.

In 2025, our Board made base salary recommendations based on a competitive assessment and economic outlook, retention and succession considerations with reference to the median of the comparator group for named executives. The annual base salaries for Messrs. Landry, Nasr and Galardo also reflect the changed responsibilities associated with their new roles since May 2025.

Named executive officers	2024 salary	2025 salary
Michael Rousseau	\$1,380,000	\$1,400,000
John Di Bert	\$710,000	\$750,000
Craig Landry ¹⁾	\$685,000	\$700,000
Mark Nasr ²⁾	\$575,000	\$650,000
Mark Galardo ³⁾	\$575,000	\$600,000

1) Mr. Landry was appointed Executive Vice President, Chief Innovation Officer and President of Aeroplan, on May 1, 2025 and was previously Executive Vice President & Chief Operations Officer.

2) Mr. Nasr was appointed Executive Vice President & Chief Operations Officer on May 1, 2025 and was previously Executive Vice President, Marketing & Digital and President, Aeroplan.

3) Mr. Galardo was appointed Executive Vice President & Chief Commercial Officer and President, Cargo on May 1, 2025 and was previously Executive Vice President, Revenue & Network Planning and President, Cargo.

Short-term incentives | Annual incentive plan

Air Canada’s AIP is designed to reward named executives, as well as all eligible employees, for creating corporate profitability and growth. The target AIP award for each named executive is set at a market-competitive level with the actual payout based on annual achievements as reflected through corporate financial performance and individual performance against objectives aligned with Air Canada’s four key corporate priorities: reach new frontiers, fund our future, elevate our customers and lift each other up.

Each named executive’s performance is evaluated against the annual objectives and assigned a performance rating based on Air Canada’s corporate financial and non-financial performance as well as the individual’s objectives, as applicable.

2025 AIP

Named executive officer	AIP target opportunity as a percentage of base salary	Target award opportunity
Michael Rousseau	150% ¹⁾	\$2,100,000
John Di Bert	85%	\$637,500
Craig Landry	85%	\$595,000
Mark Nasr	85% ²⁾	\$552,500
Mark Galardo	75%	\$450,000

1) The AIP target opportunities were adjusted with reference to market competitive levels from 125% to 150% for Mr. Rousseau.

2) The AIP target opportunities were adjusted with reference to market competitive levels from 75% to 85% for Mr. Nasr.



The performance rating determines the actual payout as shown in the following AIP calculation:

		Annual objective weightings for named executives (consisting of both financial and non-financial components for each named executive, weighted as follows)			Performance rating for each objective (up to 200%)	= Annual payout award
		Financial component¹⁾	Non-financial components²⁾	Individual objectives		
Base salary	× AIP target opportunity ×	President and CEO	50%	50%		
		All other named executives	50%	40%	10%	

1) The financial component of the annual objective consists of an adjusted pre-tax income target. Adjusted pre-tax income (loss) is used to assess the overall pre-tax financial performance of Air Canada's business without the effects of (a) net interest relating to employee benefits and (b) gains or losses on foreign exchange, on financial instruments recorded at fair value, on sale and leaseback of assets, on disposal and impairment of assets or on debt settlements and modifications. For these purposes, it is calculated before deducting expenses relating to the AIP. The Compensation Committee considers adjusted profitability measures to be appropriate metrics for the AIP, given the current industry pressures and macroeconomic and other factors faced by airlines. The Committee selected adjusted pre-tax income in 2025 because it measures Air Canada's ability to grow profitably and manage costs and is a more comprehensive performance metric than EBITDA, as it incorporates depreciation and net interest expense and therefore reflects capital allocation, asset ownership, and financing decisions.

2) Non-financial components of the annual objective are based on outcomes and goals relating to strategic and operational initiatives and corporate sustainability priorities as further described below.

Annual incentive plan objectives and outcomes

The table below describes Air Canada's 2025 AIP objectives, as well as the weighting and final rating for our President and Chief Executive Officer, as recommended by the Compensation Committee and approved by the Board, after having evaluated Air Canada's 2025 financial results, and the degree of accomplishment of applicable corporate goals.

Portion of award	AIP objectives	2025 performance targets and objectives	2025 performance results	Weighting	Performance rating
50% financial component ¹⁾	Adjusted pre-tax income ¹⁾	\$677 million	\$658 million	50%	41% ³⁾
50% non-financial components ²⁾	Strategic and operational initiatives	Objectives included enhancing customer centricity, improving on time performance and net promoter score ⁴⁾ (15%), expanding and strengthening Aeroplan (7.5%), executing key technology initiatives (7.5%), and identifying cost reduction opportunities (5%)	Overall objectives exceeded	35%	70%
	Corporate sustainability initiatives	Objectives included completing favourable safety audits and reducing incidents (6%), advancing our emissions reduction initiatives (3%), strengthening talent, leadership and corporate culture (2%), advancing employee well-being (2%), and enhancing our languages policy and training (2%)	Overall objectives exceeded	15%	24%
Total combined rate				100%	135%⁵⁾

1) The financial component of Air Canada's AIP consists of adjusted pre-tax income and is supplemented by the [Financial and operational performance](#) found below under [2025 key accomplishments for annual short-term incentive award \(CEO and other named executives\)](#). See also [2025 AIP](#).

2) The non-financial components are based on the [Strategic, operational and sustainability performance](#) found below under [2025 key accomplishments for annual short-term incentive award \(CEO and other named executives\)](#). The Compensation Committee approved ratings of 70% (out of a target of 35%) and 24% (out of a target of 15%) respectively for the non-financial components to reflect that all AIP objectives were met or exceeded.

3) The final performance weightings for the financial component are determined on a linear basis between the following reference points: (a) more than 15% below target, 0%; (b) no more than 7.5% below target, 50%; (c) at target, 100%; (d) at least 7.5% above target, 150%; and (e) at least 15% above target, 200%.

4) This widely used customer experience metric focuses on customer care and helps measure the likelihood of customers recommending Air Canada to others.

5) The CEO is supported in meeting his AIP objectives by the other named executives. The Compensation Committee also reviewed the degree of accomplishment of their applicable corporate and individual goals and how each of them helped advance and implement Air Canada's 2025 business plan. Each of them received a corresponding final rating of 41% for their financial component (out of a target of 50%) and 80% for their non-financial component (out of a target of 40%), as well as a rating of 14% for their individual objectives (out of a target of 10%), such that the final rating applicable to their AIP payouts is also 135%.

The Compensation Committee recommended, and the Board approved, the AIP payout amounts for each named executive appearing in the [Summary compensation table](#) below.



2025 key accomplishments for annual short-term incentive award (CEO and other named executives)

Our named executives work together toward the achievement of performance objectives set at the President and Chief Executive Officer level and then cascaded down through our organization in line with roles and responsibilities.

The Compensation Committee determined that our named executives' contribution and performance was significant in 2025, supporting Mr. Rousseau in leading Air Canada to strengthen its overall financial and operational results.

Financial performance

Air Canada completed the year with solid financial results and pronounced operational improvements, reflecting the following performance metrics:

- record operating revenues of \$5.8 billion in the fourth quarter of 2025, reaching \$22.372 billion for the full year, as compared to \$22.255 billion in 2024, despite the summer labour disruption and weather events during the year,
- adjusted pre-tax income of \$658 million in 2025, as compared to \$1,397 million in 2024, primarily due to lower operating income due to higher operating expenses and the negative impact of the summer labour disruption and higher net interest,
- adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and impairment) of \$3.124 billion, as compared to \$3.586 in 2024, primarily due to the impact from the summer labour disruption,
- adjusted net income¹⁾ of \$471 million, as compared to \$1,335 million in 2024, primarily due to the recognition of previously unrecognized deferred income tax assets in the third quarter of 2024, which resulted in a tax recovery recorded in the consolidated statement of operations of \$1,154 million,
- net income of \$644 million, as compared to \$1,720 million in 2024, primarily due to the recognition of previously unrecognized deferred income tax assets in the third quarter of 2024, which resulted in a tax recovery recorded in the consolidated statement of operations of \$1,154 million,
- income before income taxes of \$789 million, as compared to \$515 million in 2024, primarily due to the recognition of previously unrecognized deferred income tax assets in the third quarter of 2024, which resulted in a tax recovery recorded in the consolidated statement of operations of \$1,154 million,
- operating income of \$918 million, as compared to \$1,263 million in 2024, primarily due to the impact from the summer labour disruption,
- net cash flows from operations of \$3.657 billion, as compared to \$3.930 billion in 2024, primarily due to the impact from the summer labour disruption,
- passenger traffic and total operated passenger capacity increased 0.4% and 0.8%, respectively, from 2024, primarily due to the impact from the summer labour disruption,
- 2025 year-end long-term debt and lease liabilities of \$11.576 billion, as compared to \$12.670 billion for 2024, and
- year-end leverage ratio was 1.7 for 2025 as compared to 1.4 for 2024.

1) Adjusted net income is a non-GAAP financial measure which is not a recognized measure for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities and should not be considered a substitute for, or superior to, GAAP results. We incorporate by reference section 20 (Non-GAAP Financial Measures) of our [Air Canada 2025 MD&A](#) which is also available under Air Canada's profile on SEDAR+ at www.sedarplus.ca, for an explanation of the composition of non-GAAP measures, how they provide useful information to investors and the additional purposes for which management uses them, as well as a reconciliation to the most directly comparable GAAP measure.

Strategic, operational and sustainability performance

Since his appointment as President and Chief Executive Officer in 2021, Mr. Rousseau has been instrumental in leading Air Canada to drive forward with innovation, technological advancements and a customer-centric culture. At the same time, our sustainability programs progressed further throughout 2025, including in the areas of safety, emissions reduction initiatives, official languages, employee well-being and representation and inclusion.

For 2025 we linked four strategic and operational and five corporate sustainability areas to executive compensation. Overall, we made significant progress and our expectations were exceeded in most of these areas. Highlights of Air Canada's strategic initiatives and sustainability progress can be found in the table that follows.

Strategic and operational initiatives highlights (35%)		Corporate sustainability priorities highlights (15%)	
✓ Customers	Significant improvements in customer service, on time performance and net promoter score (NPS) were delivered, ¹⁾ notably following severe winter storm activity in Eastern Canada, a major aircraft incident involving another airline that reduced capacity at our largest hub, and the summer labour disruption. "Care and Class" initiatives were rolled out across Canadian hubs and 15 North American stations.	✓ Safety	Overall objectives were achieved regarding safety, including through positive safety audit results.
✓ Aeroplan	Membership targets were surpassed, increasing total points revenue and non-air redemptions. Revenue based accrual and the redesigned Elite Program were successfully launched, as were expanded air redemption partnerships.	✓ Emissions reduction	Targets were exceeded, while work toward SAF availability in Canada progressed. Target to procure minimum 1% of jet fuel use in SAF achieved.
✓ Technology	All committed technology, digital, and AI outcomes were delivered, including major system launches, while operating under an aggressive cost-reduction mandate and executing a significant organizational and operating model transformation. In particular, AI-powered capabilities were deployed that improved ECX and productivity across key functions.	✓ Employee well-being and culture	Objectives were met for training and other goals in mental health programs and in ambassadorship and engagement membership growth. Continued building a culture that reflects the communities Air Canada serves, including through support of employee resource groups.
✓ Cost transformation	Annual recurrent savings objectives were achieved and organization re-design was advanced. Adjusted CASM capacity objectives were met.	✓ Succession planning	Succession planning was advanced, particularly for senior leadership roles. Consistent with the Board's longstanding focus on CEO succession planning, work has been underway for more than two years on a comprehensive internal development program for high potential executives. Mr. Rousseau has been instrumental in the successful implementation of this program.
		✓ Official languages	Mr. Rousseau has acknowledged that despite his efforts he is unable to express himself adequately in French. Nevertheless, under his leadership, progress has been made and continued on official language priorities including in corporate language training and with the approval of the <i>Programme de francisation</i> by the <i>Office québécois de la langue française</i> .

Under Mr. Rousseau's leadership and direction, our named executives significantly advanced and delivered on the execution of our 2025 strategic, operational and corporate sustainability initiatives highlighted in the table above, which will have long-term net benefit to Air Canada, its shareholders and other stakeholders.

We also decided to extend our approach of linking corporate sustainability areas to compensation to others in management who are accountable for the performance of their respective units. This means that part of the incentive pay for about 350 senior leaders turned on how well they met sustainability objectives, which we factored into their personal developmental goals relating to representation, succession planning, mentoring and workplace engagement and sentiment.

1) This widely used customer experience metric focuses on customer care and helps measure the likelihood of customers recommending Air Canada to others.



Long-Term Incentive Plan

Air Canada's Long-Term Incentive Plan (LTIP) is designed to attract, retain and incentivize key contributors who play a role in determining Air Canada's future and long-term success, including our named executives, to align their interests with those of our shareholders and to reward performance and value creation over the longer term. Under its terms, officers of Air Canada are eligible to receive annual LTIP awards. The Board or the Compensation Committee may also include level "A" and level "B" senior managers and other employees of Air Canada or its subsidiaries that they determine to be in key positions. Level "A" and "B" senior management generally drive or have critical influence over various corporate functions and are accountable for the delivery of long or medium-term plans aligned with our corporate objectives.

LTIP | Grant components

Named executives are granted a mix of stock options and share units, based on their target grant opportunity.

The Compensation Committee determines which employees are eligible to receive stock options or share units and the size of the awards of stock options or share units, with consideration given to the value of each eligible employee's present and potential future contribution to Air Canada's success, and any past grants to the employee in question.

The table below shows each element of an annual grant for 2025, along with its link to performance requirements and payout opportunity, if vested. Most of each long-term incentive award is in performance-based equity where value creation depends on meeting metrics set for the performance period and increasing share price, which benefits all shareholders.

	Time based vesting (47%)		Performance based vesting (53%)	
	Stock options 25%	RSUs 22%	Stock options 25%	PSUs 28%
Vesting	Rateably each year over four years	Third anniversary of grant	Fourth anniversary of grant	Third anniversary of grant
Performance measure	Time	Time	Annual target operating margin over 4-year period	3-year cumulative annual Adjusted EBITDA and TSR compared to performance peer group and S&P/TSX Composite Index
Basis of payout if vested	Share price	Share price	Performance achieved (see Table A below)	Performance achieved (see Table B below)

In 2026, the elements of our LTIP annual grants have been updated for the first time since 2020 to better align with market practices and long-term strategy, performance, and shareholder interests. The new structure allocates 55% to PSUs, 25% to time-based stock options, and 20% to RSUs, removing performance-based stock options. We are also enhancing PSU performance assessment, allowing payouts up to 200% for exceeding targets and outperforming peers. Three-quarters of PSUs will vest based on three-year cumulative financial results, and the remainder will vest according to three-year TSR relative to a broader 10-airline peer group and a transportation sector index, ensuring relevant performance comparisons. Certain LTIP termination provisions were also updated to align with market practices, including accelerated vesting on death or total permanent disability, extension of the stock option exercise period following retirement to the remaining life of the grant, and extension of the post-termination exercise period following termination without cause from one month to three months.

LTIP | Stock option components

In 2025, stock options represented 50% of the mix of value granted annually under the LTIP.

The LTIP provides for vesting of the options to purchase Air Canada shares granted under the LTIP as follows:

- **one-half are time-based stock options** that vest in four equal instalments of 12.5% on each anniversary of the grant.
- **one-half are performance-based stock options** that vest at the end of four years and are exercisable if the 4-year average annual operating margin goal set at grant is attained, as indicated in Table A below:

Table A | Performance-based stock option payout value opportunity (25%)

4-year average annual operating margin target reference points	Stock options vested
100%	100%
95%	66%
90%	33%
85% or less	0%

Performance stock options vest on a straight-line basis between the reference points above. For example, if the average operating margin over the 4-year period equals 92.5% of the target average operating margin (being mid-way between 90% and 95%), then 50% (being mid-way between 33% and 66%) of the performance-based stock options will vest. The remainder of the performance-based stock options are cancelled.

When vested, stock options allow a named executive to purchase Air Canada shares at an exercise price based on their volume-weighted average trading price on the TSX for the five trading days immediately preceding their grant date, calculated by dividing the total value by the total volume of shares traded during such period. Stock options have a maximum term of 10 years, except that if an option's expiration date falls at a time when an executive cannot trade Air Canada shares pursuant to its employee trading restrictions policy or within nine business days following the expiration of that restricted period, such expiration date is extended until the 10th business day after the end of the period.

LTIP | Share unit components

Share units represent the other 50% of the mix of value granted annually under the LTIP.

