



AIR CANADA

Notice of 2025 annual meeting of shareholders

Management proxy circular

Meeting date and time

**Monday, March 31, 2025
10:30 a.m. (Eastern time)**

Where

This year you may attend our meeting

- in person at Lumi Experience Toronto, 200 Bay Street, Suite 1600, Toronto, Ontario, or
- remotely at aircanada.com/AGM

- Our meeting is in a hybrid format allowing shareholders to attend in person or virtually.
- We look forward to your participation in our meeting and to your questions and comments.
- We hope you vote your shares whether or not you intend to attend the meeting.
- We ask that you vote and send your proxy as soon as possible before the meeting.
- We explain how you can do all of that under [Participating in the annual meeting and voting your shares](#).
- Air Canada will make a \$2 charitable donation to the [Air Canada Foundation](#) in respect of every shareholder account that votes their shares up to 25,000 accounts. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children.
- Please visit our website at aircanada.com/AGM in advance of the meeting for the most current information about joining us.

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, amongst 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, 2024.

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, free cash flow 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 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 2024 MD&A, which sections are incorporated by reference herein.

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Navigating our circular

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

February 14, 2025

Dear fellow shareholders,

On behalf of the Board of Directors, we are pleased to welcome shareholders to participate in our annual meeting on March 31, 2025, at 10:30 a.m. (Eastern time).

The circular that follows contains information about the business of the meeting. In addition to the items of business to be put before you for a vote, we will present management's report for 2024 and discuss our priorities for 2025.

We have decided to hold the meeting in a hybrid format allowing the shareholders to attend the meeting in person or virtually via live webcast in order to maximize shareholder attendance for those who would be unable to attend in person. Your participation is important to us, and we hope you will vote your shares regardless of whether you intend to attend the meeting or not. Air Canada will make a \$2 charitable donation to the [Air Canada Foundation](#) in respect of every shareholder account that votes their shares up to 25,000 accounts. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children. We recommend you vote and send your proxy as soon as possible before the meeting.

All shareholders will have opportunities to participate, vote and submit questions from wherever they may physically be located on March 31, 2025. Shareholders may submit questions at or before the meeting. We will also provide other opportunities to engage with us in 2025, as we describe in the circular.

Building on our strengths

In 2024 we carried over 47 million passengers safely to their destination with care and class. We built on our business, our operational depth and our financial position. We leveraged our culture of performance, our disciplined management and our superior balance sheet. We were pleased to enter into a mutually beneficial new collective agreement with our pilot group which creates a framework for future growth of our airline and network.

We ended 2024 by announcing our normal course issuer bid and soon after that committing ourselves to delivering solid shareholder value over the long term. We intend to deliver and communicate our progress, to drive profitable growth and long-term shareholder value. Our strategic plan integrates our network, fleet, financial and operational strategies and we are focused on execution.

Rising higher to reach new frontiers

Advancing our priorities in 2025 will take deliberate and thoughtful action. Here are the ways our Board and executive leadership are working closely to rise higher:

- We remain dedicated to Safety First, Always, our overarching priority for ourselves and for our industry.
- We continue to act with customer centricity in our activities.
- We will focus on strategic initiatives enabling sustainable growth, creating efficiencies and furthering productivity.
- We will focus on free cash flow generation and the robust strength of our balance sheet, allocating capital with discipline.
- We will remain committed to excellence and innovation, confident in the potential of our strategic plan for all our stakeholders.
- We will build on the strengths and agility of Aeroplan, Air Canada Cargo and Air Canada Vacations.
- We will continue to encourage sustainability initiatives.

Together, we will leverage Air Canada's unique strengths and opportunities to become a world-class leader.

60 years as Air Canada

In 2025, we are celebrating 60 years since our name was changed from Trans-Canada Air Lines to Air Canada, reflecting our expanding reach beyond Canada. We take the responsibility of representing home to Canadians seriously, and are immensely proud of our association with our country. 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.

Setting our ambitions and acting on them

We hope this circular gives you valuable insight about how our Board of Directors worked to help guide Air Canada into the future, including as our leadership team developed a new long-range plan that was shared with our investors at the end of the year. We are deeply grateful for the unwavering commitment and passion of our colleagues in serving our customers and positioning us to successfully execute our long-term plans, to rise even higher and to reach new frontiers.

Board renewal has been a priority over many years, illustrated in 2018 when we introduced term limits. In the last five years, we have welcomed two new independent directors to the Board, adding depth and new perspectives in key areas. As we approach the end of Michael Wilson's term on the Board, we would like to thank him for his commitment, leadership and guidance through an unprecedented period of global crisis and uncertainty, helping position Air Canada to reach new frontiers.

Finally, 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

Participating in the annual meeting and voting your shares

Attending and voting in person	If you are a registered shareholder or a proxyholder (including non-registered (beneficial) shareholders who have appointed themselves as proxyholder), you have the option to attend the meeting in person after checking in at the registration desk when you arrive at the meeting. Only registered shareholders and duly appointed proxyholders will be granted access to the in-person meeting.
Attending and voting online	<p>Registered shareholders and proxyholders can go to aircanada.com/AGM, click “I have a control number” and enter a valid control number and the password “AC2025” (case sensitive).</p> <p>Registered shareholders and proxyholders may vote at the meeting online.</p> <p>Registered shareholders will find their control number on their form of proxy or in the email notification they received.</p> <p>Proxyholders may ask TSX Trust Company to provide them with a control number via email, but they must first be properly appointed and registered as described in this circular. See Voting your shares.</p> <p>Other guests can listen to the meeting by clicking “I am a guest” and completing the online form.</p>
Voting in advance	We encourage you to vote your shares in advance even if you plan on attending the meeting. You may do so online, by phone, or by mail. You can revoke your proxy or change your vote in any manner permitted by law, including as described in this circular. If you attend the meeting virtually, voting at the meeting will revoke any proxy submitted before the meeting. See Voting your shares .
Assistance	Call 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 .
Submitting questions and comments	<p>Questions and comments may be submitted by shareholders:</p> <ul style="list-style-type: none"> • in advance of the meeting, by entering and submitting their questions using the form available on Air Canada's Investor Relations website at investors.aircanada.com/shareholder-meetings before 9:30 a.m. (Eastern time) on March 28, 2025, • if attending in person, you can ask questions at one of the microphones when called upon, and • if attending remotely, by attending at aircanada.com/AGM, clicking “I have a control number” and entering a valid control number and the password “AC2025” (case sensitive), then accessing the function for asking questions. <p>Questions can be asked at any time during the meeting until the chair of the meeting closes the Q&A session. Questions related to the matters of business of the meeting will be addressed at the time each such matter is being discussed. Other questions will be addressed during the Q&A session after the business of the meeting has been completed.</p> <p>We will try to answer as many questions submitted by shareholders as time permits. We may edit or exclude questions regarding topics that are not pertinent to our meeting or business. If we receive substantially similar questions, we may group questions together and provide a single response to avoid repetition. We will only answer questions of interest to all shareholders during the meeting. The chair of the meeting has broad authority to conduct the meeting in an orderly manner and reserves the right to edit questions or to reject questions deemed inappropriate in accordance with the rules of conduct of the meeting, which are available on our website at investors.aircanada.com/shareholder-meetings.</p>
We encourage your participation at the meeting	After the formal business of the meeting, management will give a presentation about Air Canada's business and activities. Following this, we will hold a Q&A session, during which we intend to answer questions submitted before or during the meeting, as indicated above, and in accordance with the rules of conduct of the meeting which are available on our website at investors.aircanada.com/shareholder-meetings .

Where you can find more information

Annual meeting	Management information circular investors.aircanada.com/shareholder-meetings	Voting before the annual meeting Registered shareholders: www.meeting-vote.com Non-registered shareholders: www.proxyvote.com
Board of Directors	investors.aircanada.com/board-of-directors	Governance documents investors.aircanada.com/governance
Investor relations	investors.aircanada.com	Our annual and other reports investors.aircanada.com/annual-reports
Sustainability	www.aircanada.com/ca/en/aco/home/about/corporate-responsibility.html#/	
Board communications	Email: corporate.secretary@aircanada.ca / shareholders.actionnaires@aircanada.ca Mail: c/o Corporate Secretariat, Air Canada Centre, Zip 1273, P.O. Box 14000, Station Airport, Montréal, Quebec, H4Y 1H4, Canada Phone: +1-514-422-6644	

Glossary of certain terms or abbreviations

ACV | Air Canada Vacations

AFRC | Audit, Finance and Risk Committee

CEO | President and Chief Executive Officer

Committees | AFRC, GNC, HRCPC and SHESC

CPA | Chartered Professional Accountant

DSU | Deferred share unit

ERG | Employee resource group

GAAP | Generally Accepted Accounting Principles

GHG | Greenhouse gas

GNC | Governance and Nominating Committee

GRI | Global Reporting Initiative

HRCPC | Human Resources, Compensation and Pension Committee

LTIP | Long-Term Incentive Plan

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

OHS | Occupational health and safety

PCTL | Percentile

PSU | Performance share unit

Rouge | Air Canada Rouge

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

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.

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 2024 highlights



About **39,700 employees*** end of 2024
Compared to about 39,000 in 2023

*excludes ACV and Rouge employees



NETWORK
1,032 average daily flights
About 1,025 in 2023



Welcomed over 47.3M passengers
About 46.2M in 2023



DIRECT DESTINATIONS
188 direct destinations on 6 continents
Deep Canadian network and established international presence

16 new routes launched

About 104B ASMs
About 99B in 2023



Operating capacity +5% increase
with significant growth in the Pacific



Improved operational performance, with an 8%-point increase in on-time performance



Languages

- 2 official languages
- 24 route languages
- 80+ languages spoken globally by our employees

ADJUSTED EBITDA¹
\$3.586B
\$3.982B in 2023

OPERATING REVENUES
Record
\$22.255B
\$21.833B in 2023

OPERATING INCOME
\$1.263B
\$2.279B in 2023

TOTAL LIQUIDITY
\$9.154B end of 2024
\$10.29B in 2023
New US\$2.15B facilities, paying down nearly US\$1.1B of other debt

LEVERAGE RATIO¹
1.4x at December 31, 2024
1.1x at December 31, 2023

2024-2025 NCIB

Bought back more than 35.7 million voting shares, addressing some of the effects of dilutive financings in 2020 and 2021

New frontiers



Hosted our 2024 Investor Day to share our new long-term plan

PILOT AGREEMENT

Concluded a four-year collective agreement with our pilot group without disruption to our operations



Free Wi-Fi

Fast, free Bell-sponsored Wi-Fi on North America and Sun flights from May 2025, with long-haul international routes to follow in 2026



Intermodal strategy

Air-to-rail in Europe and South Korea, and motorcoach service in Ontario, supporting current and future connectivity with other modes of transport



Customer service excellence

ECX initiatives delivered such as baggage tracking and e-gates



FLEET RENEWAL

Ordered 5 additional Airbus A220s bringing firm orders to 65 and 7 Boeing 737 MAX 8 aircraft



2025 SAF TARGET

Significant SAF procurement, on pace to meet our target of 1% of estimated jet fuel use in 2025



ACCESSIBILITY REQUESTS

Over 1.4 million accessibility requests for both visible and non-visible disabilities

40
AÉROPLAN

- Celebrated its 40th anniversary with record membership surpassing 9 million members
- New and expanded partnerships

CARGO

- \$991 million in revenues as compared to \$924 million in 2023
- 6 freighters in service
- Added freighter service to Chicago, connecting Air Canada Cargo's global hub in Toronto with its self-handled warehouse operation in Chicago

AIR CANADA VACATIONS

Launched new guided tour packages to:

- Asia
- Australia
- Colombia
- Dubai
- India
- New Zealand

¹) Leverage ratio is net debt to trailing 12-month Adjusted EBITDA. Adjusted EBITDA and leverage ratio are non-GAAP financial measures. 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 section 20 "Non-GAAP Financial Measures" of Air Canada's 2024 MD&A (which section is 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 and other awards



Award-winning airline

Airline Passenger Experience Award (APEX) Awards

- 2025 APEX Five Star Global Airline Award (sixth time in seven years)
- 2024 APEX Best in Entertainment Award in North America

2024 Skytrax World Airline Awards

- World's Best Business Class Airline Lounge Catering (Toronto Air Canada Signature Suite)
- Best Cabin Crew in Canada
- Best Premium Economy Class Onboard Catering in North America
- Cleanest Airline in North America
- Most Family Friendly Airline in North America

World Travel Awards

- 2024 World's Leading Airline to North America

Trazeé Awards

- Favourite Airline in North America (sixth consecutive year)

Global Traveler

- Best Airline for Onboard Entertainment (fifth consecutive year)
- Best Premium-Economy Class (sixth consecutive year)
- Outstanding Environmental Initiatives

Travvy Awards

- Best Airline - International - Gold level

Project Green YVR Annual Summit

- Environmental stewardship

Seattle-Tacoma International Airport

- 2024 Fly Quiet Award

ATW Airline Industry Achievement Awards

- Air Canada Cargo 2024 named ATW Cargo Operator of the Year



Award-winning employer

Excellence Canada

- Gold certification for Mental Health at Work

Montréal's Top Employers Awards

- Named one of Montréal's top employers (11th consecutive year)

Mediacorp Canada

- Honoured as a top employer for young people in Canada

Achievers

- One of the Achievers 50 Most Engaged Workplaces (sixth consecutive year)

One of Canada's Best Employers 2024 by *Forbes* (ninth consecutive year)

Winner of 2023 HRD Innovative HR Teams Award for Forward-Thinking HR Programs

Award-winning loyalty program

Freddie Awards

- Airline Program of the Year and Best Promotion and Best Redemption Ability for Aeroplan

Point.Me

- Aeroplan is 1 of 5 best rewards programs on the planet
- Ease of Earning Miles
- Redemption Rates
- Partner Availability
- Routing Rules

Corporate sustainability

- ✓ Continued fleet transition to more modern, efficient aircraft
- ✓ New initiative with the Jane Goodall Institute of Canada to spotlight the fight against illegal wildlife trade
- ✓ Filed 2023 TCFD summary and modern slavery, forced labour and human trafficking report
- ✓ New measures under accessibility plan, such as Sunflower program for customers with non-visible disabilities
- ✓ Eight Dreams Take Flight offering a magical day to about 1,000 children
- ✓ [Air Canada Foundation](#) supported 360 charities across Canada
- ✓ Launched AviACTION, our employee volunteering platform, with over 1,500 employees participating in 2024
- ✓ Official languages:
 - New three-year action plan, detailing accomplishments and ambitions
 - Development of francisation program which has been approved by the *Office québécois de la langue française* and will now be implemented
 - Created more employee activities and tools
 - Joined the *Dictée P.G.L. des entreprises* with 194 participants, the largest of all participating companies
 - Celebrated Official Languages Day for the first time

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

Shareholder voting matters

	Where to find out more	Board recommends
Electing 12 directors	See Electing directors	Vote FOR each of the nominees
Appointing our auditors	See Appointing our auditors	Vote FOR
Having your say on our approach to executive compensation	See Having a say on our executive compensation	Vote FOR

We urge you to promptly vote and submit your proxy in advance of the meeting, as we describe at [Voting your shares](#).

Our director nominees

Air Canada is overseen by directors with a mix of diverse and complementary qualifications, expertise and attributes, which is essential to meeting our Board's oversight responsibility. Below are the nominees for election at our annual meeting.

Nominee	Age	Independence	Director since	AFRC	GNC	HRCPC	SHESC	2024 meeting attendance ¹	Region	Other public boards since 2020
A. Chande	51	✓	2020	✓	-	-	✓	100%	B.C.	✓
C.J.B. Clark	71	✓	2013	C	✓	-	-	100%	Ontario	✓
G.A. Doer, O.M.	76	✓	2018	-	-	✓	✓	100%	Manitoba	✓
R. Fyfe, CNZM	63	✓	2017	-	-	✓	C	100%	N.Z.	✓
M.M. Green	66	✓	2009	-	-	✓	✓	100%	U.S.A.	-
J.M. Huot	63	✓	2009	-	✓	-	✓	100%	Quebec	-
C. McGowan	53	✓	2023	✓	-	✓	-	100%	Ontario	✓
M. Paquin, C.M., FSCMA	62	✓	2015	-	✓	-	✓	94%	Quebec	-
M. Rousseau	67	CEO	2021	-	-	-	-	100%	Quebec	-
V. Sørensen (C)	65	✓	2006	-	-	-	-	100%	U.K.	✓
K. Taylor, C.M.	67	✓	2016	✓	✓	C	-	100%	Ontario	✓
A. Verschuren, O.C.	68	✓	2012	✓	C	-	-	100%	Ontario	✓

¹) Board and committee meetings aggregated for these purposes.

Legend:

AFRC > Audit, Finance and Risk Committee

GNC > Governance and Nominating Committee

HRCPC > Human Resources, Compensation and Pension Committee

SHESC > Safety, Health, Environment and Security Committee

C > Board or Committee Chair

M > Committee member

Nominee combined major competencies and experience

Airline industry	
Accounting or Finance	
Government affairs	
Legal and regulatory	
Retail industry	
Carbon emissions and innovation and public policy	
Operational experience	
Risk management	
Digital transformation and technology	
Global business	
HR Labour	
Related industry experience	
Safety, health and environment	

Digital transformation and technology includes information security, and related industries include cruise, distribution, hotel, freight forwarding, logistics and transportation businesses.

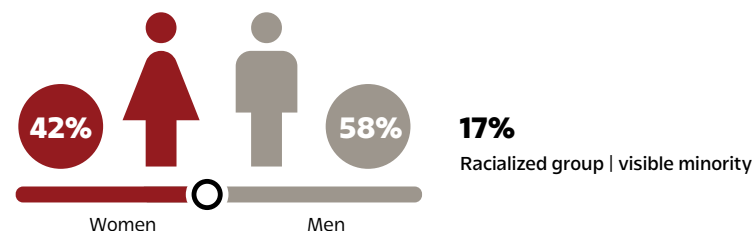
For more information on our nominees, see [Our director nominees](#).

2024 governance highlights

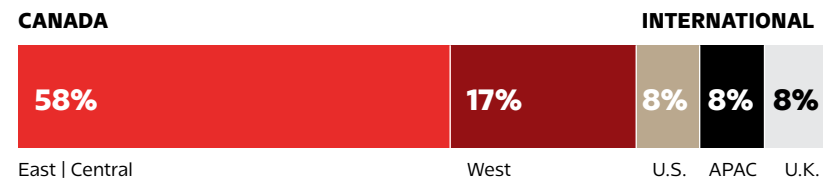
12	Size of the Board	✓ Directors elected annually and individually
11	Independent directors, or 100% of our non-CEO nominees	✓ Active engagement with shareholders and other stakeholders
100%	All Board Committee members are independent	✓ Annual advisory vote on executive compensation
99.5%	2024 Board 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
9.63	Average tenure of our director nominees in years	✓ Share ownership guidelines for directors, executives and the top level of senior management
40%	Target Board representation of women by 2025 (met if all nominees elected), and going forward targeting at least 35-45% for both men and women	✓ Annual Board and director evaluations and peer reviews
42%	Director nominees who identify as women (five)	✓ Board representation policy
17%	Director nominees who identify as members of racialized group (visible minority) (two)	✓ Continued focus on advancing representation of all designated groups at Air Canada
50%	Minimum percentage of Board and Committee fees to be paid in DSUs or shares	✓ Sustainability matters overseen by Board and Committees in line with mandates
70.1%	Actual percentage of Board and Committee fees paid in DSUs or shares in 2024	✓ Senior leadership annual incentive compensation includes sustainability factor

Board nominees at a glance¹

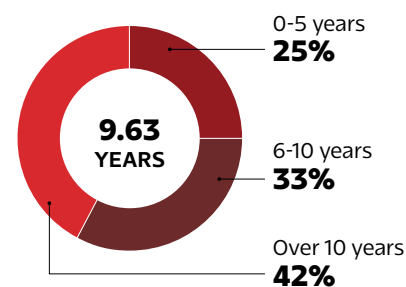
BOARD REPRESENTATION



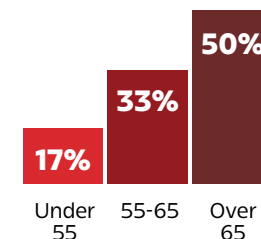
GEOGRAPHIC REPRESENTATION



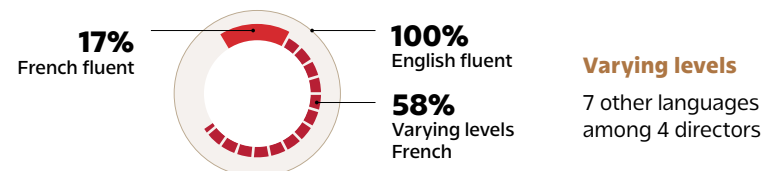
AVERAGE TENURE



AGE



LINGUISTIC PROFICIENCY



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 would be in the best interest of Air Canada and its shareholders and recommends that you vote to approve our approach to executive compensation for the reasons below.