Outstanding share units consist of a mix of restricted share units (RSUs) that vest on the third anniversary of their grant and performance share units (PSUs) that vest on the third anniversary of the grant if 3-year performance targets are met. The relative performance measures we use for the vesting of PSUs are designed to align our named executives' interests with those of our shareholders, consistent with most of our comparator group of companies.

The table below sets out the vesting opportunities for each element of a PSU grant and the reference points for these. PSUs are allocated in three tranches and vest on the third anniversary of their grant, based on the performance measures set out below, on a linear basis between the indicated performance reference points.

Table B | Performance-based PSU payout value opportunity (28%)

75% tranche		12.5% tranche		12.5% tranche	
Cumulative 3-year annual adjusted EBITDA compared to target at grant	Vesting opportunity (%)	Cumulative 3-year TSR compared to performance peer group ¹⁾	Vesting opportunity (%)	Cumulative 3-year TSR compared to S&P/TSX Composite Index	Vesting opportunity (%)
100%	100%	Rank 1	200%	75 th PCTL or more	200%
95%	66%	Rank 2	167%	50 th PCTL	100%
90%	33%	Rank 3	133%	25 th PCTL	66%
85% or less	0%	Rank 4	100%	Below 25 th PCTL	0%
		Rank 5	67%		
		Rank 6	33%		
		Rank 7	0%		

1) Delta Air Lines, American Airlines, United Airlines, IAG-International Airlines Group, Lufthansa and Air France-KLM Group.

Share units granted under the LTIP are notional instruments that are redeemable, on a one-to-one basis, for Air Canada shares or the cash equivalent, as determined by the Board of Directors. As such, the value of the share units tracks the value of Air Canada shares.

If share units vest (based on achieving the performance targets set at grant in the case of PSUs), named executives receive on the redemption date an amount equal to the volume-weighted average trading price of Air Canada shares on the TSX for the five trading days immediately preceding that date, calculated by dividing the total value by the total volume of shares traded during such period. Payment is made in Air Canada shares or cash, at the discretion of the Board of Directors.

Air Canada may decide, at the discretion of the Board of Directors, to pay a participant an amount that matches the dividends the participant would have received had they owned as many Air Canada shares as the number of share units in their account during the three-year term, subject to the satisfaction of the vesting conditions applicable to the related share units.



LTIP | General provisions

The number of Air Canada shares (a) reserved for issuance at any time to any eligible participant may not exceed 5% of our outstanding shares, (b) issued to an insider and their associates under any share compensation arrangement within any one-year period may not exceed 5% of our outstanding shares, and (c) issued within any one-year period or issuable at any time, as the case may be, to insiders and their associates under any share compensation arrangement may in no case exceed 10% of our outstanding shares. These thresholds do not include any shares issued pursuant to any share compensation arrangement over the preceding one-year period. See also [Securities authorized for issuance under equity compensation plans](#) for information on the maximum number of Air Canada shares reserved for issuance under the LTIP.

Options or units are not assignable by the optionee or unitholder, except to their estate upon their death.

Subject to any applicable regulatory or TSX approvals, Air Canada may make any changes to the Long-Term Incentive Plan (or any option or share unit granted thereunder), which may include but are not limited to, amendments of a “housekeeping nature,” to change vesting provisions, to move up the exercise date of any option or the payment date of any share unit, to introduce cashless exercise features, to add a form of financial assistance, and to add provisions by which optionees or participants receive securities without cash consideration being paid to Air Canada. However, the approval of Air Canada’s shareholders is required in any of the following cases:

- changing the maximum number or percentage of shares issuable,
- reducing the exercise price of any option, replacing options at a reduced price, or replacing share units by new ones,
- extending the term of options or share units beyond their expiry, except due to trading black-out periods,
- permitting any option or share unit to be transferable other than for normal estate settlement purposes,
- permitting a change to eligible participants, such as to increase participation by non-employee directors,
- increasing the shares that may be issued in a one-year period to insiders, including under other arrangements, and
- amending its amendment provisions.

In 2025, our Compensation Committee began a review of our LTIP terms and other components. We then amended our LTIP in 2026 to modernize its design to further emphasize performance and to better align with market practices, such as in the treatment of options and units when employment ends. We also made other changes of a “housekeeping” nature to simplify, streamline and harmonize its provisions and our existing grant practices and policies. The amended and restated LTIP was approved by our Board and by the TSX and does not require shareholder approval pursuant to its amendment provisions. Certain changes apply in respect of all outstanding options but do not in any case extend the term thereof beyond their original expiry dates. See also [Replenishing the Long-Term Incentive Plan reserve](#).

**LTIP | Changes in employment status**

The table below shows how changes of employment status affect stock options and share units that are outstanding (vested and unvested), unless otherwise determined by the Board, and reflects the changes approved by our Board and by the TSX in 2026.

Events	Vesting of stock options ¹⁾	Exercise of stock options ¹⁾	Vesting of share units ¹⁾
Retirement²⁾	Vesting continues	Options may be exercised until their expiry	Unvested share units remain in effect in accordance with their terms (unaffected normal vesting for the full grant)
Voluntary leave of absence	Vesting continues	Options must be exercised by the earlier of one year from when the leave of absence began and their expiry	Prorated number of share units vest at the end of their term based on the ratio of completed months of active service during the share unit term, divided by the number of months in the term
Termination without cause³⁾	Unvested options forfeited	Vested options must be exercised by the earlier of 90 days from termination and their expiry	
Reassignment to non-eligible LTIP position	Unvested options forfeited	Vested options must be exercised by the earlier of 90 days from the reassignment and their expiry	
Death	Unvested options accelerate and vest ⁴⁾	Vested options must be exercised by the succession by the earlier of one year of death and their expiry	Unvested share units accelerate and are paid immediately (at target for performance vesting) ⁵⁾
Termination due to injury or disability	Unvested options accelerate and vest	Options may be exercised until their expiry	
Resignation	Unvested options forfeited	Vested options must be exercised within 30 days of resignation	Unvested share units forfeited
Termination for cause	Unexercised options forfeited	Not applicable	

1) These terms apply unless otherwise provided for in an individual's employment agreement.

2) Prior to 2026, in the case of retirement, options had to be exercised by the earlier of three years (five years if the individual had entered into a non-compete agreement) from the date of retirement and their expiry, and share units were subject to prorated vesting at the end of their term based on the ratio of completed months of active service during the share unit term, divided by the total number of months in the term. Employees must remain active until December 31 of the year in which they receive a grant to maintain the grant.

3) Prior to 2026, options were required to be exercised within 30 days of termination. See [Termination of employment and change of control benefits](#) for a description of certain terms in connection with a termination without cause, involuntary termination or resignation for good reason, as the case may be, following a change of control.

4) Prior to 2026, unvested options were forfeited.

5) Prior to 2026, in the event of a termination due to death or termination due to injury or disability, share units were subject to prorated vesting at the end of their term based on the ratio of completed months of active service during the share unit term, divided by the total number of months in the term.

**LTIP | 2025 vesting**

In 2025, performance-based stock options and PSUs vested pursuant to the terms of the Long-Term Incentive Plan, as described in the table below.

	Performance measure	Weight	Performance cycle	Target	Actual	Vesting performance ¹⁾
2022 stock option grant	4-year average annual operating margin	N/A	2022 2023 2024 2025	4.7%	6%	100%
2023 PSU grant	3-year cumulative annual Adjusted EBITDA	75%	2023 2024 2025	\$9.9B	\$10.9B	100%
	TSR compared to performance peer group (six international airlines)	12.5%	2023 2024 2025		6 th rank	33%
	TSR compared to S&P/TSX Composite Index	12.5%	2023 2024 2025		BELOW 25 th PCTL	0%
Total vesting						79.1%

1) If TSR is negative for the period, vesting is capped at 100%.

LTIP | 2025 grants

The size of the LTIP awards for 2025 was aligned with our philosophy to provide market-competitive total compensation opportunities, while maintaining significant weighting on incentive- and performance-based compensation that is at risk. A substantial part of the named executives' total compensation value in 2025 depends on the future market value of Air Canada's shares. This ensures that named executives' financial interests are closely aligned with those of the shareholders.

Named executives received grants of stock options and share units based on the target grant value for their position and realigned to market-competitive levels, as specified in the table below. Each named executive's LTIP award was allocated as to 53% in the form of performance-based equity (performance stock options and PSUs) and 47% in the form of time-vested stock options and restricted share units (RSUs). The actual amounts realized by named executives will be greater or less than the theoretical grant date fair values based on our share price at the time of vesting and Air Canada's financial performance over the term of the awards.

Named executive officer	Target grant opportunity (as percentage of base salary)	Fair value at grant			
		Stock options	PSUs	RSUs	Total fair value at grant ¹⁾
Michael Rousseau	600%	\$4,200,000	\$2,373,913	\$1,826,087	\$8,400,000
John Di Bert²⁾	325%	\$1,218,750	\$688,859	\$529,891	\$2,437,500
Craig Landry	300%	\$1,050,000	\$593,478	\$456,522	\$2,100,000
Mark Nasr³⁾	300%	\$975,000	\$551,087	\$423,913	\$1,950,000
Mark Galardo⁴⁾	275%	\$825,000	\$466,304	\$358,696	\$1,650,000

1) The actual value of the awards will vary depending on Air Canada's future share price and performance.

2) Mr. Di Bert's target grant opportunity was adjusted from 300% to 325% to align with market competitive levels.

3) Mr Nasr's LTIP target grant opportunity was adjusted from 225% to 300% when he became Executive Vice President & Chief Operations Officer.

4) Mr. Galardo's was adjusted from 225% to 275% when he became Executive Vice President & Chief Commercial Officer and President, Cargo.



Securities authorized for issuance under equity compensation plans

Air Canada has no equity compensation plan other than its Long-Term Incentive Plan.

The table below sets out the number of Air Canada shares issuable upon exercise of outstanding options and redemption of share units under our Long-Term Incentive Plan, the weighted-average exercise price of outstanding options and the number of shares remaining available for future issuance under equity compensation plans.

Plan category	Shares issuable upon exercise of outstanding options or redemption of outstanding share units ^{1) 3)}	Weighted-average exercise price of outstanding options ¹⁾	Shares remaining available for future issuance under equity compensation plans ^{1) 2)}
Long-Term Incentive Plan (approved by securityholders) ^{1) 2)}	12,137,096	\$21.64	1,894,088

1) As at December 31, 2025.

2) The main characteristics of the Plan are described above under [Long-Term Incentive Plan](#). There is no other equity compensation plan under which equity securities of Air Canada are authorized for issuance.

3) Share units currently outstanding under the Plan are not redeemable for Air Canada shares issuable from treasury but rather for shares bought on the secondary market or for cash, at the discretion of Air Canada's Board.

The table below sets out the number of Air Canada shares issued and issuable under our Long-Term Incentive Plan, the number of Air Canada shares underlying outstanding options and share units and the percentages represented by each calculated over the number of shares outstanding on December 31, 2025.

Shares issuable		Shares issued to date		Shares underlying ⁴⁾			
				Outstanding options		Options granted in 2025	
Number ¹⁾	Dilution rate ²⁾	Number ³⁾	Dilution rate ²⁾	Number	Dilution rate ²⁾	Number	Dilution rate ^{2) 5)}
1,894,088	0.64%	9,242,181	3.14%	12,137,096	4.12%	3,202,728	1.09%

1) This number represents the aggregate number of Air Canada shares remaining available for future grants of options or share units under the Long-Term Incentive Plan (subject to a sub-limit of 250,000 Air Canada shares being available for issuance in respect of share units).

2) A total of 294,549,620 Air Canada shares were outstanding on December 31, 2025.

3) Number of Air Canada shares issued to date under the Long-Term Incentive Plan from the exercise of options and the redemption of share units.

4) No share units redeemable for Air Canada shares issuable from treasury were granted in 2025. Share units currently outstanding under the Long-Term Incentive Plan are not redeemable for Air Canada shares issuable from treasury but rather for shares bought on the secondary market or for cash, at the discretion of Air Canada's Board.

5) Dilution of options granted during the 2025 year compared to the total number of outstanding Air Canada shares on December 31, 2025.

As at December 31, 2025, there were 14,031,184 Air Canada shares (about 4.8% of our then outstanding shares) authorized for issuance upon the exercise of stock options or the redemption of share units under the Long-Term Incentive Plan, of which 1,894,088 Air Canada shares (about 0.6% of our then outstanding shares) remained available for issuance under future grants of stock options or share units (subject to a sub-limit of 250,000 Air Canada shares being available for issuance in respect of share units).

At the meeting, shareholders will vote on whether to replenish the share reserve under our Long-Term Incentive Plan by 6,000,000 shares, such that an aggregate of 20,031,184 shares, or about 6.9% of our outstanding shares, will be authorized for issuance upon the exercise of stock options or the redemption of share units, subject to a sub-limit of 250,000 shares in respect of share units. See [Replenishing the Long-Term Incentive Plan reserve](#).

The table below summarizes the dilution, overhang and burn rates in connection with our Long-Term Incentive Plan as of December 31 for each of the last three years. Only share units that were granted on the understanding that they would be redeemable for shares to be issued from treasury are included.

	2023	2024	2025
Dilution ¹⁾	1.85%	2.72%	4.12%
Overhang ²⁾	2.95%	4.15%	4.76%
Burn rate ³⁾	0.44%	0.71%	1.04%

1) Dilution is the quotient expressed as a percentage resulting from the division of the total number of outstanding options and share units to be settled by treasury issuance by the total number of outstanding Air Canada shares.

2) Overhang is the quotient expressed as a percentage resulting from the division of the sum of the number of Air Canada shares available for issue plus the number of outstanding options and share units to be settled by treasury issuance, by the total number of outstanding Air Canada shares.

3) Burn rate is the quotient expressed as a percentage resulting from the division of the total number of options and share units to be settled by treasury issuance granted during the year, by the weighted average number of outstanding Air Canada shares for the applicable year.

Our 2025 financial results contributed to the financial foundation that has allowed Air Canada since 2024 to repurchase over 64 million shares, returning more than \$1.3 billion to investors. This included over \$850 million in 2025 alone through normal course and substantial issuer bids. These repurchases have helped to offset substantially all of the dilution resulting from financings in 2020 and 2021 and from our equity incentive programs.



Management deferred share unit plan

Named executives may voluntarily elect to receive in full or part Deferred Share Units (DSUs), from what otherwise would have been payable as an AIP cash award. In addition, subject to the terms of the deferred share unit plan, Air Canada may make additional DSU grants for retention or hiring purposes.

DSUs are settled entirely in cash following retirement, termination or death, based on the volume weighted average trading price of Air Canada shares on the TSX for the five consecutive trading days ending on the trading day immediately prior to the settlement date.

Pension plan

Air Canada offers a pension plan to retain executives and provides them with a valuable source of retirement income based on service and annualized basic salary.

Certain executives are eligible for a non-contributory, final average earnings defined benefit registered pension plan and a Supplementary Executive Retirement Plan (SERP) that provides retirement income beyond the limitations of the registered pension plan. See [Retirement plan benefits](#) for more details.

Enhanced share ownership guidelines

We believe in the importance of substantial share ownership by executives to strengthen the alignment of their interests with those of long-term shareholders. Our compensation programs are designed to encourage share ownership. Air Canada maintains share ownership guidelines that require executives to own a minimum level of share ownership, set as a multiple of their annual base salary.

In 2024, we revised our share ownership guidelines to require vice-presidents to maintain a share ownership multiple of 1.5 times, up from the previous 1x requirement and senior management at the highest level to maintain a share ownership multiple equal to their annual base salary (1x). These requirements must be met within five years from either the effective date in 2024 or appointment, subject to exceptional circumstances. Starting in 2025, our share ownership guidelines include a mandatory retention policy requiring executives and other leaders to buy Air Canada shares with 50% of their after-tax RSU value at vesting, until they meet the required guideline.

As of January 1, 2026, a total of 81 executives and senior leaders were subject to share ownership guidelines.

Compliance with shareholding guidelines is reported annually to the Compensation Committee. Share ownership requirements can be met through the holding of voting shares, restricted share units and vested deferred share units. Stock options (vested or unvested) and performance share unit grants are not considered toward the minimum level of stock ownership.

All Canadian and U.S. employees of Air Canada can voluntarily participate in the employee share ownership plan under which employees can invest a percentage of their base salary for the purchase of shares on the secondary market. Air Canada matches 33.33% of the contributions made by employees as per the rules of the plan.



The table below sets out the share ownership for each named executive by reference to the applicable share ownership requirements, as at December 31, 2025, taking into account any changes in compensation and roles that occurred during the year.

Named executive officer	Total number of securities owned ¹⁾	Total value of securities counting toward SOG ¹⁾	SOG target	SOG target date Status
Michael Rousseau ²⁾	166,805 Class B voting shares 290,137 RSUs	\$8,814,411	5× annual salary	Met
John Di Bert ³⁾	15,054 Class B voting shares ⁴⁾ 84,317 RSUs	\$1,916,867	3× annual salary	2028-05-01 (current: 2.6×)
Craig Landry	55,294 Class B voting shares 59,748 RSUs 38,203 DSUs	\$2,956,096	3× annual salary	Met
Mark Nasr	23,528 Class B voting shares 42,640 RSUs	\$1,276,381	3× annual salary	2028-05-01 (current: 2.1×)
Mark Galardo	3,340 Class B voting shares 42,353 RSUs	\$881,418	3× annual salary	2028-05-01 (current: 1.5×)

1) Sum of the market value of the shares owned and of the shares underlying restricted share units and vested deferred share units, in each case based on the December 31, 2025 Air Canada shares closing price on the TSX, the last trading day of the year (\$19.29).

2) Air Canada's share ownership guidelines require that the President and Chief Executive Officer continue to comply with the ownership guidelines for one year following their retirement. Total includes 8,500 voting shares held by Mr. Rousseau's spouse.

3) Mr. Di Bert reached his share ownership requirement on February 27, 2026.

4) Total includes 6,000 voting shares held by Mr. Di Bert's children.

Cost of management ratio

The table below shows the total aggregate compensation (excluding pension) awarded to the named executives for the last three years, expressed as a percentage of adjusted EBITDA. The total aggregate named executive compensation is the sum of the annual total compensation values reported in the Summary Compensation Table for the years 2023, 2024 and 2025, excluding pension. A large portion of total compensation is awarded in the form of equity, and the actual realized payouts related to those awards are linked more closely to the evolution of Air Canada's share price than is reflected in the table below. The value of long-term compensation awarded in any given year is not guaranteed.

	2023 ¹⁾	2024 ²⁾	2025 ³⁾
Total aggregate named executive compensation ⁴⁾	\$23M	\$23.7M	\$26.5M
Adjusted EBITDA	\$3.98B	\$3.586B	\$3.124B
<i>Total aggregate named executive compensation⁴⁾ as a percentage of adjusted EBITDA</i>	0.5%	0.7%	0.8%
Operating income (Loss)	\$2.28B	\$1.263B	\$918M
<i>Total aggregate named executive compensation⁴⁾ as a percentage of operating income (Loss)</i>	1%	1.9%	2.9%

1) There were six named executives in 2023.

2) There were five named executives in 2024.

3) There were five named executives in 2025.

4) Total aggregate named executive compensation excludes pension value.



Share performance graphs

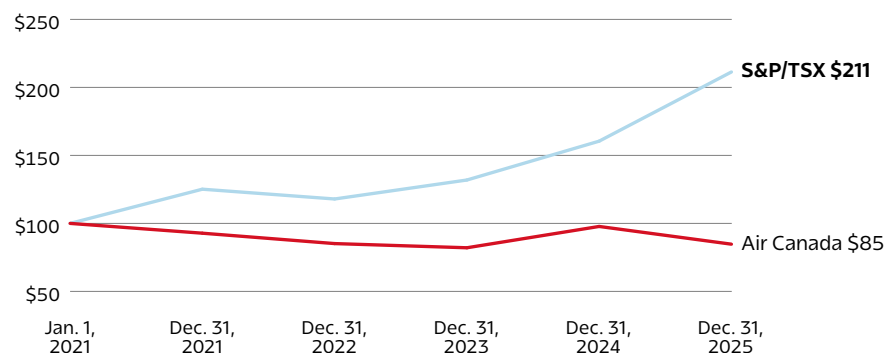
Air Canada's executive compensation program is designed to help increase shareholder value over the long term. Total share return performance over time is one of the measures the Compensation Committee and the Board consider when assessing performance and determining compensation for our named executives.

For any given period, there is not always a direct correlation between TSR and total direct compensation awarded. The value of long-term compensation awarded in any given year is not guaranteed, being equity-based, and the value ultimately realized by our executives is directly affected by the performance components applied to our PSUs and changes in our share price, which creates strong alignment with shareholders. The values realized by our named executives therefore turn on applicable performance targets being met and Air Canada's share price in future.

Air Canada observes that its 2021–2025 TSR performance against market indices continues to reflect the multi-year pandemic crisis and its aftermath for companies that were disproportionately affected by it. We supplement the prescribed five-year S&P/TSX Composite Index comparison below with three-year comparisons to that index and to our performance peer group. We also note that both three-year measures are used in 2025 to assess performance in connection with the vesting of one quarter of our PSUs.

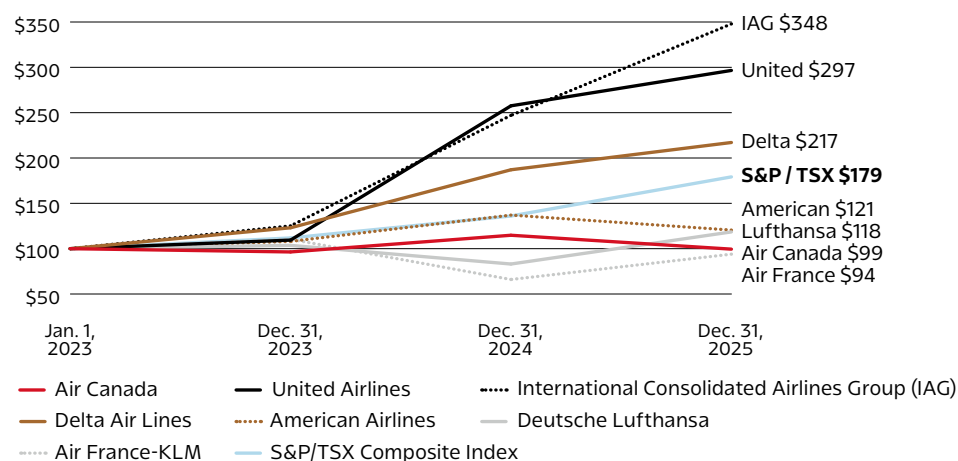
Five-year total shareholder return comparison (S&P/TSX Composite Index)

The following performance graph compares the cumulative total return of a \$100 investment on January 1, 2021, through to December 31, 2025, in our voting shares, as compared to the S&P/TSX Composite Index.



Three-year total shareholder return comparisons

The following performance graph compares the cumulative total returns of a \$100 investment from January 1, 2023, through to December 31, 2025, in our voting shares and in the international airlines in our performance peer group, as compared to the S&P/TSX Composite Index.





The following factors are relevant in comparing Air Canada's TSR performance with aggregate named executive compensation over the relevant timeframes:

- Our share price has fluctuated significantly during the period since 2021, reflecting factors and trends which are unrelated to Air Canada's financial and operational results, such as macroeconomic uncertainty, industry-wide challenges, oil price movements, inflation, rising interest rates, evolving geopolitical developments, labour shortages or other changes in the labour markets, global supply chain issues, meaningful shifts in demand patterns, the renewal of some of our collective bargaining agreements in 2024 and 2025 and pandemic-related effects and uncertainty in the early years of that period.
 - TSR performance and total compensation were directly impacted by the pandemic and its immediate effects. The named executives at the time voluntarily agreed to reduce or restrict their respective cash compensation in 2020 and 2021.
 - Total compensation was thereafter increased to market-competitive levels, while maintaining significant weighting on incentive- and performance-based compensation that is at risk to ensure close alignment of the financial interests of Air Canada's executives with those of its shareholders.
 - Air Canada rebuilt its operations and network to return to stability, allowing it to pursue opportunities and develop and embark upon its long-term plan announced in December 2024.
 - The financial and operational results during the 2021 to 2025 period have strengthened overall:
 - Operating revenues were \$6.400 billion in 2021, \$21.833 billion in 2023 and \$22.372 billion in 2025, primarily due to the post-pandemic recovery the airline has experienced.
 - Adjusted EBITDA was (\$1.464) billion in 2021, \$3.982 billion in 2023 and \$3.124 billion in 2025.
 - Adjusted pre-tax income was (\$3,768) million in 2021, \$1,693 million in 2023 and \$658 million in 2025.
 - Operating income (loss) was (\$3,049) million in 2021, \$2,279 million in 2023 and \$918 million in 2025.
 - Income (loss) before income taxes was \$(3,981) million in 2021, \$2,212 million in 2023 and \$789 million in 2025.
 - Air Canada carried about 13.2 million passengers in 2021, 44.8 million passengers in 2023 and 45.3 million passengers in 2025.
- Relative to 2021, the airline experienced a post-pandemic recovery. In 2023, as countries re-opened post-pandemic, there was a lack of aircraft capacity resulting in an exceptionally high yield environment. Additionally, the earnings in 2025 were negatively affected by the impact of the summer labour disruption.
- Our 2025 financial results contributed to the financial foundation that has allowed Air Canada since 2024 to repurchase over 64 million shares, returning more than \$1.3 billion to investors. This included over \$850 million in 2025 alone through normal course and substantial issuer bids.



Compensation tables

Summary compensation table

The table below provides a summary of the compensation earned for the years ended December 31, 2025, 2024 and 2023 by each named executive officer.

Name and principal position	Year	Salary ¹⁾	Share-based awards ²⁾	Option-based awards ³⁾	Non-equity incentive plan compensation AIP ⁴⁾	Pension value ⁵⁾	Total compensation ⁶⁾
Michael Rousseau President and Chief Executive Officer	2025	\$1,400,000	\$4,200,000	\$4,200,000	\$2,835,000	\$492,700	\$13,127,700
	2024	\$1,380,000	\$4,140,000	\$4,140,000	\$1,983,800	\$784,000	\$12,427,800
	2023	\$1,300,000	\$3,900,000	\$3,900,000	\$2,600,000	\$384,700	\$12,084,700
John Di Bert⁷⁾ Executive Vice President and Chief Financial Officer	2025	\$750,000	\$1,218,750	\$1,218,750	\$862,700	\$112,500	\$4,162,700
	2024	\$710,000	\$1,065,000	\$1,065,000	\$694,100	\$106,500	\$3,640,600
	2023	\$433,333	\$1,075,000	\$975,000	\$589,333	\$65,000	\$3,137,666
Craig Landry⁸⁾ Executive Vice President & Chief Innovation Officer and President of Aeroplan	2025	\$700,000	\$1,050,000	\$1,050,000	\$805,200	\$190,600	\$3,795,800
	2024	\$685,000	\$1,027,500	\$1,027,500	\$669,600	\$698,800	\$4,108,400
	2023	\$600,000	\$900,000	\$900,000	\$816,000	\$602,200	\$3,818,200
Mark Nasr⁹⁾ Executive Vice President & Chief Operations Officer	2025	\$636,667	\$975,000	\$975,000	\$747,700	\$95,500	\$3,429,867
	2024	\$575,000	\$646,875	\$646,875	\$496,000	\$118,800	\$2,483,550
	2023	\$411,608	\$450,000	\$450,000	\$444,000	\$59,500	\$1,815,108
Mark Galardo¹⁰⁾ Executive Vice President & Chief Commercial Officer and President, Cargo	2025	\$600,000	\$825,000	\$825,000	\$609,000	\$140,200	\$2,999,200
	2024	\$575,000	\$646,875	\$646,875	\$496,000	\$707,900	\$3,072,650
	2023	\$411,608	\$450,000	\$450,000	\$444,000	\$564,700	\$2,320,308

1) In 2025, our named executives' base salaries were set at market competitive levels with reference to the median of the comparator group.

2) The grant date fair value of the annual grant of share units awarded in 2025 under Air Canada's LTIP reflects a valuation factor of 65% for the PSUs and 100% for the RSUs based on time. The payout factor used is consistent with empirical testing of performance plan payouts, including the performance payout factor analysis provided by Willis Towers Watson which was based on the compilation of actual payouts for similar plans in the market. The payout factor was applied to the value of the award which was calculated using a share price of \$17.03 for the March 3, 2025 grants, being the volume weighted average trading price per share for the five consecutive trading days ending on the trading day prior to the date of the grant. See [Long-Term Incentive Plan – LTIP | Share unit components](#) for more information. The accounting fair value of these share units was \$5,895,002 for Mr. Rousseau, \$1,710,594 for Mr. Di Bert, \$1,473,755 for Mr. Landry, \$1,453,744 for Mr. Nasr and \$1,202,226 for Mr. Galardo. The difference between the accounting fair value and the grant date fair value of the share units as presented in this column is \$1,695,002 for Mr. Rousseau, \$491,844 for Mr. Di Bert, \$423,755 for Mr. Landry, \$478,744 for Mr. Nasr and \$377,226 for Mr. Galardo. The difference between the accounting fair value and the grant date fair value of the share units as presented in this column is due to a forfeiture rate of 95% applied for accounting purposes as compared to the valuation factor of 65% in the case of the PSUs and 100% in the case of RSUs applied for purposes of determining the grant date fair value.

3) The grant date fair value for options granted on March 3, 2025 by Air Canada was calculated using the Black-Scholes option model, which is the model used by Air Canada in the review of its compensation practices with respect to target grants of incentive awards under the LTIP, and [Long-Term Incentive Plan – LTIP | Stock option components](#) was based on the following factors, key assumptions and plan provisions:

Black-Scholes factor: 31.4265%
Volatility: 35.0918%
Dividend yield: 0%
Expected life: 6.25 years (rated vesting); 7.0 years (cliff vesting)
Term: 10 years
Vesting: 50% time based; 50% performance-based

The accounting fair value of these options was \$4,787,053 for Mr. Rousseau, \$1,319,642 for Mr. Di Bert, \$1,136,657 for Mr. Landry, \$1,058,966 for Mr. Nasr and \$903,566 for Mr. Galardo, reflecting a difference between the accounting and the grant date fair values presented in this column of \$587,053 (Mr. Rousseau), \$100,892 (Mr. Di Bert), \$86,657 (Mr. Landry), \$83,966 (Mr. Nasr) and \$78,566 (Mr. Galardo). The difference between the accounting fair value and the grant date fair value of the options as presented in this column is due to the use of different factors and assumptions.

4) The AIP payout multiplier in 2025 was 135% of the target opportunity for our named executives. See [2025 AIP](#).

5) The compensatory change represents the value of pension benefits accrued in the most recently completed financial year due to the accumulation of company service and changes in salary or the terms of the plan. Certain of our named executives remain members of our defined benefit pension plans, which were generally closed for new hires more than 10 years ago. See [Retirement plan benefits](#).

6) In 2025, the value of perquisites and other personal benefits was less than \$50,000 and 10% of the amount of total salary for any of the named executives.

7) Mr. Di Bert joined Air Canada on May 1, 2023 and was appointed Executive Vice President and Chief Financial Officer on July 1, 2023. His annual base salary was \$650,000 in 2023.

8) Before May 1, 2025, Mr. Landry was Executive Vice President & Chief Operations Officer. Mr. Landry's bonus was prorated based on the time he occupied in his role as Executive Vice President & Chief Operations Officer until his nomination as Executive Vice President, Chief Innovation Officer and President of Aeroplan.

9) Before May 1, 2025, Mr. Nasr was Executive Vice President, Marketing & Digital and President, Aeroplan. Mr. Nasr's bonus was prorated based on the time he occupied in his role as Executive Vice President, Marketing & Digital and President, Aeroplan until his nomination as Executive Vice President & Chief Operations Officer.

10) Before May 1, 2025, Mr. Galardo was Executive Vice President, Revenue & Network Planning and President, Cargo. Mr. Galardo's bonus was prorated based on the time he occupied in his role as Executive Vice President, Revenue & Network Planning and President, Cargo, until his nomination as Executive Vice President & Chief Commercial Officer and President, Cargo.

The value of option-based awards and share-based awards shown is the grant date fair value for stock options and PSU and RSU awards, as applicable, granted under our Long-Term Incentive Plan. This value has not actually been realized by the named executives and the actual value realized, if any, may differ. Values can vary significantly from year to year based on fluctuations in share price, corporate performance and the timing of vesting or exercise, as applicable. Aggressive performance targets in combination with difficult market conditions and other factors have resulted in significant variability in these long-term incentive awards since their date of grant, which had a significant impact on the awards' current value. Also, at any time after the grant date, stock options may be well out of the money. Accordingly, caution should be exercised when reviewing the estimated grant date fair values and total compensation reported in the Summary compensation table.





Long-Term Incentive Plan awards and incentive plan awards tables

Incentive plan awards | Unexercised options, unvested performance share units (PSUs) and restricted share units (RSUs)

The table below details the unexercised options and the number and market value of unvested PSUs and unvested RSUs, in each case held by the named executives as at December 31, 2025. There are no vested share-based awards that have not yet been paid out or distributed.