What we do about executive compensation in general

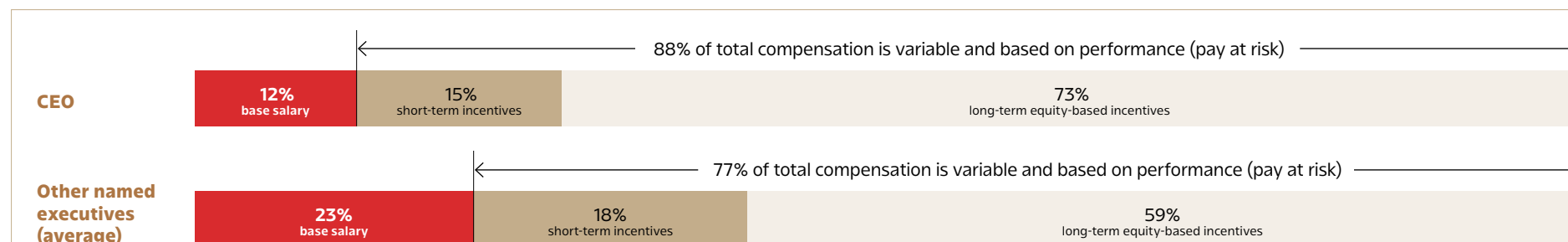
- Market-competitive design to enable Air Canada to attract and retain industry leading talent
- Emphasis on pay at risk, with a significant portion of total compensation tied to performance goals and share price
- Strong alignment with our shareholders, with 88% of the annual target compensation opportunity for our CEO (77% for our other named executives (on average)) delivered in the form of equity awards that are “at risk” (i.e. performance based)
- Incentive awards based on pre-established financial goals and strategic and sustainability performance assessed across 11 areas, diversifying the components of performance
- Focus on the long term through equity awards with multi-year vesting or performance requirements
- Motivate executives to achieve and surpass key performance goals by rewarding results that relate to objectives in support of our business strategy
- Performance metrics reviewed at least annually to ensure they reflect key business developments that drive long-term growth, with progress monitored quarterly

How you voted in 2024

- CEO total target direct compensation (base salary and target short- and long-term equity-based incentive compensation) in 2023 was \$10.752M, of which \$9.425M (being 88%) is at risk (77% for other named executives on average) – in 2024, shareholders voted 70.38% in support of our approach to executive compensation
- The 2024 vote was influenced by the negative vote of one shareholder, with whom we have engaged periodically since their first AGAINST vote in 2022. The 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. The Board understands that the reasons for such dissenting shareholder’s vote in 2024 were related to their view of executive compensation in the context of an employer having sought government support during the pandemic.
- Shareholder support for our approach was 88.58% of all other votes cast at the 2024 meeting. We have engaged with other shareholders who in 2024 voted against our approach to understand their positions and share the Board’s perspective and objectives.
- The Board will continue to pursue an approach that aligns executive compensation with the long-term interests of Air Canada and its shareholders.

How we set CEO and named executive target compensation in 2024

- CEO total target direct compensation (base salary and target short- and long-term equity-based incentive compensation) was \$11.385M, of which over \$10M (88%) is at risk
- Total named executive compensation in 2024 was generally near 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](#).

Notice of 2025 annual meeting of shareholders

Your vote is important to us. Air Canada will make a \$2 charitable donation to the [Air Canada Foundation](#) in respect of every shareholder account that votes their shares up to 25,000 accounts. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children.

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 March 31, 2025 (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
March 31, 2025 10:30 a.m. (Eastern time)	<ul style="list-style-type: none"> In person, at Lumi Experience Toronto, 200 Bay Street, Suite 1600, Toronto, Ontario Remotely, via live webcast available by joining us at aircanada.com/AGM

	Where to find out more	Board recommends
What the meeting is about		
1. Placing our consolidated financial statements for 2024, including the auditors' report, before shareholders	See Receiving our financial statements	
2. Electing 12 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. Presentation by their proponent of three shareholder proposals that have been withdrawn and will not be submitted to a vote	See Shareholder proposals	
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 January 31, 2025 are entitled to receive notice of, and vote at, our annual shareholder meeting or any adjournment thereof in respect of the items indicated above and any other matters that may properly come before the meeting or any adjournment thereof. See Voting your shares for how to vote.	

We are providing proxy materials and access to our circular electronically instead of by mailing printed copies. 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 February 14, 2025 unless otherwise indicated.



Marc Barbeau
Executive Vice President, Chief Legal Officer and Corporate Secretary

Montréal, Quebec
February 14, 2025

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, 2024, including the auditors' report thereon, before shareholders.
2. Electing 12 directors to serve until the end of the next annual shareholder meeting.
3. Appointing our auditors until the end of the next annual shareholder meeting.
4. Having your say on our approach to executive compensation.
5. Presentation by their proponent of three shareholder proposals which have been withdrawn and will not be 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, and (c) to vote **FOR** the advisory, non-binding resolution supporting our approach to executive compensation.

If 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.

Receiving our financial statements

The consolidated financial statements for the year ended December 31, 2024, including the auditors' report thereon, are available on SEDAR+ at www.sedarplus.ca or on our website at investors.aircanada.com.

Electing directors

Twelve (12) directors are to be elected to the Board, to serve until the end of the next annual shareholder meeting. 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, having received the advice of the Audit, Finance and Risk Committee, recommends 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, 2024, and December 31, 2023, to PricewaterhouseCoopers LLP and its affiliates were \$6,757,927 and \$5,142,128 respectively, as shown in the following table:

	2024	2023
Audit fees	\$ 3,445,000	\$ 3,300,000
Audit-related fees	\$ 1,433,971	\$ 1,326,873
Tax fees	\$ 251,176	\$ 235,505
All other fees	\$ 1,681,530	\$ 279,750
Total fees	\$ 6,811,677	\$ 5,142,128

The Audit, Finance and Risk Committee reviews and pre-approves the nature of all non-audit services, as permitted by securities regulations, to be provided by the external auditor prior to the commencement of such work. Each category of fees is described below:

- **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.
- **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.
- **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).

At our 2024 annual meeting of shareholders, shares representing 91.98% of the votes cast at such meeting were voted in favour of the appointment of PricewaterhouseCoopers LLP as our auditors, and shares representing 8.02% of the votes cast were withheld.

PricewaterhouseCoopers LLP has been Air Canada's independent external auditor since 1990. The Audit, Finance and Risk Committee believes that it is essential that the external auditor be qualified, capable and independent, and maintain a high level of independence and bring a consistent level of professional scepticism to its audit work.

The Audit, Finance and Risk Committee has also 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 leads to audit efficiencies, resulting in a lower fee structure because of its history and familiarity with our business.

In order to ensure both objectives are met, 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 management.

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 Canadian Public Accountability Board, 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.

The Audit, Finance and Risk Committee also reviews reports issued by the Canadian Public Accountability Board 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, which can be impaired by audit firm rotation. 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.

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.

More information is available in the "Audit, Finance and Risk Committee" section of our Annual Information Form, 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. This is the 12th year that Air Canada has included such a vote as part of its ongoing process of shareholder engagement about the objectives and principles underlying its executive compensation decisions. The Board has over that time considered the outcomes of advisory votes and used them as opportunities to follow up with enhanced disclosure and engage with shareholders.

The advisory resolution on Air Canada's approach to executive compensation received 70.38% support from shareholders at the 2024 meeting. Shareholder support for Air Canada's approach to executive compensation would have been 88.58% but for the negative vote of one shareholder who had voted similarly in 2022 and 2023 and with whom we engaged periodically. The 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. The Board understands that the reasons for such dissenting shareholder's vote in 2024 were related to their view of executive compensation in the context of an employer having sought government support during the pandemic. We have engaged with certain other shareholders who in 2024 voted against our approach to executive compensation to understand their positions and share the Board's perspective and objectives. The Board will continue to pursue an approach that aligns executive compensation with the long-term interests of Air Canada and its shareholders.

The Human Resources, Compensation and Pension Committee was mindful of the support shareholders expressed for our compensation approach and other comments it received from our engagement with them. The Committee concluded that no substantial changes to our executive compensation policies and program should be made based on the results of the vote and our engagement with shareholders. The Committee also considered other factors in its assessment, 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,
- relationship between risk-taking and incentive compensation, and
- need for Air Canada to attract and retain world-class industry leaders.

The Committee has taken these factors into account in reaffirming and refining the components of Air Canada's executive compensation policies and programs in 2024. Accordingly, we will continue to ensure that executive compensation policies and programs remain competitive and commensurate to our size and complexity. The roles of our named executives and their target total compensation opportunities will continue to be benchmarked at market-competitive levels, generally near 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 refer to the heading [Compensation discussion and analysis](#).