Name	Option based awards				Share based awards		
	Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options ¹⁾	Unvested PSUs or RSUs	Performance cycle	Unvested PSU and RSU market or payout value ¹⁾
Michael Rousseau	70,000	\$13.69	2027-04-03	\$392,000	196,507 PSUs	2024-01 to 2026-12	\$3,790,629
	42,961	\$17.69	2027-06-01	\$68,738	214,455 PSUs	2025-01 to 2027-12	\$4,136,837
	82,477	\$26.59	2028-04-02	—	84,656 RSUs	2023-03 to 2026-03	\$1,633,014
	15,165	\$22.53	2028-07-27	—	98,253 RSUs	2024-03 to 2027-03	\$1,895,300
	83,219	\$33.11	2029-03-11	—	107,228 RSUs	2025-03 to 2028-03	\$2,068,428
	98,863	\$32.42	2030-03-11	—			
	23,444	\$25.39	2031-03-01	—			
	372,613	\$24.61	2032-03-01	—			
	426,006	\$20.03	2033-03-01	—			
	679,573	\$18.32	2034-03-01	\$659,186			
	784,763	\$17.03	2035-03-03	\$1,773,564			
John Di Bert ²⁾	113,711	\$18.76	2033-05-01	\$60,267	50,551 PSUs	2024-01 to 2026-12	\$975,129
	174,818	\$18.32	2034-03-01	\$169,573	62,230 PSUs	2025-01 to 2027-12	\$1,200,417
	227,721	\$17.03	2035-03-03	\$514,649	27,927 RSUs	2023-05 to 2026-05	\$538,712
					25,275 RSUs	2024-01 to 2027-12	\$487,555
					31,115 RSUs	2025-01 to 2028-12	\$600,208
Craig Landry ³⁾	16,625	\$13.69	2027-04-03	\$93,100	48,771 PSUs ³⁾	2024-01 to 2026-12	\$940,793
	19,826	\$26.59	2028-04-02	—	53,614 PSUs ³⁾	2025-01 to 2027-12	\$1,034,214
	33,967	\$33.11	2029-03-11	—	19,536 RSUs ³⁾	2023-03 to 2026-03	\$376,849
	60,554	\$32.42	2029-03-11	—	24,385 RSUs ³⁾	2024-03 to 2027-03	\$470,387
	22,975	\$25.39	2031-03-01	—	26,807 RSUs ³⁾	2025-03 to 2028-03	\$517,107
	75,239	\$24.61	2032-03-01	—			
	98,309	\$20.03	2033-03-01	—			
	168,662	\$18.32	2034-03-01	\$163,602			
	196,191	\$17.03	2035-03-03	\$443,392			
Mark Nasr	1,500	\$13.69	2027-04-03	\$8,400	30,704 PSUs	2024-01 to 2026-12	\$592,280
	625	\$19.18	2027-07-11	\$69	52,886 PSUs	2025-01 to 2027-12	\$1,020,171
	11,329	\$26.59	2028-04-02	—	9,768 RSUs	2023-03 to 2026-03	\$188,425
	14,860	\$33.11	2029-03-11	—	15,352 RSUs	2024-03 to 2027-03	\$296,140
	17,302	\$32.42	2030-03-11	—	17,520 RSUs	2025-03 to 2028-03	\$337,961
	17,524	\$25.39	2031-03-01	—	8,923 RSUs	2025-05 to 2028-05	\$172,125
	18,211	\$24.61	2032-03-01	—			
	49,155	\$20.03	2033-03-01	—			
	106,183	\$18.32	2034-03-01	\$102,998			
	65,303	\$14.07	2035-05-01	\$340,882			
	128,225	\$17.03	2035-03-03	\$289,789			
Mark Galardo	5,000	\$13.69	2027-04-03	\$28,000	30,704 PSUs	2024-01 to 2026-12	\$592,280
	9,063	\$26.59	2028-04-02	—	43,736 PSUs	2024-01 to 2026-12	\$843,667
	13,587	\$33.11	2029-03-11	—	9,768 RSUs	2023-03 to 2026-03	\$188,425
	17,302	\$32.42	2030-03-11	—	15,352 RSUs	2024-03 to 2027-03	\$296,140
	17,524	\$25.39	2031-03-01	—	17,233 RSUs	2025-03 to 2028-03	\$332,425
	18,211	\$24.61	2032-03-01	—	4,635 RSUs	2025-05 to 2028-05	\$89,409
	49,155	\$20.03	2033-03-01	—			
	106,183	\$18.32	2034-03-01	\$102,998			
	33,924	\$14.07	2035-05-01	\$177,083			
	126,123	\$17.03	2035-03-03	\$285,038			

1) Based on the December 31, 2025 Air Canada share closing price on the TSX, the last trading day of the year (\$19.29).

2) Mr. Di Bert joined Air Canada in 2023.

3) In 2023, 4,884 of Mr. Landry's 13,913 RSUs were allocated in DSUs and 9,768 of the 39,072 PSUs were allocated in DSUs. In 2024, 6,096 of Mr. Landry's 24,385 RSUs were allocated in DSUs and 12,193 of the 48,771 PSUs were allocated in DSUs.



**Incentive plan awards | Value vested or earned during the year**

The table below provides information on the value that would have been realized if the named executive exercised option-based awards that vested during the year ended December 31, 2025 on the vesting date of such awards, based on the closing prices of the shares on that date. The table below also summarizes the aggregate amount of non-equity incentive plan compensation received by each named executive during the year ended December 31, 2025.

Name	Incentive plan awards or compensation					
	Option-based					Non-equity ²⁾
	Vested options	Exercise price	Vesting date	Market value on vesting date	Value vested during 2025 ¹⁾	Value earned during 2025
Michael Rousseau	5,861	\$25.39	2025-03-03	\$16.10	—	\$2,835,000
	46,577	\$24.61	2025-03-03	\$16.10	—	
	186,306	\$24.61	2025-12-31	\$19.29	—	
	53,251	\$20.03	2025-03-03	\$16.10	—	
	84,946	\$18.32	2025-03-03	\$16.10	—	
John Di Bert³⁾	14,214	\$18.76	2025-05-01	\$14.11	—	\$862,700
	21,852	\$18.32	2025-03-03	\$16.10	—	
Craig Landry	5,744	\$25.39	2025-03-03	\$16.10	—	\$805,200
	9,405	\$24.61	2025-03-03	\$16.10	—	
	37,619	\$24.61	2025-12-31	\$19.29	—	
	12,289	\$20.03	2025-03-03	\$16.10	—	
	21,082	\$18.32	2025-03-03	\$16.10	—	
Mark Nasr	2,190	\$25.39	2025-03-03	\$16.10	—	\$747,700
	2,276	\$24.61	2025-03-03	\$16.10	—	
	9,105	\$24.61	2025-12-31	\$19.29	—	
	6,144	\$20.03	2025-03-03	\$16.10	—	
	13,272	\$18.32	2025-03-03	\$16.10	—	
Mark Galardo	2,190	\$25.39	2025-03-03	\$16.10	—	\$609,000
	2,276	\$24.61	2025-03-03	\$16.10	—	
	9,105	\$24.61	2025-12-31	\$19.29	—	
	6,144	\$20.03	2025-03-03	\$16.10	—	
	13,272	\$18.32	2025-03-03	\$16.10	—	

1) Calculated as the difference between the market (closing) price of the shares on the date of vesting and the exercise price of the options.

2) Represents amounts paid as an annual incentive plan bonus in respect of the year 2025 and corresponds to the amounts disclosed in the [Summary compensation table](#) under [Non-equity incentive plan compensation](#) | [AIP](#).

3) Mr. Di Bert joined Air Canada in 2023.

Share-based awards | Vested PSUs and RSUs

The performance share units and restricted share units of the named executives that vested in 2025 are disclosed in the table below and in the case of PSUs further described in the [LTIP | 2025 vesting](#) table, based on the volume weighted average trading price per share for the five consecutive trading days ending on the trading day prior to the vesting day.

	Vested PSUs and RSUs	Vesting date	Market value on vesting date	Value vested during 2025 ¹⁾
Michael Rousseau	133,925 PSUs 68,901 RSUs	2025-12-31 2025-03-03	\$20.19 \$17.03	\$2,703,946 \$1,173,384
John Di Bert²⁾	35,748 PSUs	2025-12-31	\$20.19	\$721,752
Craig Landry	23,179 PSUs 13,913 RSUs	2025-12-31 2025-03-03	\$20.19 \$17.03	\$467,984 \$236,938
Mark Nasr	15,453 PSUs 3,368 RSUs	2025-12-31 2025-03-03	\$20.19 \$17.03	\$311,996 \$57,357
Mark Galardo	15,453 PSUs 3,368 RSUs	2025-12-31 2025-03-03	\$20.19 \$17.03	\$311,996 \$57,357

1) The vesting was in the form of cash or shares and/or vested as DSUs. PSUs vested at a performance rating level of 79.1%.

2) Mr. Di Bert joined Air Canada in 2023.



Retirement plan benefits

Air Canada provides certain executives with a non-contributory, defined benefit registered pension plan (the Defined Benefit Pension Plan). In addition, Air Canada also provides the same executives with a funded, non-contributory defined benefit SERP that provides benefits in excess of the limit imposed by the *Income Tax Act*.

Benefits under the Defined Benefit Pension Plan and SERP are calculated by multiplying (a) 2% of the average annual salary (excluding bonuses, honoraria and special allowances) during the executive's highest paid 36 successive months of company service less an amount equal to 0.25% times the Canada / Québec pension plan's average annual yearly maximum pensionable earnings during the same 36-month period used to determine the executive's average annual salary, by (b) the executive's years of service (maximum 35 years). An eligible executive is eligible to retire early (before age 65) with an unreduced pension if they meet the following three conditions: (1) they are at least 55 years old, (2) they have at least 80 points (combination of age and years of qualifying service), and (3) they have obtained the consent of Air Canada as administrator of the pension plan.

The following table provides information on the Defined Benefit pension entitlements of each named executive calculated as of December 31, 2025.

Name	No. years of credited service ¹⁾	Annual benefits payable		Accrued obligation at start of year ⁴⁾	Compensatory change ⁵⁾	Non-compensatory change ⁶⁾	Accrued obligation at year end ⁷⁾
		At year end ²⁾	Latest of 65 and year end ³⁾				
Michael Rousseau	28.2500	\$763,500	\$763,500	\$9,687,100	\$492,700	\$(380,700)	\$9,799,100
Craig Landry	24.5000	\$320,000	\$454,000	\$5,214,600	\$190,600	\$12,700	\$5,417,900
Mark Galardo	21.1667	\$220,200	\$364,200	\$3,019,900	\$140,200	\$(152,500)	\$3,007,600

1) This column reflects the number of years of credited service for each named executive as of the year ended December 31, 2025, including, as the case may be, any additional pensionable service credited pursuant to the named executive's individual employment agreement. Two of the above named executives have been or will be credited with additional years of pensionable service under the SERP beyond the credited service they would have otherwise normally accumulated, as follows: (a) Mr. Rousseau has been credited with an additional five years of pensionable service in 2012 upon his completion of five years of service with Air Canada and with an additional five years of pensionable service in 2018 when he reached age 60, and became entitled to an unreduced pension (with guaranteed consent) upon attainment of age 60; and (b) Mr. Landry has been credited with an additional three years of pensionable service on March 1, 2026 and will also be granted with an additional year of service on February 28th of each of the next four years, without exceeding 35 years of pensionable service. The pension benefits payable from Air Canada will be offset by a portion of the pension benefits he has earned at Aeroplan (for the employer-provided portion only).

2) Annual unreduced pension benefits are based on the average annual salary during the named executive's highest paid 36 successive months of company service and the credited service as of December 31, 2025. The payment of such unreduced pension benefit cannot commence earlier than the named executive's unreduced early retirement date.

3) Projected annual pension benefits that would be payable to the named executive at the latest of age 65 and year end, based on their average annual salary during their highest paid 36 successive months of company service as of December 31, 2025 and their credited service being projected to the latest of age 65 and year end (subject to a maximum of 35 years).

4) The accrued obligation at the beginning of the year represents the value of pension benefits for company service rendered prior to that date, using the same assumptions that were used for 2024 year-end financial statement reporting purposes. These assumptions include future earnings projections at the rate of 2.75% per annum (plus merit scales), as well as assumptions regarding retirement, termination and death. Benefits are valued using a discount rate of 4.70%, which reflects corporate AA bond yields at the beginning of the year as adopted for 2024 year-end disclosure. The service prorate method was applied, meaning that the benefit obligation, including the liability pursuant to additional credited service under individual employment agreements entered into prior to 2024, is spread equally over the named executive's projected career with Air Canada, regardless of when the credited service is granted, except such projected career is limited to 35 years of pensionable service.

5) The compensatory change represents the value of pension benefits accrued in the most recently completed financial year due to the accumulation of company service and changes in salary or the terms of the plan. It includes service costs, differences between actual and estimated earnings and any plan changes that have a retroactive impact. The service cost was calculated using the same assumptions that were used for 2024 year-end financial statement reporting purposes, including a discount rate of 4.80%. The amounts disclosed with respect to changes in salary reflect 2025 year-end assumptions.

6) The non-compensatory change in the accrued obligation for Air Canada's most recently completed financial year includes all items that are not compensatory, such as changes in assumptions and interest on the accrued obligation at the start of the year.

7) The accrued obligation at the end of Air Canada's most recently completed financial year represents the value of pension benefits for company service rendered prior to December 31, 2025, and is based on 2025 year-end assumptions, assuming a going-concern basis. The 2025 assumptions used for determining the accrued obligation are the same as those used for 2025 year-end financial statement reporting purposes. In particular, we have used a discount rate of 4.98%, which reflects corporate AA bond yields at the end of the year, as well as termination rates and retirement rates disclosed in our Report on the Actuarial Valuation for Funding Purposes as at January 1, 2025, for the Air Canada Executive Pension Plan.

Defined contribution pension plan

Air Canada makes contributions to the defined contribution pension plan for participating executives equal to 15% of their base salary.

Name	Accumulated value at start of year	Compensatory change ¹⁾	Accumulated value at year end
John Di Bert	\$124,500	\$112,500	\$210,300
Mark Nasr	\$387,400	\$95,500	\$476,700

1) The gross contribution amount made to the defined contribution supplemental arrangement for executives is included in the compensatory change.



Termination of employment and change of control benefits

We design our severance plans and policies to govern the transition to alternative employment, comply with relevant legal requirements and reflect market practices.

Termination without cause

Air Canada has entered into employment agreements with each named executive. The agreements provide that in the event of termination without cause, they are entitled to receive a severance payment equal to 24 months of their then current annual base salary and annual bonus award at target and the continuation of certain benefits and perquisites until the earlier of the end of the severance period or their re-employment with another employer. The payments and other benefits are subject to compliance during the severance period with non-competition and other provisions. We also maintain a clawback policy, which is applicable in certain events. See [Clawback policy](#).

Termination following change of control

We maintain change of control agreements with our named executives in order to ensure they would remain in their role for the benefit of shareholders if Air Canada were subject to a change of control, which is defined to mean the acquisition of 35% or more of our voting shares, a change in a majority of our Board's composition without its consent or within two years of the acquisition of 25% or more of our voting shares or any event resulting in the value of our assets decreasing by 40% or more by reference to our most recently published balance sheet. This does not include transactions as a result of which the share ownership, board of directors and executive are unchanged.

These arrangements provide that in the event of an involuntary termination of a named executive's employment within 24 months of such a change of control, they are entitled to receive a severance payment equal to 24 months of their then current annual base salary and annual bonus award at target, and the continuation of certain benefits and perquisites until the earlier of the end of the severance period or their re-employment with another employer. Unvested options and share units immediately vest and become exercisable or payable, as applicable, upon such termination of employment. For these purposes we define involuntary termination as (a) a termination of employment not due to termination for just cause or death, normal retirement or disability, (b) any geographic relocation to a place of work that is more than 30 kilometres from the previous location, (c) a material diminution or other adverse change or removal in position, duties or responsibilities, (d) a material decrease in compensation or benefits which does not apply to all senior executives or (e) the failure of a successor employer to assume the obligations under these arrangements.

Potential payments to named executive officers

The table below shows the estimated incremental value that would become payable to each named executive under their employment arrangements, following termination without cause or termination without cause following a change of control, as if such termination of their employment had occurred on December 31, 2025:

	Michael Rousseau	John Di Bert	Craig Landry	Mark Nasr	Mark Galardo
Termination without cause (other than following change of control)					
Cash portion	\$7,000,000	\$2,775,000	\$2,590,000	\$2,405,000	\$2,100,000
Value of exercisable and unvested options and share units ^{1) 2)}	\$9,531,471	\$2,701,980	\$3,717,534 ²⁾	\$1,946,764	\$1,699,461
Other benefits ³⁾	\$98,527	\$98,553	\$95,785	\$99,216	\$100,138
Total value	\$16,629,998	\$5,575,533	\$6,403,319	\$4,450,980	\$3,899,599
Termination without cause following change of control					
Cash portion	\$7,000,000	\$2,775,000	\$2,590,000	\$2,405,000	\$2,100,000
Value of exercisable and unvested options and share units ²⁾	\$15,874,552	\$4,510,246	\$3,717,534 ²⁾	\$3,327,895	\$2,894,591
Other benefits ⁴⁾	\$98,527	\$323,553	\$519,785	\$294,216	\$285,138
Total value	\$22,973,079	\$7,608,799	\$6,827,319	\$6,027,111	\$5,279,729

1) Based on the December 31, 2025 Air Canada share closing price on the TSX, the last trading day of the year (\$19.29).

2) Vesting of share units are prorated with the exception of Mr. Landry whose entitlement upon termination without cause specifies that his options and share units will vest in accordance with the terms and conditions of the LTIP applicable upon retirement.

3) Estimated cost of the continuation of group health benefits and perquisites during the severance period.

4) Estimated cost of the continuation of group health benefits and perquisites during the severance period and the value of an additional two years of pensionable service in respect of Mr. Di Bert (\$225,000), Mr. Landry (\$424,000), Mark Nasr (\$195,000) and Mark Galardo (\$185,000).



Other important information about the meeting

Management proxy circular

This management proxy circular (the circular) is intended to help you make informed decisions about the matters to be dealt with at our annual shareholder meeting to be held on May 1, 2026 (together with any adjournment or postponement thereof, the meeting).

Information in the circular

The circular is current as at March 19, 2026, unless otherwise indicated. The financial information we provide about Air Canada and our subsidiaries is consistent with our consolidated financial statements and the related management discussion and analysis of results of operations and financial condition (MD&A) for the year ended December 31, 2025. This circular does not incorporate the information found on our website or any information not expressly stated to be incorporated, even if we occasionally refer to it; we, therefore, disclaim any such incorporation by reference. This circular also includes several website addresses and references to additional materials found on those websites, as well as information published by our shareholders or otherwise about their holdings. These websites and materials are not incorporated by reference herein, and such information has not been verified. For our caution regarding forward-looking statements and non-GAAP measures, see [About non-GAAP measures](#). When we use you and your, this is in reference to our shareholders in that capacity. We, us and our refer to Air Canada. Unless otherwise stated, all dollar figures are in Canadian dollars.

Notice-and-access

We are using notice-and-access to deliver this circular to both our registered and non-registered shareholders. This means that the circular is being posted online for you to access, rather than being mailed out. Notice-and-access gives shareholders more choice and reduces our printing and mailing costs. You will still receive a form of proxy or a voting instruction form in the mail so you can vote your shares, but, instead of receiving a paper copy of the circular, you will receive a notice with information about how you can access the meeting materials electronically and how to request a paper copy.

Shareholders may contact Kingsdale Advisors by telephone at 1-855-682-4783 (toll-free in North America) or +1-647-251-9743 (text and call enabled outside North America), or by email at contactus@kingsdaleadvisors.com.

Availability of circular

The circular is available at www.meetingdocuments.com/TSXT/AC, on our website at Air Canada shareholder meetings and on SEDAR+ at www.sedarplus.ca. You may request a paper copy of the meeting materials at no cost at www.meetingdocuments.com/TSXT/AC or by calling our transfer agent, TSX Trust Company, at 1-888-433-6443 (toll free in Canada and in the United States) or +1-416-682-3801 (other countries) and following the instructions. After the meeting, requests may be made by calling 1-888-433-6443 (toll free in Canada and in the United States) or +1-416-682-3801 (other countries).

Attending the meeting

Our meeting will be held in a hybrid format, and may be attended in person or by logging into its live webcast. Shareholders may attend either meeting format, as we explain below. The hybrid format will allow those people who cannot attend in person the opportunity to attend the meeting online as if they were physically present at the meeting and regardless of their geographic location.

Only registered shareholders and duly appointed proxyholders (including non-registered (beneficial) shareholders who have appointed themselves as proxyholder) will be permitted to participate, vote and ask questions during the meeting.

Attending the meeting in person

You will be able to attend the meeting in person, vote and ask questions after registering at the registration desk if you are a registered shareholder or a proxyholder (including a non-registered (beneficial) shareholder who has appointed yourself as proxyholder). Only registered shareholders and proxyholders will be granted access to the in-person meeting. However, non-registered (beneficial) shareholders who have not appointed themselves proxyholders, non-shareholders and other guests will be able to attend the meeting online.

If you attend the meeting in person, you will only need to check-in at the registration desk with our transfer agent, TSX Trust Company, when you arrive at TELUS Garden, 510 West Georgia Street, 5th Floor, Vancouver, British Columbia.

Attending the meeting online

Registered shareholders, and duly appointed proxyholders (including non-registered (beneficial) shareholders who have appointed themselves as proxyholder) who have been registered as described under [Appointing a proxyholder to represent you and vote at the meeting](#) will be able to attend, participate and vote at the meeting online at aircanada.com/AGM. They may enter the meeting by clicking "I have a control number" and entering a valid control number and the password "AC2026" (case sensitive) before the start of the meeting. Guests, including non-registered (beneficial) shareholders who have not properly appointed themselves as a proxyholder, can join the meeting online as a guest by clicking "I am a guest" and completing the online form. Guests will be able to listen to the meeting online but will not be able to ask questions or vote at the meeting.

If you attend the meeting online, it is important that you always remain connected to the internet in order to vote when balloting commences. You should ensure you have a strong, preferably high-speed, internet connection at the place from which you intend to participate in the meeting online.

Checking in early

The meeting will begin promptly at 8:30 a.m. (Pacific time) on May 1, 2026, unless otherwise adjourned or postponed. Online check-in will begin 30 minutes prior to the meeting at 8:00 a.m. (Pacific time). You should allow ample time for online check-in procedures. For any technical difficulties experienced during the check-in process or online during the meeting, please contact TSX Trust Company at 1-800-387-0825 (toll free in Canada and in the United States) or collect call +1-416-682-3860 (other countries).



Voting your shares

Your vote is important. As a shareholder of Air Canada, it is important that you read the following information on how to vote your shares and then vote your shares, by proxy or at the meeting either online or in person. Shareholders are strongly encouraged to submit their votes in advance of the meeting. Please follow the instructions below based on whether you are a non-registered (beneficial) shareholder or a registered shareholder.

Your vote is important – we want to hear from you and all of our other shareholders. To show our appreciation for your participation, Air Canada will make a \$1 charitable donation to the [Air Canada Foundation](#) in respect of any shareholder account that votes at the meeting their shares regardless of how they are voted. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children under the guidance of its own board of directors.

Beneficial (non-registered) shareholder	Registered shareholder
You are a beneficial or non-registered shareholder if your bank, trust company, securities broker or other financial institution (intermediary) holds your shares for you. Your intermediary must ask for your voting instructions before the meeting. Please contact them if you did not receive a request for these with the Notice-and-Access Letter.	You are a registered shareholder if your shares are held directly in your name.

If you are not sure whether you are a registered or non- registered shareholder, please contact TSX Trust Company at [1-800-387-0825](tel:1-800-387-0825) (toll free in Canada and in the United States) or collect call [+1-416-682-3860](tel:+1-416-682-3860) (other countries).

Voting

You can vote by proxy in advance of the meeting, attend the meeting either online or in person, or you can appoint someone else to vote for you as your proxyholder.

Option 1 Voting your shares in advance of the meeting	
Beneficial shareholder	Registered shareholder
Vote by voting instruction form If you wish to exercise your voting rights before the meeting, you may give your instructions using one of the methods below. You must comply with your intermediary's instructions if you want your vote to be exercised, including the date by which your voting instructions must be received for your vote to be exercised.	Vote by form of proxy If you wish to exercise your voting rights before the meeting, you may give your instructions using one of the methods below.

Your vote must be received by noon (ET) on April 29, 2026, regardless of the means by which you choose to vote before the meeting.

On the internet	On the internet		
 Go to the website at www.proxyvote.com and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the internet. If you are an employee of Air Canada or a subsidiary holding shares through Computershare, please see Employee plans Voting your shares.	 Go to the website at www.meeting-vote.com and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the internet. <tr><th>By email</th><td>  Complete your form of proxy and return it to proxyvote@tmx.com </td></tr>	By email	 Complete your form of proxy and return it to proxyvote@tmx.com
By email	 Complete your form of proxy and return it to proxyvote@tmx.com		



Beneficial (non-registered) shareholder	Registered shareholder
By mail  Complete your voting instruction form and return it by mail in the business reply envelope we have provided.	By facsimile or by mail  Complete your form of proxy and return it • by facsimile at +1-416-607-7964, • by mail in the business reply envelope we have provided, or • by delivering it to one of TSX Trust Company's principal offices, a list of which is set forth under Mail service interruption. Please see the section titled Completing the form of proxy for more information.
By telephone  Using any touch-tone phone, call the number indicated on your voting instruction form and follow the voice instructions. If you choose to vote by telephone, do not return your voting instruction form.	By telephone  Using any touch-tone phone, call 1-888-489-7352 (toll-free in Canada and in the United States) and an agent will help you vote online. If you choose to vote by telephone, do not return your form of proxy.
Changed your mind? If you have already sent your completed voting instruction form to your intermediary and you change your mind about your voting instructions, contact your intermediary immediately.	Changed your mind? You can revoke your proxy or change your vote as described under Revoking your proxy, changing your vote.

Option 2 | Appointing a proxyholder to represent you and vote at the meeting

A shareholder entitled to vote may appoint a proxyholder and one or more alternates, who are not required to be shareholders, to attend and act at the meeting as authorized by them. Voting by proxy means that you are giving the person named on your form of proxy or your voting instruction form (proxyholder) the authority to vote your shares for you online or in person at the meeting or any adjournment thereof. The time limit for deposit of proxies may be waived or extended by the Chair of the meeting at their discretion, without notice.

The persons who are named on the form of proxy or voting instruction form are directors or officers of Air Canada and will vote your shares for you. You have the right to appoint a person other than the directors or officers named as your proxyholder in the forms we provide. The person you choose does not have to be a shareholder.

To do this, fill in the name of the person you are appointing in the space provided on the form of proxy, the voting instruction form or on the website as described above under [Voting your shares in advance of the meeting](#). The person you appoint must participate in the meeting and vote on your behalf in order for your votes to be counted.

If the proxyholder will be **attending the meeting online**, you must also register that proxyholder with TSX Trust Company by calling [1-866-751-6315](#) (toll free in Canada and in the United States) or +1-416-682-3860 (other countries), or by completing the online form at [TSX Trust control number request](#) not later than **noon (ET) on April 29, 2026**. Registering your proxyholder is an additional step to be completed after you have submitted your form of proxy or voting instruction form so that TSX Trust Company may provide the proxyholder with a control number via email to vote online at the meeting. If a proxyholder is not registered, they will not receive a control number serving as their sign-in credentials and allowing them to vote at the meeting online. They would then only be able to attend the meeting online as a guest.

If the proxyholder will be attending the meeting in person, the proxyholder will need to check in at the registration desk with our transfer agent, TSX Trust Company, when they arrive at the meeting.

Make sure that the person you appoint is aware that they have been appointed and attends the meeting either online or in person. If you do not specify how you want your shares voted, your proxyholder will vote your shares as they see fit on each item scheduled to come before the meeting and on any other matter that may properly come before the meeting.



Option 3 Voting your shares at the meeting	
Beneficial shareholder You can vote your shares at the meeting if you have instructed your intermediary to appoint you as proxyholder. To do this you must insert your own name in the space provided on the voting instruction form sent to you by your intermediary and follow all the applicable instructions provided by your intermediary. You must then comply with the signature and return instructions provided by your intermediary. Do not complete the voting section of the voting instruction form as you will be attending and voting online or in person at the meeting. Non-registered shareholders who have not duly appointed themselves as proxyholder will not be able to vote or participate at the meeting. If attending the meeting online, you must also and register yourself with TSX Trust Company, as described under Appointing a proxyholder to represent you and vote at the meeting. TSX Trust Company will provide you with a control number by email after the proxy voting deadline has passed, if you have been duly appointed and registered with TSX Trust Company. This control number is your username for purposes of logging in to the meeting. If you fail to register yourself, you will not receive a control number serving as your sign-in credentials and allowing you to vote online at the meeting and, consequently, you would then only be able to attend the meeting online as a guest. If attending the meeting in person, please check-in at the registration desk with our transfer agent, TSX Trust Company, when you arrive at the meeting.	Registered shareholder If you want to vote your shares during the meeting, do not complete or return the form of proxy. If attending the meeting online, simply log in to the meeting and complete a ballot online during the meeting. The control number located on the proxy form or in the email notification you received is your control number for purposes of logging in to the meeting online. If attending the meeting in person, please check-in at the registration desk with our transfer agent, TSX Trust Company, when you arrive at the meeting.

Voting your shares | Non-registered United States shareholders

If you are a non-registered shareholder located in the United States and wish to vote at the meeting or, if permitted, appoint a third party as your proxyholder, you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you or contact your intermediary to request a voting instruction form if you have not received one. After obtaining a valid voting instruction form from your intermediary, you must then submit it to TSX Trust Company to: TSX Trust Company, 301-100 Adelaide St. West, Toronto, Ontario, M5H 4H1, labelled “Legal Proxy” and received not later than the voting deadline which is **noon (ET) on April 29, 2026. This means you need to give instructions to your broker or other intermediary at least one business day before April 29, 2026.**



Employee plans | Voting your shares

Shares purchased or received, as the case may be, by employees of Air Canada or its subsidiaries under the Employee Share Ownership Plan or Employee Recognition Share Award Plan (collectively, Employee Shares) are registered in the name of Computershare Trust Company of Canada (Computershare), as administrative agent under such plans unless the employees have withdrawn their shares from them.

If you hold any shares in addition to Employee Shares, you must complete a form of proxy or voting instruction form with respect to them as indicated above for registered shareholders or non-registered shareholders, as applicable.

If you are uncertain whether you are an employee holding your shares through Computershare, please contact Computershare at 1-877-982-8766 (toll free in Canada and in the United States) or +1-514-982-8705 (other countries).

Your vote must be received by noon (ET) on April 29, 2026, regardless of the means by which you choose to vote before the meeting.

Employee plans (Computershare)

Proxyholder appointment

A voting instruction form is enclosed with the Notice-and-Access Letter, which allows you to appoint a proxyholder and provide your voting instructions on the internet or by mail.

You can appoint a person other than Computershare as your proxyholder. This person does not have to be a shareholder. If you wish to appoint a proxyholder other than Computershare to represent you at the meeting, you must submit your voting instruction form appointing that proxyholder by the voting deadline or go to www.investorvote.com and indicate the name of the person you are appointing in the space provided on the website. The person you appoint must participate in the meeting and vote on your behalf in order for your votes to be counted.

If the proxyholder will be **attending the meeting online**, you must also register that proxyholder with TSX Trust Company by calling 1-866-751-6315 (toll free in Canada and in the United States) or +1-416-682-3860 (other countries) or complete the online form at tsxtrust.com/control-number-request not later than **noon (ET) on April 29, 2026**.

Registering your proxyholder is an additional step to be completed after you have submitted your voting instruction form so that TSX Trust Company may provide the proxyholder with a control number via email to vote online at the meeting. Failure to register the proxyholder will result in the proxyholder not receiving a control number that will act as their online sign-in credentials and is required for them to vote online at the meeting and, consequently, they will only be able to attend the meeting online as a guest.

If the proxyholder will be **attending the meeting in person**, the proxyholder will need to check in at the registration desk with our transfer agent, TSX Trust Company, when they arrive at the meeting.

Make sure that the person you appoint is aware that they have been appointed and attends the meeting either online or in person. If you do not specify how you want your shares voted, your proxyholder will vote your shares as they see fit on each item scheduled to come before the meeting and on any other matter that may properly come before the meeting.

Voting in advance of the meeting



On the internet

If you wish to exercise your voting rights before the meeting is held, you may give your instructions using one of the following methods:

- Go to the website at www.investorvote.com and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the internet.



By mail

Alternatively, you may vote your shares by completing the voting instruction form as directed on the form and returning it in the business reply envelope provided.



Voting at the meeting

You can vote your shares in person or online at the meeting if you have instructed Computershare to appoint you as proxyholder. To do this, enter your name in the appropriate box on the website or write your name in the space provided on the voting instruction form and follow the instructions provided on the voting instruction form or on the website. Do not complete the voting section of the voting instruction form as you will be attending and voting online or in person at the meeting.