The Board accordingly recommends that shareholders vote in favour of the approval of the following advisory resolution, the text of which is also set out at [Schedule "A" | Non-binding advisory resolution on 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 2025 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.

Shareholder proposals

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

Following engagement with Air Canada, MÉDAC agreed to withdraw all three proposals, which will not be submitted to a vote at the meeting. Air Canada agreed to reproduce the withdrawn proposals and its responses to them in this circular, and understands MÉDAC will speak to its proposals 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 12 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 2024 annual meeting of shareholders are summarized below and provided in full under Voting results from 2024 annual meeting of shareholders. [Voting results from 2024 annual meeting of shareholders](#).

This section also includes each nominee's equity ownership in Air Canada as of December 31, 2023 and December 31, 2024, 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.

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.

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 12 non-executive directors as at December 31, 2024 and December 31, 2023. 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.

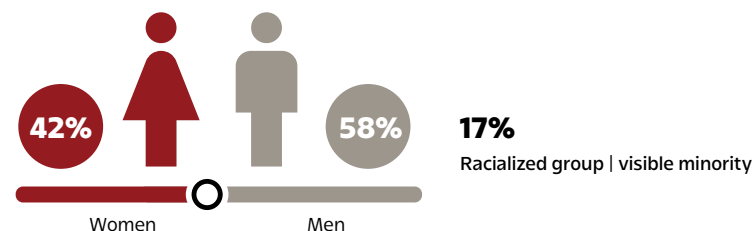
	2024-12-31 ¹	2023-12-31 ²
Air Canada shares	358,063	318,823
Air Canada DSUs	1,077,571	929,438
Total shares and DSUs	1,435,634	1,248,261
Value	\$31,780,240	\$23,329,998

1) The number of shares includes market purchases by certain non-executive directors made in February 2025. Value based on the December 31, 2024 Air Canada shares closing price on the TSX, the last trading day of the year (\$22.26), except for shares acquired in February 2025, the value of which is based on the February 14, 2025 closing price on the TSX (\$17.75). Totals include Mr. Wilson's holdings, who is not standing for re-election at this year's annual shareholder meeting.

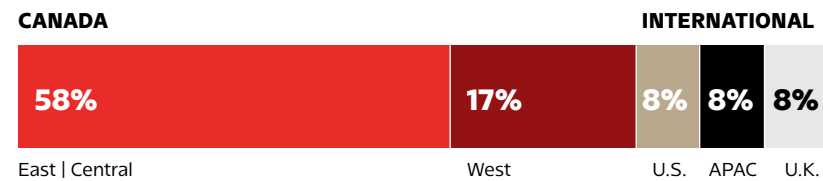
2) Value based on the December 29, 2023 Air Canada shares closing price on the TSX, the last trading day of the year (\$18.69).

Board nominees at a glance¹

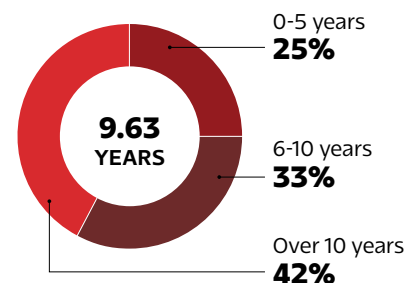
BOARD REPRESENTATION



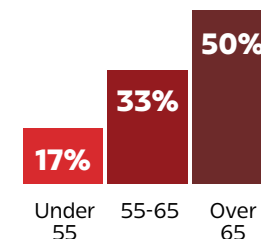
GEOGRAPHIC REPRESENTATION



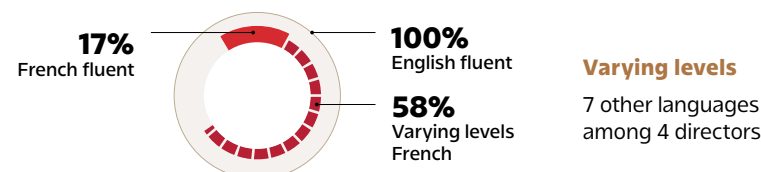
AVERAGE TENURE



AGE



LINGUISTIC PROFICIENCY



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

Our nominees

Amee Chande


Corporate director
Director since June 2020

Age: 51

Status: Independent

British Columbia, Canada

Major competencies and experience:

- Digital transformation and technology
- Finance
- Global business
- Operational experience
- Related industry experience
- Retail industry

2024 annual meeting votes in favour 98.67% (103.7m) and against 1.33% (1.4m)

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.

2024 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 2020

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

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares	14,508	14,508
DSUs	21,735	13,493
Total shares/DSUs	36,243	28,001
Total value	\$806,769	\$523,339

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

Five-year target (2025-06 | \$585,000): **Met** (1.4x)
 New five-year target (2029-06 | \$780,000): **Met** (1.0x)

Christie J.B. Clark


Corporate director
Director since June 2013

Age: 71

Status: Independent

Ontario, Canada

Major competencies and experience:

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

2024 annual meeting votes in favour 96.98% (101.9m) and against 3.02% (3.2m)

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

Mr. Clark is also a member of the Board of the Canadian Olympic Committee, the Canadian Olympic Foundation, Own The Podium and the Sunnybrook Hospital Foundation, 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 and IGM Financial.

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.

2024 meeting attendance

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

Other public issuer boards since 2020

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

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares ¹	79,010	79,010
DSUs	50,326	41,521
Total shares/DSUs	129,336	120,531
Total value	\$2,879,019	\$2,252,724

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

Five-year target (2018-06 | 585,000): **Met** (4.9x).
 New five-year target (2029-06 | \$780,000): **Met** (3.7x)

1) 69,310 voting shares held by Mr. Clark's spouse are included.

Gary A. Doer, O.M.**Corporate director****Director since** April 2018**Age:** 76**Status:** Independent

Manitoba, Canada

Major competencies and experience:

- Global business
- Government affairs
- Carbon emissions and innovation and public policy
- HR | Labour Risk management
- Safety, health and environment

2024 annual meeting votes in favour 97.70% (102.7m) and against 2.30% (2.5m)

Gary A. Doer is a corporate director. He is also a member of the Canadian American Business Council Advisory Board and the U.S. based Climate Group Board and a director of The Climate Group. From 1979 to 1986, Mr. Doer was the President of the Manitoba Government Employees' Association. He was elected a member of the Legislative Assembly of Manitoba in 1986 and served as the 20th Premier of Manitoba from 1999 to 2009. In 2005, Premier Doer was named by *Business Week* magazine as one of the top 20 international leaders on climate change. From 2009 to 2016, he served as the Canadian Ambassador to the United States and participated in the negotiations of the Canada-U.S. new border agreement and the Trans-Pacific Partnership tentative agreement.

Mr. Doer is a Canadian member of the Trilateral Commission and serves as co-Chair of the Wilson Centre's Canada Institute, a non-partisan public policy forum focused on Canada-U.S. relations. In 2010, he became a Member of the Order of Manitoba and in 2011, he received a distinguished diplomatic service award from the World Affairs Council.

2024 meeting attendance

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

Other public issuer boards since 2020

Power Corporation of Canada (Power) (since 2016) and its subsidiaries Great-West Lifeco Inc. (since 2016), IGM Financial Inc. (since 2016) and Power Financial Corp. (2016-2020)

Ownership and total value of equity

	2024-12-31	2023-12-31
DSUs	53,355	37,149
Total shares/DSUs	53,355	37,149
Total value	\$1,187,682	\$694,315

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

Five-year target (2023-04 | \$585,000): **Met** (2.0x)
New five-year target (2029-06 | \$780,000): **Met** (1.5x)

Rob Fyfe, CNZM**Corporate director****Director since** September 2017**Age:** 63**Status:** Independent

North Island, New Zealand

Major competencies and experience:

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

2024 annual meeting votes in favour 98.12% (103.1m) and against 1.88% (2m)

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 the International Air Transport Association. He has been recognized as New Zealand's Executive of the Year and Airline Chief Executive of the Year for the Asia Pacific region, amongst 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.

2024 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 2020

Michael Hill International Limited (since 2016)

Ownership and total value of equity

	2024-12-31	2023-12-31
DSUs	69,603	52,843
Total shares/DSUs	69,603	52,843
Total value	\$1,549,363	\$987,636

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

Five-year target (2022-09 | \$585,000): **Met** (2.7x)
New five-year target (2029-06 | \$780,000): **Met** (2.0x)

Michael M. Green



Chief Executive Officer and Managing Director, Tenex Capital Management

Director since March 2009

Age: 66

Status: Independent

Florida, USA

Major competencies and experience:

- Finance
- Global business
- Operational experience
- Related industry experience
- Risk management

2024 annual meeting votes in favour 95.61% (100.5m) and against 4.39% (4.7m)

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.

2024 meeting attendance

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

Other public issuer boards since 2020

No other public board directorships

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares	88,771	88,771
DSUs	77,729	61,522
Total shares/DSUs	166,500	150,293
Total value	\$3,706,290	\$2,808,976

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

Five-year target (2014-08 | \$585,000): **Met** (6.4x)
New five-year target (2029-06 | \$780,000): **Met** (4.8x)

Jean Marc Huot



Partner, Stikeman Elliott LLP

Director since May 2009

Age: 63

Status: Independent

Quebec, Canada

Major competencies and experience:

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

2024 annual meeting votes in favour 96.24% (101.1m) and against 3.76% (4m)

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.

2024 meeting attendance

Board of Directors	8/8
Governance and Nominating	5/5
Safety, Health, Environment and Security	4/4
Combined attendance	100%

Other public issuer boards since 2020

No other public board directorships

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares	31,098	31,098
DSUs	252,325	236,118
Total shares/DSUs	283,423	267,216
Total value	\$6,308,996	\$4,994,267

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

Five-year target (2014-08 | \$585,000): **Met** (10.8x)
New five-year target (2029-06 | \$780,000): **Met** (8.1x)

Claudette McGowan



**Chief Executive Officer,
Protexxa Inc.**

Director since May 2023

Age: 53

Status: Independent

Ontario, Canada

**Major competencies and
experience:**

- Digital transformation and technology
- HR | Labour
- Operational experience
- Risk management

2024 annual meeting votes in favour 99.47% (104.5m) and against 0.53% (0.6m)

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 recently 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, Elevate Technology Festival, Women in the Economy Task Force, and the U.S. Consulate General of Toronto U.S. & Canada Innovation Council.