If you do not appoint yourself as proxyholder, you will not be able to vote or participate at the meeting.

If attending the meeting online, you must also register yourself with TSX Trust Company, as described above under [Appointing a proxyholder to represent you and vote at the meeting](#). TSX Trust Company will provide you with a control number by email after the proxy voting deadline has passed, if you have been duly appointed and registered with TSX Trust Company. This control number is your username for purposes of logging in to the meeting. If you fail to register yourself, you will not receive a control number serving as your sign-in credentials and allowing you to vote online at the meeting and, consequently, you would then only be able to attend the meeting online as a guest.

If attending the meeting in person, please check-in at the registration desk with our transfer agent, TSX Trust Company, when you arrive at the meeting.

Completing the form of proxy

You can choose to vote “For” or “Withhold” with respect to the appointment of the auditors and “For” or “Against” with respect to the election of the directors and the approval of an advisory, non-binding resolution in respect of Air Canada’s approach to executive compensation. If you are a non-registered shareholder voting your shares, or an employee voting your Employee Shares, please follow the instructions provided in the voting instruction form.

When you complete the form of proxy without appointing an alternate proxyholder, you authorize Vagn Sørensen, Michael Rousseau or Marc Barbeau, who are directors or officers of Air Canada, to vote your shares for you at the meeting in accordance with your instructions. If you return your proxy without specifying how you want to vote your shares, your vote will be counted **FOR** electing the director nominees named in this circular, **FOR** appointing PricewaterhouseCoopers LLP as auditors of Air Canada, **FOR** approving an increase in the number of shares reserved for issuance under our Long-Term Incentive Plan, **FOR** approving an advisory, non-binding resolution in respect of Air Canada’s approach to executive compensation, **FOR** ratifying our current shareholder rights plan and **AGAINST** shareholder proposal no. 1 set forth in [Schedule “B” | Shareholder proposals](#), if submitted to a vote.

If you have any questions regarding the voting procedures or need assistance completing your form of proxy or voting instruction form, please contact Kingsdale Advisors, toll-free in North America at 1-855-682-4783 or +1-647-251-9743 (text and call enabled outside North America), or by email at contactus@kingsdaleadvisors.com.

Certain beneficial owners may be contacted by Kingsdale and receive assistance to conveniently exercise their voting rights directly by telephone using the QuickVote™ service of Broadridge Investor Communications.

Management is not aware of any other matters that will be presented for action at the meeting. If, however, other matters properly come before the meeting, the persons designated in the form of proxy enclosed with the Notice-and-Access Letter will vote in accordance with their judgment, pursuant to the discretionary authority conferred by the proxy with respect to such matters.

If you are an individual shareholder, you or your authorized attorney must sign the form of proxy. If you are a corporation or another legal entity, an authorized officer or attorney must sign the form of proxy.



Proxy solicitation

Your proxy is solicited by or on behalf of the management of Air Canada for use at the meeting. Our employees or agents may solicit proxies by mail or other means. We will pay the cost of any such solicitation and may also reimburse brokers and other persons holding shares in their names or in the names of nominees, for their costs incurred in sending proxy materials to beneficial owners and obtaining their proxies or voting instructions.

Air Canada has retained Kingsdale Advisors as its shareholder advisor and to solicit proxies from shareholders as its agent. They will be paid an anticipated fee of \$101,000 for proxy solicitation services plus additional fees for other services.

Revoking your proxy, changing your vote

You can revoke your proxy or change your vote in any manner permitted by law, including if it was submitted by mail, by an instrument in writing executed by you or your attorney authorized in writing and deposited either at the Montréal office of Air Canada's transfer agent, TSX Trust Company, 1190 Avenue des Canadiens-de-Montréal, Suite 1700, Montréal, Québec, or at Air Canada's head office, 7373 Côte-Vertu Boulevard West, Montréal, Québec, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or, if attending the meeting in person, with the chair of the meeting before the start of the meeting or any adjournment thereof. If the voting instructions were conveyed over the internet, conveying new voting instructions by internet or by mail within the applicable cut-off times will revoke the prior instructions.

Any votes cast online during the meeting will revoke any proxy submitted before the meeting. If you do not wish to revoke a previously submitted proxy, you should not vote during the meeting.

If you are a non-registered (beneficial) shareholder and have already sent your completed voting instruction form to your intermediary and you change your mind about your voting instructions, contact your intermediary immediately.

Voting requirements

The election of directors, the appointment of auditors, the approval of an increase in the number of shares reserved for issuance under our Long-Term Incentive Plan, the approval of an advisory non-binding resolution on executive compensation and the ratification of our current shareholder rights plan will each be determined by a majority of votes cast at the meeting by proxy, in person or online. If there is a tie, the Chair of the meeting is not entitled to a second or casting vote.

Our transfer agent, TSX Trust Company, counts and tabulates the votes.

Voting shares and shareholder list

Shareholders of record on March 3, 2026 are entitled to receive notice of and to vote at or before the meeting. As at that date, there were 293,013,665 voting shares outstanding, comprising of 226,199,225 Class B voting shares (77.2%) and 66,814,440 Class A variable voting shares (22.8%) outstanding. The list of shareholders entitled to vote at the meeting is available for inspection during usual business hours at the Montréal office of our transfer agent, TSX Trust Company, 1190 Avenue des Canadiens-de-Montréal, Suite 1700, Montréal, Québec.

Questions at the meeting

We welcome questions and comments from our shareholders. Shareholders (registered, non-registered and holders of employee shares) as of the close of business on the March 3, 2026 record date, and duly appointed proxyholders, may submit questions during the meeting when a question period is opened. It is recommended that shareholders and duly appointed proxyholders attending the meeting virtually submit their questions as soon as possible during the meeting so that they can be addressed at the appropriate time. Instructions will be provided at the meeting and are also available on Air Canada's website at [Air Canada shareholder meetings](#). Shareholders and duly appointed proxyholders may also submit questions at any point in advance of the meeting by entering and submitting their questions using the form available on Air Canada's website at [Air Canada shareholder meetings](#). Questions submitted in advance must be received by **April 30, 2026** to be included in the meeting.

Questions related to the matters of business will be addressed at the time such matter is being discussed. Other questions will be addressed during the question period after the business of the meeting has been completed. We may group questions together and provide a single response to avoid repetition. We may edit or exclude questions regarding topics that are not pertinent to our meeting or business and will only answer questions of interest to all shareholders during the meeting. We expect to have sufficient time for all questions or comments. In the unlikely event that this was not the case, we will communicate with you after the meeting if you have provided your contact information or may choose to post responses on our website at [Air Canada shareholder meetings](#).

Guests will not be able to submit questions at the meeting.



Other important information about us

Restrictions on voting securities

The *Canada Transportation Act* requires that national holders of domestic, scheduled international and non-scheduled international licenses, such as Air Canada, be “Canadian” as provided in that law. Foreign ownership of Canadian air carriers is allowed up to 49%, provided that no single non-Canadian holds more than 25% of the voting interests, and that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests, in a Canadian air carrier.

Air Canada’s restated articles of incorporation are aligned with the foreign ownership restrictions prescribed by the *Canada Transportation Act*.

Air Canada has two classes of shares: Class B voting shares and Class A variable voting shares (we sometimes refer to these collectively as our voting shares). Our Class B voting shares and Class A variable voting shares are traded on the TSX under the single ticker “AC” and are also traded on OTCQX International Premier platform in the United States under the single ticker symbol “ACDVF”. The holders of our Class B voting shares and Class A variable voting shares will vote together as a single class at the meeting, and no separate meeting is being held for any of these classes of shares.

The Class B voting shares may only be held, beneficially owned and controlled, directly or indirectly, by Canadians. If a Class B voting share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Canadian, it shall be converted into one Class A variable voting share automatically. Each Class B voting share confers the right to one vote.

The Class A variable voting shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians. If a Class A variable voting share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, it shall be converted into one Class B

voting share automatically. Each Class A variable voting share confers the right to one vote unless: (a) the number thereof held by any single non-Canadian as a percentage of the total number of voting shares of Air Canada, or the total number of votes that would be cast by any single non-Canadian holder thereof at any meeting in relation to the total number of votes cast at such meeting, exceeds 25% (or any different percentage that may be prescribed by Canadian law and approved or adopted by the directors of Air Canada (a prescribed percentage)); (b) the number thereof held collectively by one or more non-Canadians authorized to provide air service in any jurisdiction (a non-Canadian air carrier), as a percentage of the total number of voting shares of Air Canada, or the total number of votes that would be cast by one or more Non-Canadian Air Carrier holders thereof, at any meeting in relation to the total number of votes cast at such meeting and after the application of the voting restriction in (a) above if required, exceeds 25% (or any different prescribed percentage); or (c) the number thereof as a percentage of the total number of voting shares of Air Canada, or the total number of votes that would be cast by holders thereof at any meeting in relation to the total number of votes cast at such meeting and after the application of the voting restrictions in (a) and (b) above if required, exceeds 49% (or any different prescribed percentage).

If either of the thresholds in (a) or (b) above would otherwise be exceeded at any time, the vote attached to each Class A variable voting share held by such single non-Canadian holder or by all non-Canadian air carriers, as applicable, will decrease proportionately and automatically such that the Class A variable voting shares held, and the total number of votes attached to all voting shares of Air Canada or cast at any meeting, as applicable, by any single non-Canadian or by all non-Canadian air carriers, do not exceed 25% (or any different prescribed percentage) of the total number of voting shares or votes cast at such meeting, as the case may be. For greater certainty, a single non-Canadian air carrier would also constitute a single non-Canadian holder for purposes of the voting restriction in (a) above.

If the threshold in (c) above would otherwise be exceeded at any time, the vote attached to each Class A variable voting share will decrease proportionately and automatically such that the Class A variable voting shares do not carry more than 49% (or any different prescribed percentage) of the aggregate votes attached to all voting shares of Air Canada and the total number of votes cast by holders of Class A variable voting shares at any meeting do not exceed 49% (or any different prescribed percentage) of the total number of votes cast at such meeting.

In the event that an offer is made to purchase a single class of either the Class A variable voting shares or Class B voting shares and the offer is one that must, pursuant to applicable securities legislation, be made to all or substantially all the holders of the applicable class of shares, each Class A variable voting share or Class B voting share, as applicable, becomes convertible at the option of the holder into one Class B voting share or Class A variable voting share, as applicable, which is subject to the offer at any time while such offer is in effect and until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares. The conversion right may only be exercised for the purpose of depositing the resulting shares in response to the offer. If the Class A variable voting shares or Class B voting shares, as applicable, resulting from the conversion and deposited pursuant to the offer are withdrawn by the shareholder or are not taken up by the offeror or the offer is withdrawn, the Class A variable voting shares or Class B voting shares, as applicable, resulting from the previous conversion are reconverted automatically into Class B voting shares or Class A variable voting shares, as applicable.



Declaration of Canadian status and ownership and control

We have various means to ensure that the foreign ownership restrictions in the *Canada Transportation Act* and our articles are respected. For example, shareholders who vote at the meeting are asked to complete a declaration about their status and how many shares they and their affiliates own and control, failing which they will be deemed to be a non-Canadian air carrier for voting purposes. The form of declaration is contained in the forms of proxy, voting instruction forms and internet voting instructions which have been sent to shareholders. The italicized terms and expressions used in these forms and instructions have the following meanings for the purposes of the declaration:

- **"affiliation"** refers to the following relationships (a) one corporation is affiliated with another corporation if (i) one of them is a subsidiary of the other, (ii) both are subsidiaries of the same corporation, or (iii) both are controlled by the same person, (b) if two corporations are affiliated with the same corporation at the same time, they are deemed to be affiliated with each other, (c) a partnership or sole proprietorship is affiliated with another partnership or sole proprietorship if both are controlled by the same person, (d) a corporation is affiliated with a partnership or a sole proprietorship if both are controlled by the same person, (e) a corporation is a subsidiary of another corporation if it is controlled by that other corporation or by a subsidiary of that other corporation, (f) a corporation is controlled by a person other than Her Majesty in right of Canada or a province if (i) securities of the corporation to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are held, directly or indirectly, whether through one or more subsidiaries or otherwise, otherwise than by way of security only, by or for the benefit of that person, and (ii) the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the corporation, (g) a corporation is controlled by Her Majesty in right of Canada or a province if (i) the corporation is controlled by Her Majesty in the manner described in paragraph (f), or (ii) in the case of a corporation without share capital, a majority of the directors of the corporation, other than ex officio directors, are appointed by (A) the Governor in Council or the Lieutenant Governor in Council of the province, as the case may be, or (B) a Minister of the government of Canada or the province, as the case may be, and (h) a partnership is controlled by a person if the person holds an interest in the partnership that entitles the person to receive more than 50% of the profits of the partnership or more than 50% of its assets on dissolution.

- **"Canadian"** means (a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act* (Canada), (b) a government in Canada or an agent or mandatary of such a government, or (c) a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadian air carrier, either individually or in affiliation with another person. Accordingly, a **"non-Canadian"** means a person who is not a Canadian.
- **"control"** means control in any manner that results in control in fact, whether directly or indirectly, through the ownership of securities or otherwise including through a corporation, trust, an agreement or arrangement, and without limiting the generality of the foregoing, a corporation is deemed to be controlled by a person if securities of the corporation to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are held, directly or indirectly, whether through one or more subsidiaries or otherwise (other than by way of security only), by or for the benefit of that person, and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the corporation; and a partnership is deemed to be controlled by a person if the person holds an interest in the partnership that entitles the person to receive more than 50% of the profits of the partnership or more than 50% of its assets on dissolution.
- **"non-Canadian air carrier"** means any non-Canadian authorized to provide an air service (being a service, provided by means of an aircraft, that is publicly available for the transportation of passengers or goods, or both) in any jurisdiction.
- **"person"** includes an individual, a partnership, an association, a corporation, a trustee, an executor, a liquidator of a succession, an administrator or a legal representative.
- **"voting shares of Air Canada"** means Air Canada's outstanding Class A variable voting shares and Class B voting shares on a combined basis.

Principal shareholders

To our knowledge, no entity beneficially owns or exercises control or direction over, directly or indirectly, shares carrying 10% or more of the votes attached to any class of shares entitled to vote in connection with any matters being proposed for consideration at the meeting.

In 2012, we obtained exemptive relief from the Canadian securities regulatory authorities in order that formal takeover bid requirements under Canadian securities laws would only apply to an offer to acquire 20% or more of our outstanding voting shares on a combined basis, and early warning reporting requirements under Canadian securities laws would only apply to an acquirer that acquires or holds beneficial ownership of, or control or direction over, 10% or more of our outstanding voting shares on a combined basis (or 5% in the case of acquisitions during a takeover bid). This exemptive relief remains in effect.

Directors' and officers' liability insurance

Air Canada maintains directors' and officers' liability insurance for the benefit of the directors and officers of Air Canada and its subsidiaries. The current policy is effective from October 1, 2025 to October 1, 2026 and protects the directors and officers from allegations of alleged "wrongful acts" in the conduct of their activities as directors and officers. The directors are indemnified by Air Canada from and against any losses or damages they may suffer in their capacity as directors, to the fullest extent permitted by, but subject to the limitations of, applicable law.

Indebtedness of directors and officers

None of the directors or executive officers of Air Canada, nor any associate of such director or executive officer, are indebted to Air Canada or any of its subsidiaries. Air Canada has not provided any guarantee, support agreement, letter of credit or similar arrangement or undertaking in respect of any indebtedness of any such person to any other person or entity.



Interest of informed persons in material transactions

To the best of our knowledge, there have been no current or nominated directors or executive officers or any associate or affiliate of a current or nominated director or executive officer with a material interest in any transaction since the commencement of our most recently completed financial year or in any proposed transaction that has materially affected us or would materially affect us or any of our subsidiaries.

Voting results from 2025 annual meeting of shareholders

Shareholders holding 118,764,440 shares were present or represented at the 2025 meeting, being about 36.3% of our total outstanding shares at the time. A quorum of Air Canada shareholders is present if the holders of not less than 25% of the shares entitled to vote at the meeting are present in person or represented by proxy, irrespective of the number of persons actually present at the meeting.