Ms. McGowan completed her studies in Canada and graduated with bachelor of arts (Lakehead University) and master of business administration (Athabasca University) degrees. In 2022, she was awarded an honorary doctor of laws degree from Carleton University in recognition of her distinguished 20-year career as a global information technology leader.

2024 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk	5/5
Human Resources, Compensation and Pension (from May 2024)	3/3

Combined attendance **100%**

Other public issuer boards since 2020

No other public board directorships

Ownership and total value of equity

	2024-12-31	2023-12-31
DSUs	11,179	2,923
Total shares/DSUs	11,179	2,923
Total value	\$248,845	\$54,631

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

Five-year target (2028-05 | \$585,000): 0.43x
New five-year target (2029-06 | \$780,000): 0.32x

Madeleine Paquin, C.M., FSCMA



Corporate director

Director since May 2015

Age: 62

Status: Independent

Quebec, Canada

**Major competencies and
experience:**

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

2024 annual meeting votes in favour 97.35% (102.3m) and against 2.65% (2.8m)

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.

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.

2024 meeting attendance

Board of Directors	7/8 ¹
Governance and Nominating	5/5
Safety, Health, Environment and Security	4/4
Combined attendance	95%

Other public issuer boards since 2020

Logistec Corporation (1987-2024)

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares	6,500	6,500
DSUs	72,682	62,958
Total shares/DSUs	79,182	69,458
Total value	\$1,762,591	\$1,298,170

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

Five-year target (2020-05 | \$585,000): **Met** (3.0x)
New five-year target (2029-06 | \$780,000): **Met** (2.3x)

¹ Ms. Paquin was unable to attend one special meeting of the Board due to a preexisting commitment. See [Board and Committee meeting attendance](#).

Michael Rousseau



**President and Chief Executive Officer
Air Canada**

Director since February 2021

Age: 67

Status: Not Independent

Quebec, Canada

Major competencies and experience:

- Airline industry
- Finance
- Global business
- Related industry experience
- Retail industry
- Risk management

2024 annual meeting votes in favour 98.16% (103.1m) and against 1.84% (2m)

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 for the airline's overall financial strategic direction and related functions since 2007, when he became 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).

Prior to Air Canada, Mr. Rousseau held executive positions, including that of President at Hudson's Bay Company. He also held senior executive financial positions at other large, international corporations, including Moore Corporation, Silcorp and the UCS Group (a division of Imasco). Mr. Rousseau has been a director of several public companies. He is also a member of the Board of Governors of the International Air Transport Association.

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.

2024 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 2020

Resolute Forest Products Inc. (2010–2023) and Chorus Aviation Inc. (2019–2020)

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares ¹	166,805	166,805
RSUs	251,810	163,403
Total shares/RSUs	418,615	330,208
Total value	\$9,318,370	\$6,171,588

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

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

¹) 8,500 voting shares held by Mr. Rousseau's spouse are included.

Vagn Sørensen



Corporate director

Director since

November 2006

Chair since May 2017

Age: 65

Status: Independent

England, United Kingdom

Major competencies and experience:

- Airline industry
- Digital transformation and technology
- Finance
- Global business
- Operational experience
- Related industry experience

2024 annual meeting votes in favour 87.66% (92.1m) and against 12.34% (13m)

Vagn Sørensen is a corporate director. He serves as director of Royal Caribbean Cruises and as Chair of Pantheon Infrastructure. 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 the former Chair of British Midland and of FLSmidth & Co. and a former director of Lufthansa Cargo. He has also served as Chair of the Association of European Airlines and a member of the Board of Governors of the International Air Transport Association (IATA).

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

2024 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 2020

Pantheon Infrastructure PLC (since 2021); CNH Industrial N.V. (since 2020); Royal Caribbean Cruises Ltd. (since 2011); FLSmidth & Co. A/S (2009–2022); SSP Group PLC (2014–2020)

Ownership and total value of equity

	2024-12-31 ¹	2023-12-31
Class A voting shares	30,740	19,300
DSUs	194,601	180,959
Total shares/DSUs	225,341	200,259
Total value	\$4,964,496	\$3,742,841

Share ownership guidelines status and 5-year target date to meet²

Five-year target (2022-05 | \$975,000): **Met** (4.9x)

New five-year target (2029-06 | \$1.3 million): **Met** (3.7x)

¹) The number of shares includes market purchases made in February 2025. Value based on the December 31, 2024 Air Canada shares closing price on the TSX, the last trading day of the year (\$22.26), except for shares acquired in February 2025, the value of which is based on the February 14, 2025 closing price on the TSX (\$17.75)

²) The Board Chair must own securities valued at no less than five times their annual retainer fee

Kathleen Taylor, C.M.**Corporate director****Director since** May 2016**Age:** 67**Status:** Independent

Ontario, Canada

Major competencies and experience:

- Finance
- Global business
- HR | Labour
- Operational experience
- Related industry experience
- Risk management

2024 annual meeting votes in favour 96.75% (101.7m) and against 3.25% (3.5m)

Kathleen Taylor is a corporate director. Ms. Taylor is Chair of Element Fleet Management, Vice Chair of the Adecco Group and a director of Mattamy Asset Management. She also serves as Chair of Atlas 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 the 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. Ms. Taylor is also a member of the C.D. Howe Institute's National Council, co-Chair of its Human Capital Policy Council and a member of 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.

2024 meeting attendance

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

Combined attendance **100%****Other public issuer boards since 2020**

Adecco Group AG (since 2015); Element Fleet Management Corp. (since 2023); Royal Bank of Canada (2001-2023)

Ownership and total value of equity

	2024-12-31	2023-12-31
Class B voting shares	10,000	10,000
DSUs	69,582	60,500
Total shares/DSUs	79,582	70,500
Total value	\$1,771,495	\$1,317,645

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

Five-year target (2021-05 | \$585,000): **Met** (3.1x)
 New five-year target (2029-06 | \$780,000): **Met** (2.2x)

Annette Verschuren, O.C.**Chair and Chief Executive Officer, NRStor Inc.****Director since** November 2012**Age:** 68**Status:** Independent

Ontario, Canada

Major competencies and experience:

- Carbon emissions and innovation and public policy
- Finance
- Global business
- Public policy
- Operational experience
- Retail industry

2024 annual meeting votes in favour 96.40% (101.3m) and against 3.60% (3.8m)

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, of Ontario Energy Association and of the Verschuren Centre for Sustainability in Energy and the Environment in Cape Breton. She serves as 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.

2024 meeting attendance

Board of Directors	8/8
Audit, Finance and Risk	5/5
Governance and Nominating (Chair)	5/5

Combined attendance **100%****Other public issuer boards since 2020**

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

Ownership and total value of equity

	2024-12-31 ¹	2023-12-31
Class B voting shares	64,968	62,168
DSUs	78,069	69,550
Total shares/DSUs	143,037	131,718
Total value	\$3,171,376	\$2,461,809

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

Five-year target (2017-11 | \$585,000): **Met** (5.3x)
 New five-year target (2029-06 | \$780,000): **Met** (4.0x)

¹ The number of shares includes market purchases made in February 2025. Value based on the December 31, 2024 Air Canada shares closing price on the TSX, the last trading day of the year (\$22.26), except for shares acquired in February 2025, the value of which is based on the February 14, 2025 closing price on the TSX (\$17.75).

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 and 2024 review

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. The compensation of non-executive directors remained unchanged from 2018 until 2023. Our objective for compensation to non-executive directors is to make measured adjustments every few years, rather than more frequent smaller adjustments.

A review of board compensation was completed in 2024, leading to changes in compensation beginning last year. Consistent with past practice, independent consultant Willis Towers Watson 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. The previous independent review was conducted in 2017.

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 director retainer was increased from \$195,000 to \$260,000. At the same time, the dollar value of the minimum share ownership threshold has increased to \$780,000 (\$1,300,000 for the Chair), with the incremental increase to be met by 2029 (five years after 2024). The Committees recommended an increase of (a) the board chair retainer from \$220,000 to \$230,000, (b) committee chair retainers from \$25,000 to \$40,000 (AFRC), from \$20,000 to \$30,000 (HRCPC) and from \$20,000 to \$25,000 (other committees), and (c) committee membership retainers from \$15,000 to \$20,000 (AFRC) and from \$10,000 to \$15,000 (other committees). These changes were approved by the Board with effect from 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 2024.

Annual retainers	Fees
Directors	\$260,000
<i>Other</i>	
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 2024, non-executive directors received 70.1% 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, 2024, in respect of their memberships on the Board and its committees. Mr. Rousseau is not included in the table because we fully describe his compensation in this circular under [Executive compensation](#).

Name	Fees earned by retainer				Allocation of total 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	—	\$30,000	\$290,000	—	\$290,000
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	\$25,000	\$20,000	\$305,000	\$152,500	\$152,500
Michael M. Wilson	\$260,000	—	\$35,000	\$295,000	—	\$295,000
					29.9%	70.1%

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, as the case may be. Securities held by a director's spouse may be counted towards 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 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.

These governance practices are reflected in the written charter that sets out its roles and responsibilities, which we reproduce in [Schedule "C" | Charter of the Board of Directors](#). 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.

Our practices described in this section comply with the Canadian Securities Administrators' corporate governance guidelines as well as their rules relating to audit committees and certification of financial information. We periodically review our governance practices for opportunities to update them.

Board of Directors

Director independence

Our Governance Code provide 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.

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 12 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" | Charter of the Board of Directors](#). 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 2024, 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 2024 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 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. Ms. Paquin was unable to attend one such special meeting due to a previously scheduled commitment.

Directors are also encouraged to attend other committee meetings, regardless of membership, on a non-voting basis. 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 2024, independent directors attended a total of 42 meetings of Board committees of which they are not members. The Chair of the Board and our President and Chief Executive Officer attended all committee meetings on a non-voting observer basis, except, with respect to our President and Chief Executive Officer, for *in camera* meetings or *in camera* portions of meetings.

¹) Mr. Michael Wilson has chosen not to stand 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.

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.

Members of “designated groups” are defined under the *Employment Equity Act* (Canada) as women, members of visible minorities, Indigenous Peoples and persons with disabilities, a meaning that is applied under our governing law, the *Canada Business Corporations Act*.

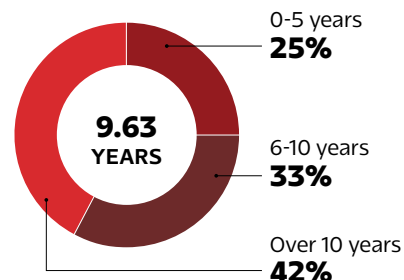
The Board’s composition will continue to evolve, including through scheduled or voluntary retirements. The Chairs of the Board and Governance and Nominating Committee accordingly regularly review anticipated near-term and longer-term Board renewal cycles, in order for its evolving composition to meet the needs of Air Canada over time. During the past five years, two new non-executive directors have joined the Board, and this year Michael Wilson has chosen not to stand for re-election even though our policy would not have precluded his nomination.

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 9.63 years. The following chart shows the distribution of the average Board service tenures of the director nominees:

AVERAGE TENURE



The Board has determined that it is in the best interest of Air Canada to request Gary Doer, who turned 75 in 2023, to stand for re-election at the 2025 meeting and to continue serving as a director for up to an additional year. This decision is based on Mr. Doer’s demonstrated performance, extensive executive and cross border experience, and expertise in areas such as labour and sustainability, as well as his other qualifications.

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. If all nominees are elected this year we will have met 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.

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 12-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" 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](#).

If all nominees are elected, five (42%) of our directors will be women, and two (17%) 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.

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 following table provides an overview of selected education sessions, presentations and reports attended or received by our directors in 2024.

Period	Topic	Attendance
Q1 2024	• Quarterly reports on business, strategic and sustainability matters	Board
	• Presentation of recent trends in executive compensation, including as to sustainability	HRCPC
	• Fraud prevention program	AFRC
	• Environmental initiatives, update on climate action plan, and SAF procurement report	SHESC
Q2 2024	• Quarterly reports on business, strategic and sustainability matters	Board
	• Training module on financial risks	HRCPC
	• Evolving global taxation environment	AFRC
	• Modern slavery, forced labour and human trafficking	GNC
Q3 2024	• Quarterly reports on business, strategic and sustainability matters	Board
	• Data, analytics and AI strategy	Board
	• Sustainability and climate-related reporting	AFRC
	• Evolution of SAF markets	SHESC
Q4 2024	• Quarterly reports on business, strategic and sustainability matters	Board
	• Corporate strategic and long-range planning	Board
	• Sustainability and climate-related reporting	Board
	• Productivity and strategy	Board
	• Information technology and digital	Board
	• Network strategy, industry landscape and revenue management roadmap	Board
	• Economic environment and aviation sector activity	Board
	• Airline investor perspective	Board
	• Airport infrastructure	Board
	• Air Canada's safety management system	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.



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 2024-2025 annual outreach cycle began during the fourth quarter of 2024. We invited some of our largest institutional shareholders representing over 18% of our outstanding voting shares at the time to meet individually with the Board Chair and the Chairs of the Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee. Meetings were held with seven shareholders representing over 10% of our outstanding voting shares at the time. A meeting was also held at the request of the Canadian Coalition for Good Governance in connection with its engagement program with the boards of public companies in Canada on behalf of its institutional investor members. There was interest and feedback on a variety of topics, 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. 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 held Investor Day events, including most recently in December 2024. The event was offered in a hybrid format (in-person and virtual) and was attended by over 1,000 participants (53 in person and over 980 virtually), a significant increase from prior editions. Through Investor Relations channels, we also regularly participate in investor conferences, fireside chats and one-on-one meetings. In 2024, we participated in eight investor conferences and two 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 various stakeholders to listen to their opinions on matters that are important to them.

In 2024 we completed a survey of many of our stakeholders about the issues they consider most important. Our then largest 100 shareholders were invited to participate in the exercise. Interviews were held with investors collectively representing over 30% of our outstanding shares at the time.

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

		
Customers	Employees	Communities
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 first report on our progress since then. 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, Quebec, 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 [Participating in the annual meeting and 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, Governance and Nominating Committee, Human Resources, Compensation and Pension Committee, and 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 2024. The Board has further updated its committee charters with respect to sustainability reporting, in preparation of expected new rules.



Audit, Finance and Risk Committee	
Christie J.B. Clark, FCA¹ (Chair) Ameé Chande Claudette McGowan Kathleen Taylor Annette Verschuren Michael M. Wilson	PURPOSE AND SELECTED RESPONSIBILITIES <ul style="list-style-type: none">• Assist the Board in its oversight responsibilities relating to the financial reporting and audit process, the independence, qualifications and appointment of the external auditor, our enterprise risk management process.• 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.• Facilitate in-depth and candid discussions regarding significant issues involving judgment and impacting quality of controls and reporting.• Monitor trends relating to, and oversee the development by management of, control mechanisms and the integration of sustainability criteria in financial or other corporate reporting, including Air Canada’s readiness to comply with the Canadian Sustainability Standards Board’s voluntary disclosure standards.• Review the audit scope and approach of the internal and external auditors relating to sustainability matters.• Review certain public disclosures and recommend them to the Board where appropriate.
Meetings in 2024: 5	

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

2024 selected highlights

- ✓ Oversaw the annual and quarterly financial reporting process and recommended quarterly and annual financial reports to the Board.
- ✓ Reviewed and approved the 2024 Corporate Audit and Advisory Plan and oversaw its execution.
- ✓ Assessed the independence, qualifications, and performance of PricewaterhouseCoopers LLP and their ability to meet Air Canada’s future needs.
- ✓ Reviewed management reports on disclosure controls and procedures and internal controls over financial reporting as well as received regular updates on the control environment, including control issues, associated risks and corrective actions.
- ✓ Received quarterly management updates on fuel, foreign exchange, interest rate, compliance and privacy matters and major information technology projects and cybersecurity matters.
- ✓ Oversaw information technology and cybersecurity risks as well as privacy and compliance matters.
- ✓ Reviewed management recommendations regarding sustainability disclosures.
- ✓ Received regular reports on key technology projects.

Governance and Nominating Committee

Annette Verschuren (Chair)

Christie J.B. Clark

Jean Marc Huot

Madeleine Paquin

Kathleen Taylor

PURPOSE AND SELECTED RESPONSIBILITIES

- Assist the Board in its oversight responsibilities relating to:
- corporate governance guidelines and practices, including as to qualification standards, compensation, orientation and continuing education and annual performance evaluations.
 - identifying individuals qualified to become new directors and recommending the nominees for each annual meeting of shareholders, including having regard to the Board's representation policy.
 - Review, monitor and evaluate trends and Air Canada's progress in its 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 the Board committees in respect of sustainability matters.
 - Review and recommend to the Board its policies and other governing documents and any updates to the Code of conduct.
 - Report regularly to the Board on its activities, findings and conclusions, including on policies, practices, and progress on key sustainability matters, and provide guidance to the Board about the general strategy and direction with respect to such matters.

Meetings in 2024: 5

2024 selected highlights

- ✓ Reviewed Committee charters, board governance guidelines and board meeting policy.
- ✓ Reviewed composition of Board Committees and selection of Board Committee and chair appointments.
- ✓ Oversaw the process for the annual assessment of performance of the Board, the Committees and directors.
- ✓ Received updates on governance best practices and recent regulatory developments.
- ✓ Reviewed and approved the director nominees to stand for election at the 2024 annual meeting.
- ✓ Jointly reviewed Board compensation with the Human Resources, Compensation and Pension Committee.
- ✓ Oversaw and actively engaged in future board succession planning.
- ✓ Developed and recommended a new directorship and commitment policy.
- ✓ Reviewed our Board policies, official languages initiatives and Code of conduct.

Human Resources, Compensation and Pension Committee

Kathleen Taylor (Chair)

Gary A. Doer

Rob Fyfe

Michael M. Green

Michael M. Wilson

PURPOSE AND SELECTED RESPONSIBILITIES

- Assist the Board in its oversight responsibilities relating to:
- human resources, compensation and pension matters including Air Canada's compensation philosophy and policies, including as they relate to sustainability and other non financial matters, succession plans, key talent management strategies and practices, and workplace practices and labour relations,
 - Air Canada's retirement plans to ensure, among other things, that pension liabilities are appropriately funded and that pension assets are prudently invested, and
 - priorities and risks related to human resources.
 - Review trends in respect of sustainability matters and their integration in compensation matters to ensure Air Canada's human resources management strategies and organizational culture are aligned with sustainability objectives, strategies and practices.

Meetings in 2024: 4

2024 selected highlights

- ✓ Reviewed approach to executive compensation, including design and positioning relative to comparators.
- ✓ Reviewed the performance assessment of the CEO against 2024 objectives and made recommendations to the Board for the performance objectives and metrics for 2025.
- ✓ Reviewed and made recommendations to the Board to approve the compensation of the CEO and other members of executive management, as well as target compensation for 2024.
- ✓ Reviewed new executive appointments and oversaw executive succession planning.
- ✓ Received regular updates on sustainability and representation objectives.
- ✓ Received quarterly updates on pension matters and ongoing investment activities.
- ✓ Jointly reviewed Board compensation with the Governance and Nominating Committee.

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 responsibilities concerning safety, health, environment and security matters including in relation to:

- strategies, policies, systems and processes of Air Canada and its subsidiaries;
- management of risks relating to safety, health, environment and security matters; and
- compliance with statutory and regulatory 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 action plan to the Board.