Election of directors

The 12 nominees for directors who were proposed by Air Canada in 2025 were elected, as follows:

	For		Against	
	(%)	(shares)	(%)	(shares)
Amee Chande	97.25%	107,725,749	2.75%	3,047,366
Christie J.B. Clark	93.19%	103,231,033	6.81%	7,542,082
Gary A. Doer	97.18%	107,653,628	2.82%	3,119,487
Rob Fyfe	97.76%	108,290,164	2.24%	2,482,951
Michael M. Green	94.84%	105,057,269	5.16%	5,715,846
Jean Marc Huot	94.56%	104,744,064	5.44%	6,029,051
Claudette McGowan	98.23%	108,791,368	1.77%	1,960,647
Madeleine Paquin	97.16%	107,611,204	2.84%	3,140,811
Michael Rousseau	97.42%	107,894,405	2.58%	2,857,610
Vagn Sørensen	90.70%	100,453,683	9.30%	10,298,332
Kathleen Taylor	95.97%	106,272,541	4.03%	4,458,374
Annette Verschuren	94.33%	104,449,923	5.67%	6,279,791

Appointment of auditors

PricewaterhouseCoopers LLP were appointed as Air Canada's auditors.
Votes in favour: 73.71% (87,481,820 shares); votes withheld: 26.29% (31,305,511 shares).

Advisory resolution on approach to executive compensation

The advisory resolution on the approach to executive compensation was approved.
Votes in favour: 84.14% (93,170,360 shares); votes against: 15.86% (17,560,555 shares).

Mail service interruption

If there is a mail service interruption prior to the meeting, in order to return a completed proxy to TSX Trust Company you may return your completed form of proxy by facsimile at +1-416-607-7964, or by email at proxyvote@tmx.com. You may also deposit the completed form of proxy in person, in the envelope provided, at any of the following principal offices of TSX Trust Company:

- (a) in British Columbia, at 733 Seymour Street, Suite 2310, Vancouver, British Columbia;
- (b) in Alberta, at Telus Sky Building, 685 Centre Street SW, Suite 2110, Calgary, Alberta;
- (c) in Ontario, at 100 Adelaide St. West, Suite 301, Toronto, Ontario; and
- (d) in Québec, at 1190 Avenue des Canadiens-de-Montréal, Suite 1700, Montréal, Québec.

Shareholder proposals for our 2027 annual meeting

We will include proposals from shareholders that comply with applicable laws in the management proxy circular for our 2027 annual shareholder meeting. You must send your proposal to the Office of the Corporate Secretary of Air Canada at Air Canada Centre, Zip 1273, P.O. Box 14000, Station Airport, Montréal, Québec, H4Y 1H4 between December 2, 2026 and January 31, 2027, inclusively.

Documents you can request

Financial information with respect to Air Canada is provided in its consolidated financial statements and Management's Discussion and Analysis of Results of Operations and Financial Condition (MD&A) for the year ended December 31, 2025. Shareholders may request the following documents without charge:

- consolidated financial statements for the year ended December 31, 2025, together with the auditors' report and related MD&A,
- any interim consolidated financial statements and related MD&A, and
- annual information form for the year ended December 31, 2025.

Please contact Shareholder Relations at +1-514-422-6644, by email at shareholders.actionnaires@aircanada.ca, or by mail at Air Canada Centre, Zip 1273, P.O. Box 14000, Station Airport, Montréal, Québec, H4Y 1H4.

These documents are also available on our website at www.aircanada.com and on SEDAR+ at www.sedarplus.ca.



Receiving documents electronically

Shareholders may elect to receive corporate documents such as this circular and our annual report electronically. If you complete that election, you will be notified by email when they are available on our website.

How to sign up		
Beneficial shareholders To sign up, go to the website www.investordelivery.com and follow the instructions.	Registered shareholders To sign up, go to the website www.tsxtrust.com/edelivery and follow the instructions.	Employee shareholders To sign up, go to the website www.investorvote.com and follow the instructions.
You are a registered shareholder if your name appears on your share certificate. You are a non-registered shareholder if your bank, trust company, securities broker or other financial institution (your nominee) holds your shares for you. If you are uncertain whether you are a registered or non-registered shareholder, please contact TSX Trust Company at 1-800-387-0825 (toll free in Canada and the United States) or +1-416-682-3860 (other countries).		If you are uncertain whether you are holding shares under our employee share ownership plan or employee recognition share award plan, please contact Computershare at 1-877-982-8766 (toll free in Canada and the United States) or +1-514-982-8705 (other countries).

Disponibilité en français

Ce rapport est publié dans les deux langues officielles du Canada. Pour en recevoir un exemplaire en français, veuillez communiquer avec les Relations avec les actionnaires par courriel au shareholders.actionnaires@aircanada.ca ou par la poste au Centre Air Canada, Zip 1273, C.P. 14000, Succursale Aéroport, Montréal (Québec) H4Y 1H4 Canada.



Schedules

Schedule “A” | Summary of the shareholder rights plan

This summary is qualified in its entirety by reference to the text of the shareholder rights plan agreement entered into on March 21, 2023, between Air Canada and TSX Trust Company (the Rights Plan), a copy of which is available on SEDAR+ at www.sedarplus.ca. The Rights Plan came into force immediately after our 2023 annual meeting of shareholders (the Effective Time). If it is ratified by the requisite majority of Independent Shareholders of Air Canada at the meeting, the Rights Plan will remain in effect until the day after our 2029 annual meeting of shareholders. If it is not so ratified, the Rights Plan and the rights thereunder will terminate on the close of business on the day after the meeting.

Capitalized terms used in this summary without express definition have the meanings ascribed thereto in the Rights Plan.

Issue of Rights Air Canada issued one right (a Right) in respect of each Class B voting share and Class A variable voting share (together, the Shares) outstanding at the close of business on the Business Day immediately preceding the Effective Time (the Record Time). Air Canada will issue Rights on the same basis for each Share issued after the Record Time but prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined below).

Rights Certificates and transferability

Before the Separation Time, the Rights will be evidenced by the registered ownership of the Shares (whether or not evidenced by a certificate representing such Shares) and the Rights will not be transferable separate from the Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates which will be transferable separate from and independent of the Shares.

Exercise of Rights

Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder (other than holders described below) to acquire that number of Shares having an aggregate Market Price on the date of the occurrence of the Flip-in Event (as defined below) equal to twice the Exercise Price for an amount in cash equal to the Exercise Price of \$100 (subject to certain anti-dilution adjustments). Effectively, this means that a shareholder of Air Canada, other than an Acquiring Person (as defined below) and certain persons related to such Acquiring Person as further described in the Rights Plan, can acquire additional Shares from treasury at half their Market Price after the Separation Time.

Definition of “Acquiring Person”

Subject to certain exceptions, an Acquiring Person is a person who is the Beneficial Owner (as defined below) of 20% or more of the outstanding Shares on a combined basis.

Definition of “Beneficial Ownership”

Under the Rights Plan, a person shall be deemed the “Beneficial Owner” of, and to have “Beneficial Ownership” of, and to “Beneficially Own”: **(1)** any securities of which such person or any Affiliate or Associate of such person or any other person acting jointly or in concert with such person is the owner in law or equity; **(2)** any securities as to which such person or any Affiliate or Associate of such person or any other person acting jointly or in concert with such person has or shares the right or obligation to acquire or become the owner at law or in equity upon the exercise of any Convertible Securities or pursuant to any agreement, arrangement or understanding, in each case if such right or obligation is exercisable immediately or within a period of 60 days thereafter; and **(3)** any securities which are subject to a lock-up or similar agreement to tender or deposit them into any Take-over Bid (as defined in the Rights Plan) made by such person or any Affiliate or Associate of such person or any other person acting jointly or in concert with such person.

However, a person is not deemed the “Beneficial Owner” of, or to have “Beneficial Ownership” of, or to “Beneficially Own” securities under the Rights Plan where: **(1)** such securities have been deposited or tendered pursuant to a Take-over Bid, unless those securities have been taken up or paid for; **(2)** by reason of the holders of such securities having agreed to deposit or tender such securities to a Take-over Bid pursuant to a Permitted Lock-Up Agreement (as defined below); **(3)** such person is an investment fund or mutual fund manager, a trust company, a statutory body established to manage funds of public bodies, an agent of the crown for the management of public assets, a pension fund or a pension fund administrator or trustee, as long as such person is not making a Take-over Bid or acting jointly or in concert with a person who is making a Take-over Bid, subject to certain exceptions set forth therein; or **(4)** such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

Definition of “Separation Time”

Separation Time occurs on the tenth trading day after the earlier of the following dates, or such later date as may be determined by the Board of Directors: **(1)** the first date of public announcement of facts indicating that a person has become an Acquiring Person; **(2)** the date of the commencement or announcement of the intent of a person to commence a Take-over Bid (other than a Permitted Bid or Competing Bid (as such terms are defined below)) or such later date as determined by the Board of Directors; and **(3)** the date on which a Permitted Bid or Competing Bid ceases to qualify as such.

Definition of “Expiration Time”

The Expiration Time occurs on the date being the earlier of: **(1)** the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and **(2)** on the close of business on the date immediately following the date of the meeting or, if the Independent Shareholders ratify the Rights Plan at the meeting, then on the close of business on the date immediately following the day of the annual meeting of the shareholders of Air Canada to be held in 2029.

**Definition of a “Flip-in Event”**

A Flip-in Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-in Event, any Rights that are beneficially owned by an Acquiring Person or by certain persons related to the Acquiring Person or by persons to whom the Acquiring Person has transferred its Rights or whom are successors in title of Rights of the Acquiring Person will become null and void as a result of which the Acquiring Person's investment in Air Canada would be greatly diluted if a substantial portion of the Rights are exercised after a Flip-in Event occurs.

Definition of “Permitted Bid”

A Permitted Bid is a Take-over Bid made by an Offeror (as defined in the Rights Plan) pursuant to a Take-over Bid circular that complies with the following conditions: **(1)** the Take-over Bid is made to all registered holders of Voting Shares and Variable Voting Shares (other than Shares held by the Offeror); **(2)** the Take-over Bid must contain the irrevocable and unqualified conditions that no Shares shall be taken up or paid for (a) prior to the close of business on a date which is not less than 105 days following the date of the bid or in certain cases such shorter minimum period as determined in accordance with applicable rules and (b) unless, at the close of business on the date Shares are first taken up or paid for under such bid, more than 50% of the then outstanding Shares held by Independent Shareholders shall have been tendered or deposited pursuant to the bid and not withdrawn; **(3)** unless the Take-over Bid is withdrawn, Shares may be tendered or deposited at any time during the period which applies pursuant to the clause summarized in 2(a) above, and any Shares tendered or deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and **(4)** if the condition summarized in 2(b) above is satisfied, the Offeror must make a public announcement of that fact and the Take-over Bid must be extended for a period of not less than ten days from the date of such public announcement.

Definition of “Competing Bid”

The Rights Plan allows a competing Permitted Bid (a Competing Bid) to be made while a Permitted Bid is in existence. A Competing Bid must satisfy all the requirements of a Permitted Bid other than the requirement that no Shares shall be taken up and paid for prior to the close of business on a date which is not less than 105 days following the date of the Permitted Bid. The Competing Bid shall also contain an irrevocable and unqualified condition that no Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Bid.

Definition of “Permitted Lock-Up Agreement”

A Permitted Lock-Up Agreement is an agreement between a person making a Take-over Bid (the Lock-up Bid) and one or more holders (each a Locked-up Person) of Shares pursuant to which such Locked-up Persons agree to deposit or tender Shares to the Lock-up Bid and where the agreement: **(1)** permits the Locked-up Person to withdraw Shares in order to tender or deposit such Shares to another Take-over Bid (or terminate the agreement in order to support another transaction) that represents an offering price for each Share that exceeds, or provides a value for each Share that is greater than, (i) the offering price or value represented by or proposed to be represented by the Lock-up Bid; or (ii) the offering price or value represented by or proposed to be represented by, the Lock-up Bid by as much or more than a specified amount not greater than 7% of the offering price or value that is represented by the Lock-up Bid; and **(2)** permits the Locked-up Person to withdraw Shares in order to tender or deposit such Shares to another Take-over Bid (or terminate the agreement in order to support another transaction) if the number of Shares to be purchased under such other Take-over Bid or transaction exceeds the number of Shares offered to be purchased under the Lock-up Bid by as much or more than a specified number of Shares not greater than 7% of the number of Shares offered to be purchased under the

Lock-up Bid, at an offering price for each Share that is not less, or provides a value for each Share that is not less than, the offering price or value represented by or proposed to be represented by the Lock-up Bid; and **(3)** provides for no “break-up” fees, “top-up” fees, penalties, payments, expenses or other amounts that exceed in the aggregate the greater of: (i) the cash equivalent of 2.5% of the price or value payable under the Lock-up Bid to the Locked-up Person, and (ii) 50% of the amount by which the price or value payable under another Take-over Bid or another transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid, to be payable, directly or indirectly, by such Locked-up Person pursuant to the agreement if any Locked-up Person fails to tender Shares pursuant thereto or withdraws Shares previously tendered thereto in order to tender such Shares to another Take-over Bid or support another transaction.

Fiduciary duties of directors

The Rights Plan will not detract from or lessen duties of the Board of Directors, including the duty to act honestly and in good faith with a view to the best interests of Air Canada. The Board will continue to have the duty and power to take such actions and make such recommendations to Air Canada's shareholders as are considered appropriate.

Redemption of Rights

The Rights may be redeemed by the Board at its option with the prior approval of the shareholders at any time before a Flip-in Event occurs at a redemption price of \$0.00001 per Right. In addition, the Rights will be redeemed automatically in the event of a successful Permitted Bid, Competing Bid or a bid for which the Board has waived, in accordance with the provisions of the Rights Plan, the operation of the Rights Plan. Air Canada shall not be obligated to make payment of the redemption price owed to a holder of Rights unless such holder is entitled to receive at least \$1.00 in respect of the Rights held by them in connection with the redemption of their Rights by Air Canada.



Waiver

Before a Flip-in Event occurs, the Board may waive the application of the “Flip-in” provisions of the Rights Plan to any prospective Flip-in Event which would occur by reason of a Take-over Bid made by a Take-over Bid circular to all registered holders of Voting Shares and Variable Voting Shares. However, if the Board waives the Rights Plan with respect to a particular bid, it will be deemed to have waived the Rights Plan with respect to any other Take-over Bid made by Take-over Bid circular to all registered holders of Voting Shares and Variable Voting Shares before the expiry of that first bid.

The Board may also waive the “Flip-in” provisions of the Rights Plan in respect of any Flip-in Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and on the condition that such Acquiring Person reduces its ownership to such a level that it is no longer an Acquiring Person.

Finally, the Board may waive the “Flip-in” provisions of the Rights Plan in respect of any Flip-in Event provided that the Acquiring Person has reduced its ownership or has entered into a contractual arrangement with Air Canada or other acceptable undertaking to do so such that at the time the waiver becomes effective such person is no longer an Acquiring Person.

Other waivers of the “Flip-in” provisions of the Rights Plan will require prior approval of the shareholders of Air Canada.

Term of the Rights Plan

If the Independent Shareholders ratify the Rights Plan at the meeting, the Rights Plan will remain in effect until the close of business on the day immediately following the day of Air Canada’s annual meeting of shareholders in 2029, unless terminated earlier in accordance with its terms. If it is not so ratified at the meeting, the Rights Plan and the rights thereunder will terminate at the close of business on the day immediately after the meeting.

Amending power

Except for minor amendments to correct clerical or typographical errors and amendments to maintain the validity of the Rights Plan as a result of a change in any applicable legislation or regulations or rules thereunder, including the *Air Canada Public Participation Act* and the *Canada Transportation Act*, the consent of shareholders (other than shareholders who do not qualify as Independent Shareholders pursuant to the terms of the Rights Plan) is required for amendments to the Rights Plan before the Separation Time and consent of the holders of Rights is required for amendments to the Rights Plan after the Separation Time and before the Expiration Time.

Rights agent

TSX Trust Company

Rights holder not a shareholder

Until a Right is exercised, the holder thereof as such will have no rights as a shareholder of Air Canada.

Schedule “B” | Shareholder proposals

The *Mouvement d’éducation et de défense des actionnaires* (MÉDAC), a shareholder holding 141 voting shares, informed Air Canada in December 2025 that it intended to present the following two shareholder proposals for consideration at the annual meeting of shareholders. The proposals were submitted in French by MÉDAC and translated for the purposes of this English version of the circular. The proposals and their supporting statements represent the views of MÉDAC. They are set out below, following which appear the Board’s position.

Air Canada engaged with MÉDAC after the submission of their proposals to understand their objectives and provide information about our policies and practices. Following this engagement, MÉDAC agreed that proposal no. 2 would be withdrawn and no longer submitted to a vote at the meeting. Air Canada agreed with MÉDAC that proposal no. 2 and its supporting statement would be reproduced in the circular, and that MÉDAC would have an opportunity to speak to their proposals at the meeting. We understand MÉDAC intends to submit Proposal no. 1 to a vote at the meeting.