Meetings in 2024: 4

2024 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 an updated environmental policy.
- ✓ Reviewed approach to SAF procurement and credits.
- ✓ Provided strategic direction and oversight of climate action plans and targets.

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. For example, the Board oversaw the development of a new long-range plan in 2024, which includes investments in further modernizing our fleet and other carbon-reducing initiatives.

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 has oversight of Air Canada's sustainability activities and strategies, and all Board committees are mandated to perform their activities having regard to them.

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 include:

- management's recommended sustainability disclosures, processes and controls (Audit, Finance and Risk Committee),
- our overall 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 and security policies and practices (Safety, Health, Environment and Security Committee).

The Board annually reviews its committee charters. 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, and climate and environmental matters.

The coordinating committees are led by the Head of Investor Relations and Corporate 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. In 2024 we completed a survey of stakeholders we had begun in 2023. The responses received through this exercise can help inform the topics discussed in our disclosures and shape our sustainability approach and initiatives.



Sustainability highlights

Our ambition to be a global champion includes being a responsible corporate citizen and acting for the longer-term interests of Air Canada. 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 2023 edition describes our approach, commitments and progress respecting our environmental, social and governance 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 is committed to supporting the 10 principles of the UNGC and its 17 Sustainable Development Goals (SDGs), established by the UN General Assembly.

We have published our report aligned to the Task Force on Climate-related Financial Disclosures (TCFD) framework, as well as through the CDP, formerly known as the Carbon Disclosure Project, which has aligned its approach with the TCFD framework. Air Canada holds a “B” CDP score. For additional information relating to the CDP, visit www.cdp.net.

Our 2023 TCFD summary, GRI Content Index and related charts and United Nations Sustainable Development Goals index are available at [Corporate sustainability reports](#). Prior editions are also available. The information on our sustainability website is subject to change without notice. While we do our best to ensure the currency and accuracy of the information contained on our sustainability 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

Safety First, Always is at the heart of our culture. In everything we do, the safety of our customers, employees and those in communities where we fly and serve is always our first priority.

Safety management is a critical responsibility and affects virtually every operational decision Air Canada makes. We maintain a comprehensive regime of oversight programs and align our efforts with the growth in our activity. We support and promote effective employee training, support the continued development and integration of safety data analytics and artificial intelligence into our Safety Management System (SMS), continually assess and manage safety risks associated with the introduction of new equipment, new routes and new initiatives or projects, and reinforce and promote safety reporting, protecting safety critical information in order to inform our decisions going forward.

Our Occupational Health and Safety Program is designed to protect employees from occupational hazards, minimizing risks to their health and well-being. The program establishes procedures for dealing with workplace hazards and meeting our obligations under applicable laws and regulations. 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 leveraging artificial intelligence and machine learning to augment our capabilities. Our AI governance framework identifies opportunities and priorities and oversees 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 Audit, Finance and Risk Committee receive management reports on our governance framework and initiatives relating to the use of AI.

Privacy and information security

Privacy and information security require ongoing care and attention for a business of our scale and complexity. We are subject to an expanding range of obligations as new privacy and data protection laws are enacted in Canada and around the world. Our stakeholders increasingly expect us to demonstrate that we collect data appropriately, use it for appropriate purposes and keep it secure. We are committed to protecting our customers' and employees' personal information and their right to privacy. Air Canada maintains privacy policies relating to the collection, use and sharing of personal information. The policies also describe the rights of individuals over that information. Air Canada's Privacy Office oversees the use of this information and monitors compliance with data protection laws.

We are also focused on cybersecurity and safeguarding our systems, information and ability to operate. We have developed a cybersecurity framework and continually seek to advance privacy maturity and cybersecurity resilience. We invest in security initiatives that include technology, processes, resourcing, management staff training, incidence readiness exercises, disaster recovery and regular testing and benchmarking against best practices.

We invest in cybersecurity initiatives that target areas of advancement to help ensure we stay ahead of evolving threats, both from the growing number of sophisticated actors (including hackers, organized criminals, state-sponsored actors) and information security attacks, which have continued to grow in complexity. Air Canada integrates cybersecurity requirements into all technology projects to help ensure a stable and secure baseline of systems, processes and training. These requirements are based on best practices and mature standards, and they encompass all dimensions of cybersecurity resilience including the ability to identify, protect, detect, respond and recover as described in the NIST cybersecurity framework. We also seek to ensure 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.

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 2024, 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 continued to enhance 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.

The Air Canada Foundation **supported 360 charitable organizations** dedicated to children's health and well-being, made **donations to 240 community organizations** through community partnerships, and **financed flights for more than 400 children** to secure access to critical medical care.

Representation

Air Canada's representative and inclusive workforce is a strength that helps attract and retain the best available global talent. We work collaboratively to nurture an inclusive work environment, making our employees feel welcome, providing a safe space 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 recognize that there is more to be done and are stepping up our efforts to promote a representative, equitable and inclusive work environment. This includes embedding these considerations in professional development practices and launching campaigns and community outreach initiatives supporting our goals for underrepresented groups.

In 2024, 85.5% of our Canadian-based employees voluntarily self-identified for representation data regarding four identities designated under applicable Canadian law., including (a) 41 out of 47 members of our executive management team (vice president level and above) who chose to respond, eight (21%) of whom self-identified as women, two (5.8%) as a person with a disability, five (14.7%) 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%) of whom self-identified as a woman, another (11%) 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 that goal by reference to the combined composition of our 12-nominee Board and 7-person executive committee, and will continue to foster inclusiveness for Black leaders at our Board, senior management and executive levels.

Members of "designated groups" are defined under the *Employment Equity Act* (Canada) as women, members of visible minorities, Indigenous Peoples and persons with disabilities, a meaning that is applied under our governing law, the *Canada Business Corporations Act*.

We do not otherwise use targets with respect to representation of designated groups for senior management. We believe a holistic approach to this priority, which considers representation and inclusion throughout all levels of our workforce, is most aligned with our organization and will help us achieve meaningful results overall. Accordingly, our efforts are centred around the CARE model (Community outreach | Accountability | Representation | Engagement and belonging). The accountability framework we are implementing will guide us in setting our goals with respect to representation. This framework includes key components: engaging with leadership and internal reporting of representational data and ensuring all levels of our organization are informed, responsible and empowered to move toward increased representation. In 2024 we incorporated a development objective into the performance metrics for senior leadership regarding sustainability, representation and inclusion, requiring that they demonstrate action towards supporting this priority within their

teams and promoting it within the workforce. Leaders were also provided with the representational composition of their teams in April 2024 and again in January 2025 (collected through voluntary self-identification), to be able to better monitor their teams' evolution in terms of representation and inclusion.

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. Our latest employee pulse survey revealed that 78% of employees responding feel that people of all backgrounds can succeed at Air Canada. In 2024, Air Canada's formal mentoring programs included 250 employees, with 47% identifying as female and 38% as visible minorities. To further support the pipeline of underrepresented talent to senior leadership roles, we have implemented 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.

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 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. In 2024, we included enhanced accessibility training, which is expected to be completed by Airport employees by September 2025. We also renamed the Air Canada Medical Assistance Desk to Air Canada Accessibility Services after feedback from the disability community that accessibility is broader and more inclusive than medical assistance. We reported on these and other measures and initiatives in our 2024 Accessibility Progress Report, which includes adjustments to our zonal boarding policy, enhanced storage of mobility aids and training as well as strengthened investments in accessibility-related equipment at Canadian airports.

Finally, we have increased mandatory training for all people leaders on workplace accommodations, integrated accessibility into new projects for built environment, and continued to increase accessibility of training and internal communications. Air Canada's Diverse Abilities Employee Resource Group (ERG), launched in 2023, promotes the inclusion of disabilities, diverse abilities and accessibility to reduce the stigma of disability and remove barriers. The senior leader sponsor of this ERG is Mark Nasr, Executive Vice President, Marketing and Digital, and President of Aeroplan.

Accessibility by the numbers

1.4 million accessibility requests were received by Air Canada in 2024 representing both visible and non-visible disabilities

32,362 wheelchairs were transported in 2024

36 of Air Canada's Canadian airports are equipped with **Eagle lifts**

26 Canadian airports support the Hidden Disability Sunflower lanyards program

2.29% of Air Canada employees in Canada self-identified as having a disability at the end of 2024, as compared to 2.1% Canada-wide representation in the air transportation sector (2022 figures)

7 full-time employees work on improving accessibility at Air Canada, with the support of Air Canada's 39,700 global workforce

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 more than 47 million passengers on about 377,000 flights in 2024 that are split roughly evenly among flights within Canada and flights connecting Canada with the 56 countries 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 our official 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 the testing and self-reporting data we have in respect of about 37,500 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, 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, and Mr. Rousseau has continued to act on his personal pledge to learn French.

We care about all the communities in which we live and work, including Quebec 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 announced our voluntary registration with the *Office québécois de la langue française* under the *Charter of the French language*, and have since developed a francisation program which has been approved by the Office and will now be 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 has responsibility for implementing our Linguistic Action Plan and official languages initiatives. It reports on progress to executive management on a regular basis. An Official Languages Committee, composed of senior management from key functions, supports the Official Languages department by facilitating the implementation of official languages initiatives throughout our organization. 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 Quebec.

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 efforts related to greenhouse gas emissions are aimed to align with the Government of Canada's Aviation Climate Action Plan stated vision net-zero emissions by 2050, the International Air Transport Association (IATA) 2021 resolution for the global air transport industry to achieve net-zero carbon emissions by 2050 and the International Civil Aviation Organization (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 own ambitious plan setting 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 new technologies such as SAF as well as new aircraft or carbon reduction and removal technologies.

Our ambitions, particularly our net reduction target for our air operations, are dependent on new technologies and the availability of sufficient sustainable aviation fuels (SAF) and other renewable energies. IATA estimated that SAF production volumes only accounted for 0.3% of global jet fuel production in 2024. Although Air Canada is proud of the progress it is making, we cannot achieve our ambitions alone; governments play an essential role in these efforts. Industry and other participants in our supply chain or otherwise must each play their part.