MÉDAC | Proposal no. 1 Increasing participation in annual general meetings, particularly among small shareholders

It is proposed that the board of directors take the following steps to protect the organization and prevent the risk of disengagement by investors, often individual retail shareholders:

- 1) Improve voting experience

 - Work with the transfer agents to simplify the voting process and make it more accessible, including both voting at meetings (virtual or in person) and voting by proxy;
 - Interactive guides and videos to explain the business on the agenda;
 - Personalized reminders or small incentives to encourage voting.
- 2) Modernize communications

 - Make communications more clear, attractive and adapted to individual retail shareholders;
 - Accelerate the adoption of technological solutions (simplified electronic voting);
 - Optimize on-line voting platforms to make them more user-friendly on mobile devices;
 - Increase accessibility to information for shareholders less familiar with digital technology (paper newsletters, hot-lines, etc.).
- 3) Thematic and intergenerational mobilization

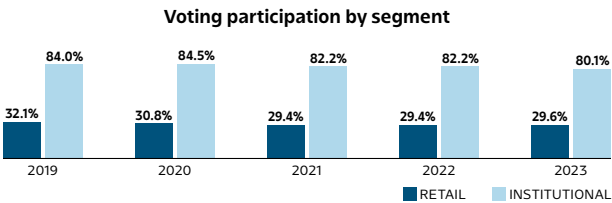
 - Integrate strategic or social topics to raise interest among young investors (climate, inclusion, AI, etc.);
 - Highlight shareholder proposals and corporate governance issues in a simplified format.
- 4) Document participation

 - Disclose detailed information about participation at meetings (broken down by in-person and virtual) in a dedicated section in the circular with a summary table giving a historical perspective over several years (since at least pre-COVID), and in particular, where possible:
 - i. the number of votes cast in in absolute numbers (not just as a %),
 - ii. the quorum,
 - iii. the number of outstanding voting shares (broken down by class, including multiple voting shares),
 - iv. the number of shareholders (individuals or legal persons, objecting beneficial owners [OBO/NOBO]) present; and
 - v. the number of proxies (individuals) representing them.

Arguments

The gradual decline of shareholder participation, and in particular individual retail shareholders, raises several questions, including what is causing it. A continuous decline, observed over several years, is well documented.

Of concern: data issued by *Broadridge Proxy Pulse Canada*¹⁾ show the following:



In 2025, **Transat A.T. Inc.** had to adjourn its annual meeting due to a lack of quorum. This type of incident, which received media coverage²⁾, creates market uncertainty and raises concerns among stakeholders. Several mining companies on the TSX-V are facing similar situations.

By strengthening participation by small shareholders, the Bank (*sic*) will consolidate its democratic legitimacy, improve the quality of dialogue with all security holders and affirm its leadership in terms of modern and inclusive corporate governance.

1) https://www.broadridge.com/_assets/pdf/broadridge-proxypulse-2023-proxy-season-review.pdf
2) <https://ici.radio-canada.ca/nouvelle/2161434/assemblee-transat-interrompue-quorum-insuffisant>



Air Canada's Board of Directors recommends that shareholders vote **AGAINST** proposal no. 1 for the following reasons:

Air Canada believes in active engagement with its shareholders, and has made significant efforts to this end, including to encourage participation and voting at the meeting. See [Voting your shares and participating at the annual meeting](#) and [Shareholder and stakeholder engagement](#). Air Canada has not received meaningful feedback, aside from this proposal, indicating that shareholders find current participation opportunities lacking.

Air Canada considers the proposal to be unnecessary and unduly prescriptive considering its extensive shareholder communication and engagement practices. Air Canada has considered and implemented many measures to enhance participation at its hybrid annual meeting, carefully weighing the cost thereof against anticipated benefits. Air Canada does not believe that those aspects of the proposal it has not already adopted would meaningfully increase shareholder participation, improve the voting experience or enhance the quality, clarity or accessibility of the information and disclosures provided to shareholders.

Air Canada works closely with its transfer agent and other meeting service providers to ensure broad and efficient outreach. Air Canada also engages a proxy solicitation firm to assist in encouraging institutional and retail shareholder voting participation. Air Canada uses a widely adopted platform that supports electronic voting and real-time participation. Shareholders may vote in advance, or at the meeting in person or online. Air Canada also uses Broadridge Investor Communications' QuickVote service which allows certain beneficial shareholders to vote by phone with the assistance of Kingsdale, without the need for a control number once their identity has been confirmed. Shareholders may also contact our proxy advisor Kingsdale or our transfer agent TSX Trust for assistance if they have any questions or need help voting (by phone, text, and email). See [Voting your shares and participating at the annual meeting](#).

Air Canada's annual shareholders' meeting is held in a hybrid format, allowing shareholders to attend the meeting in person or virtually, with simultaneous translation available in both official languages. Air Canada has consistently achieved quorum at its annual meetings. Air Canada has chosen to show appreciation for shareholders who vote their shares at the meeting by making a \$1 charitable donation to the [Air Canada Foundation](#) in respect of every shareholder account, regardless of how they are voted. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children, under the guidance of its own board of directors.

The proposal calls for enhanced public disclosure about shareholder participation. Air Canada's disclosure practices in this regard comply with applicable law and are aligned with Canadian standards, providing shareholders with meaningful voting and participation information. We do not believe that providing the incremental statistics the proposal contemplates is necessary or would encourage further shareholder participation. In the absence of prescriptive requirements from securities regulators with a defined methodology, such information would be of limited comparative usefulness and could lead to confusion.

Air Canada will continue to evaluate measures to enhance shareholder engagement and participation and further to facilitate the voting experience. However, the Board recommends that shareholders vote **AGAINST** proposal no. 1, if the proposal is submitted to a vote.



The following proposal no. 2 will not be submitted to a vote.

MÉDAC | Proposal no. 2
Advisory vote on executive compensation
It is proposed that the Board of Directors inform shareholders and all stakeholders of the measures it has taken to increase the satisfaction level regarding its compensation policy.

Supporting statements

Annually, stakeholders ask to what extent the executive compensation is justified and acceptable, and to what extent does it not lead to social problems within our corporation? For the past several years, academic research has been conducted to determine what impact a CEO has on an organization's performance? While CEOs and their key associates can undoubtedly have a certain impact on the financial and extra-financial performance of their organizations, they are also responsible for ensuring internal equity and promoting a better distribution of wealth within our corporation.

Given the number of shareholders who have expressed their dissatisfaction with the compensation policy, we believe it is important that a significant corrective action be taken with respect to the compensation policy, with a view to greater moderation.

This proposal [being Air Canada's 2025 advisory vote on executive compensation] received the support of 73.71% of the votes in 2024 and 84.14% of the votes in 2025.

Air Canada's Board of Directors' position regarding withdrawn proposal no. 2 is as follows:

The Board of Directors of Air Canada has a policy relating to shareholder engagement and an annual shareholder advisory vote on executive compensation. Since its adoption more than 10 years ago, Air Canada has provided detailed disclosure on its approach to executive compensation in its proxy circular and has invited shareholders to have their say on executive compensation by holding an advisory, non-binding vote at the annual shareholders meeting.

From 2022 to 2024, the vote of one shareholder has influenced our say on pay vote based on their view of executive compensation in the context of an employer having sought government support during the pandemic. At the same time, support from our other shareholders for our approach was high. The dissenting shareholder has since sold their position at a profit, having always stated that it did not intend to be a long-term shareholder of Air Canada and that its shares would be divested when appropriate. We have continued to engage with all our shareholders to understand their perspectives, while remaining focused on ensuring that the design of our executive compensation policies and programs help Air Canada achieve its strategic and performance objectives, thereby generating value for our shareholders over the long term.

MÉDAC confirmed it would not submit proposal no. 2 upon confirmation that Air Canada would hold the advisory vote on executive compensation at the 2026 meeting and provide disclosure regarding our say-on-pay vote in 2025 in the circular, as we have done in the past. See [Having a say on executive compensation](#).

Schedule “C” | Charter of the Board of Directors

I. Purpose

This charter describes the role of the board of directors (the Board) of Air Canada, the powers and responsibilities of which are governed by Air Canada’s articles and by-laws and applicable law and are not limited, expanded, or otherwise changed by the provisions hereof.

II. Role

The Board is responsible for the stewardship of Air Canada through the management of its business and affairs, and retains plenary decision-making authority, subject to delegation.

The Board works with management through oversight, review and counsel to establish Air Canada’s fundamental policies and overall strategic direction, and to advance its business objectives and priorities.

Directors act in the best interests of Air Canada, with a view to creating sustainable long-term value for Air Canada and its investors, benefiting stakeholders generally. In doing so, they draw on their business judgment and consider relevant factors, such as business risks and opportunities, and environmental, social and governance matters.

III. Responsibilities

The Board’s general responsibilities include the following:

Strategic and business plans

- a) annually review and approve management’s strategic and business plans, including developing an in-depth knowledge of the relevant business functions, understanding and questioning the plans’ assumptions, and forming an independent judgment as to the reasonableness of the plans;
- b) monitor corporate performance against the strategic and business plans and budgets, including overseeing operating results to evaluate whether the business is being properly managed;
- c) as part of the strategic planning process, evaluate and review public issues of significance that may affect Air Canada’s business, operations, and stakeholders, including specific risks and opportunities relating to Air Canada’s activities, emerging technologies and artificial intelligence, as well as broader social and environmental trends and climate-related matters;

Chief Executive Officer and executive management

- d) appoint Air Canada’s Chief Executive Officer, satisfying itself that a succession plan is in place and developing their position description with the recommendation of the Governance and Nominating Committee;
- e) review, through the Human Resources, Compensation and Pension Committee, the compensation of the Chief Executive Officer, including the integration of climate, environmental, social, governance and other sustainability factors in Air Canada’s approach to compensation;
- f) review, through the Human Resources, Compensation and Pension Committee, succession and contingency plans for executive management;
- g) satisfy itself that members of management possess the ability required for their roles, are adequately trained, and overseen and motivated, and that planning for their succession is ongoing;
- h) satisfy itself that the Chief Executive Officer and the other members of management have the attributes required for their roles and are able and motivated to promote a culture of integrity and accountability within Air Canada;

Corporate and Board governance

- i) select a Chair of the Board;
- j) satisfy itself that appropriate structures and procedures are in place so that the Board and its Committees can function independently of management;
- k) satisfy itself with respect to the proper and efficient functioning of its Committees;
- l) review with the Governance and Nominating Committee that the Board as a whole, the Committees of the Board, and the directors, are capable of carrying out and do carry out their roles effectively;
- m) provide a source of advice and counsel to management;
- n) select, upon the recommendation of the Governance and Nominating Committee, nominees for election as directors;
- o) discuss and develop Air Canada’s approach to corporate governance, with the involvement of the Governance and Nominating Committee;

- p) through the Governance and Nominating Committee, regularly assess the effectiveness and contributions of the Board, its Committees, and directors, including the Chair in that capacity, and review this Charter to consider any changes to it that it may consider advisable;

Risks oversight, corporate policies, and controls

- q) review and discuss the key enterprise risk exposures of Air Canada identified by management and the steps management has taken to monitor and mitigate those exposures, including:
 - i) to satisfy itself through the Audit, Finance and Risk Committee that appropriate systems to identify and mitigate enterprise risks have been developed and implemented;
 - ii) to oversee through the Audit, Finance and Risk Committee, the Human Resources, Compensation and Pension Committee, and the Safety, Health, Environment and Security Committee, the effectiveness of the management of those specific enterprise risks for which oversight responsibility has been delegated to them respectively;
- r) review and approve major corporate policies developed by management;
- s) with the assistance of the Audit, Finance and Risk Committee, oversee Air Canada’s disclosure controls, policy and procedures as adopted or recommended by management, and oversee as required compliance therewith by directors, officers and other management personnel and employees;
- t) with the assistance of the Audit, Finance and Risk Committee, monitor compliance with the Code of conduct;
- u) oversee, through the Audit, Finance and Risk Committee, Air Canada’s (i) internal controls, (ii) risks relating to information technology, systems, and security, including in relation to cybersecurity and artificial intelligence, and (iii) the development of environmental, social and governance disclosures, processes, and controls;

**Sustainability oversight, policies and practices**

- y) oversee, through the Governance and Nominating Committee, Air Canada's overall activities, policies, and programs with respect to sustainability matters, including representation and inclusion policies, climate matters, and the evaluation of strategies, targets, and performance relating to sustainability;
- w) oversee, through the Audit, Finance and Risk Committee, the development of climate and other sustainability disclosures, processes and controls;
- x) oversee, through the Safety, Health, Environment and Security Committee, the approach to and progress in areas relating to climate change and environmental initiatives, including climate targets and ambitions;

Safety, health, environment and security

- y) oversee, through the Safety, Health, Environment and Security Committee, Air Canada's safety, health, environment and security policies and practices; and

Human resources, retirement plan policies and practices

- z) oversee, through the Human Resources, Compensation and Pension Committee, the integration of sustainability matters in Air Canada's human resources strategies and organizational culture;
- aa) in respect of the pension and retirement plans established by Air Canada, through the Human Resources, Compensation and Pension Committee, oversee their funding, governance and policies.

IV. Matters requiring prior Board approval

In addition to those matters which require Board approval under applicable law or Air Canada's by-laws or resolutions, the Board is responsible for approving the following:

- ab) strategic plans, business plans and capital expenditure budgets;
- ac) raising of debt or equity capital and other major financial activities;

- ad) hiring, compensation and succession for the Chief Executive Officer and other executives;
- ae) major organizational restructurings, including spin-offs;
- af) material acquisitions and divestitures;
- ag) major corporate policies;
- ah) interim and annual financial statements, management's discussion and analysis, earnings press releases, annual information forms, prospectuses, proxy circulars, corporate sustainability reports and other similar documents filed with regulatory authorities or otherwise publicly disclosed, provided that the Board may delegate to one or more committees of the Board the responsibility to review such documents and make its recommendations to the Board;
- ai) in respect of the retirement plans:
 - i) Plan design: approve a policy on materiality of benefit changes which shall define materiality in the context of plan and benefit changes and assist in determining who is authorized to approve plan text amendments and other changes to Air Canada's retirement plans; provided that unless otherwise referred to the Board by the Human Resources, Compensation and Pension Committee, such Committee shall approve all decisions to initiate, merge, split, terminate, or otherwise fundamentally restructure any retirement plans, where the expected impact of such decisions on Air Canada is material, as defined in such materiality policy;
 - ii) Governance: approve a governance structure for the retirement plans which sets out the major decision-making bodies and their key decision-making and reporting responsibilities;
 - iii) Valuation and funding: review the contributions to the pension funds of the defined benefit pension plans as approved or recommended by the Human Resources, Compensation and Pension Committee; and

- iv) Supplemental executive retirement plans: **(1)** Initiation, change and termination – approve any decision to initiate, terminate, or otherwise fundamentally restructure any supplemental executive retirement plan, and **(2)** Funding and contributions – (A) approve whether or not to fund or otherwise secure the liabilities of a supplemental executive retirement plan, how those liabilities should be funded or secured, and, if plan liabilities are to be funded, a funding policy which sets out guidelines with respect to the valuation and funding thereof, and (B) review the contributions to the plan's trust fund as approved or recommended by the Human Resources, Compensation and Pension Committee.

V. Board committees

There are four standing Committees of the Board, namely the Audit, Finance and Risk Committee, the Governance and Nominating Committee, the Human Resources, Compensation and Pension Committee, and the Safety, Health, Environment and Security Committee, the roles and responsibilities of which are described in their respective charters. The Board may appoint other standing or ad hoc committees to assist it in its oversight functions or to exercise decision-making authority, or parts thereof, or amend the charters of existing committees, subject to applicable laws. A reference to a committee whose designation has changed is read as a reference to the redesignated committee.

The membership of each committee shall include sufficient independent directors as required under applicable laws, regulations, and listing rules, or any committee charter.

VI. General

This Charter and the manner in which the Board governs itself are supplemented, and any meeting of the Board is governed, by the Governance code adopted by the Board.

Restated effective as of March 19, 2026.

At Air Canada, we believe that being accountable for the impact of our operations on the environment is one part of building sustainable, healthier communities. Since 2019 we have used notice-and-access to deliver our management proxy circulars to our shareholders, leading to significant cost savings and less impact on the environment.

This circular is made available electronically. A limited number of copies thereof will be printed, including to meet any requests for printed versions, in which case we will seek to use FSC® certified paper. The Forest Stewardship Council® (FSC®) is an international non-profit organization committed to upholding responsible forest stewardship, including through its forestry standards, certifications and labelling system for products that come from responsibly managed forests and verified recycled sources. Under FSC certification, forests are certified against a set of strict environmental and social standards, and fibre from certified forests is tracked all the way to the consumer through the chain of custody-certification system. Air Canada shows its concern for protecting the environment through the use of certified paper.