Air Canada's initiatives relating to GHG emissions 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 2023 TCFD summary](#).



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

Dear fellow shareholders,

In 2024, Air Canada continued to strengthen its operational consistency, allowing our company to pursue opportunities and set its sights on new frontiers. Our Board and senior management teams have focused on providing leadership, stability, and guidance as we navigate and announce our next chapter of growth. We believe Air Canada is well positioned to implement its long-term plans.

During the year, we saw rapidly changing shifts in the economy and global affairs. We nonetheless continued to set rigorous performance goals and remained focused on the alignment of executive compensation with the interests of Air Canada and its shareholders over the long term.

We are pleased to share our approach to executive compensation for 2024 and to highlight the performance metrics considered in determining 2024 compensation awarded to Michael Rousseau, our President and Chief Executive Officer, and the members of our executive management team. Our named executives work together toward the achievement of performance objectives set at the President and CEO level, which are cascaded within their areas of responsibility. The performance of each named executive is measured by how well they achieved their goals.

2024 corporate performance that influenced compensation

In determining 2024 compensation for the President and CEO, the Human Resources, Compensation and Pension Committee¹ and Board of Directors identified three key focus areas for Air Canada, namely financial performance, strategic and operational initiatives, and sustainability priorities.

These three key areas were then viewed against our pay for performance philosophy, the details of which are outlined below.

Financial performance

Our team delivered solid results on one of our key financial performance metrics, namely adjusted Net Income², generating \$1.335 billion as compared to a target of \$1.333 billion.

We also saw strong results in other financial and operational performance metrics in 2024:

- record operating revenues of \$22.255 billion for 2024, up 2% year over year,
- adjusted EBITDA³ (earnings before interest, taxes, depreciation and amortization) of \$3.586 billion,
- adjusted pre-tax income² of \$1.397 billion,
- income before income taxes of \$515 million,
- operating income of \$1.263 billion,
- net cash flows from operations of \$3.930 billion,
- passenger traffic and total operated passenger capacity increased 3.3% and 5.4%, respectively, from 2023, and
- year-end leverage ratio was 1.4 for 2024 as compared to 1.1 for 2023.

Our team focused their efforts on key initiatives which translated into meaningfully improved operational and financial performance in 2024, laying the groundwork for our plan to deliver long-term shareholder value. These results also provided the financial foundation that allowed Air Canada to initiate a now completed normal course issuer bid purchasing more than 35.7 million voting shares, addressing some of the shareholder dilution experienced from financings in 2020 and 2021.

2) Adjusted Net Income and Adjusted Pre-Tax Income are non-GAAP financial measures which are not recognized measures for financial statement presentation under GAAP, do 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 Air Canada's 2024 MD&A, which can be found under Air Canada's profile on SEDAR+ at www.sedarplus.ca, for an explanation of the composition of these 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. For purposes of the AIP payout, Adjusted Net Income is calculated before deducting expenses relating to the AIP, after adjustment for the timing of tax recognition during the year which was unrelated to performance, and other adjustments as discussed at [Annual incentive plan objectives and outcomes](#).

3) See note 1 under Management proxy circular summary.

Strategic and operational initiatives and sustainability priorities

We continue to be proud of Air Canada's progress in advancing our renewal through key strategic initiatives and progress on accomplishments on issues that matter to our customers and other stakeholders. In 2024, Air Canada achieved or exceeded a wide range of customer, risk mitigation and strategic objectives, including sustainability initiatives.

For 2024 we linked six strategic and five 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 within the discussion and analysis that follows.

Strategic and operational initiatives

Strategic initiatives that our executive team advanced or delivered in 2024 include the following:

- Memberships and active credit cards both increased at Aeroplan and significant new partnerships were launched.
- Key technology projects were advanced or completed, and innovative technologies were leveraged in many areas.
- Fleet decisions were executed and flexibility was enhanced, while seeking growth in market opportunities.
- Our net promoter score and on-time performance were improved, and accessibility initiatives and our focus on customers progressed.
- Annual recurrent savings were identified through a cost reduction program.
- A leadership development program was implemented and our improved employee sentiment score objective was met.

1) We refer for convenience to our committee as the HRCPC or the Compensation Committee.

Corporate sustainability priorities

Sustainability initiatives that our executive team advanced or delivered in 2024 include the following:

- Work advanced towards SAF availability and on our carbon offset strategy, and in leading to encourage intermodal transport by expanding current offerings and by supporting future connectivity with other modes of transport.
- The proportion of women in senior leadership and of visible minorities overall increased, as did the visibility of our employee representation initiatives overall.
- We received the Excellence Canada gold level certification in Mental Health in 2024, and exceeded targets for employees certified in *Mental Health First Aid* and *Mental Health 360*.
- We saw positive audit results, and reduced physical injuries and aircraft damage.
- Our Official Languages Policy was enhanced and launched, and language courses and training were expanded.

2024 compensation program updates and decisions

We 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 CEO demonstrated continued leadership in shaping our future ambitions through a challenging environment and our entire executive leadership team delivered strong financial results and pronounced operational improvements in 2024. Accordingly, our major compensation decisions in respect of last year are as follows:

- We set base salaries and, in some cases, enhanced long term incentive targets in line with market-competitive levels near the median of the comparator group.
- We approved individual AIP and LTIP award opportunities in keeping with the creation of long-term profitability and shareholder value and with bringing named executives' total direct compensation generally near the median of Air Canada's comparator group in 2024 while continuing to ensure that a significant portion of their total compensation remains at risk.
- We approved an overall AIP performance weighting of 115% for our named executives based on Air Canada's financial and non-financial performance, as well as individual objectives, as applicable.
- Our named executives received stock option and share unit grants in 2024 based on the target grant value for their positions and in line with market-competitive levels.

As a result, 88% of Mr. Rousseau's and 77% on average of the other named executives' target total direct compensation is considered pay at risk.

Our *Compensation discussion and analysis* follows this letter and provides the details of our executive compensation program for our named executives in 2024.

2025 compensation program updates and decisions

Each year, our 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 2025, the total compensation opportunity for all NEOs will be generally near the median of Air Canada's comparator group for similar positions, while maintaining a significant component of "pay at risk."

Your continuing input

Shareholder input on compensation is an important part of our engagement process, and we invite you to have your say on our approach to executive compensation, including at each annual meeting. While this vote is advisory and non-binding, the Board has engaged with shareholders who have voted against our approach and will continue to consider the results in future compensation planning.

Since 2022 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 will continue 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.

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.

Sincerely,



Kathleen Taylor

Chair, Human Resources, Compensation and Pension Committee

Compensation discussion and analysis

Air Canada's principal objective is to be a sustainably profitable global champion. In pursuit of that goal, our employees must help deliver excellent performance. We believe in rewarding them for that, commensurate with market, and in having an executive team that is focused on the continuous improvement of customer experience, employee engagement, social responsibility, and the creation of long-term value for Air Canada and its shareholders.

Air Canada continues to evolve its business and in 2024 developed and announced its long-term key financial targets and aspirations, including a growth plan grounded on a proven commercial strategy and demonstrated ability to execute and 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 its 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 2024.

Named executive officer	Role
Michael Rousseau	President and Chief Executive Officer
John Di Bert	Executive Vice President and Chief Financial Officer
Craig Landry	Executive Vice President and Chief Operations Officer
Arielle Meloul-Wechsler	Executive Vice President, Chief Human Resources Officer and Public Affairs
Marc Barbeau	Executive Vice President, Chief Legal Officer and Corporate Secretary

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 to our long-term strategy.

Role, responsibilities and composition of the Compensation Committee

The Compensation Committee's core responsibilities include to recommend appropriate compensation for our named executives and to approve, design, evaluate and oversee 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.

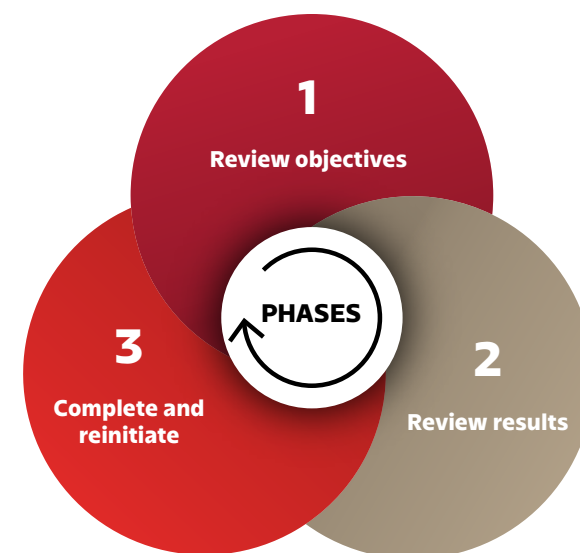
The Compensation Committee's final recommendations regarding the compensation of our named executives are based on the compensation principles discussed in this analysis and any changes to our executive compensation programs based on its informed business judgment. The role and responsibilities of the 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 Committee 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

The Compensation Committee follows an annual process to align the total compensation for our named executives and our executive compensation program with Air Canada's compensation philosophy, as outlined below.

Phase 1 (Review objectives)	Phase 2 (Review results)	Phase 3 (Complete and reinstate)
<p>At the start of each calendar year, the Compensation Committee reviews the annual budget and operating, strategic and sustainability goals subsequently approved by the Board 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.</p> <p>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.</p> <p>The Compensation Committee approves compensation adjustments for the following year by taking into consideration comparator group practices, individual performance and other factors.</p>	<p>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.</p> <p>The Compensation Committee reviews 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.</p>	<p>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.</p> <p>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.</p> <p>At the same time, the Compensation Committee completes the reviews described in Phase 1 in respect of the next following year.</p>
<p>Independent compensation consultant</p> <p>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.</p>	<p>Updates throughout year</p> <p>The Compensation Committee is provided with updates related to Air Canada's performance against targets throughout the year.</p>	<p>Management support</p> <p>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.</p>



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 used 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

- ✓ Set short- and long-term performance metrics
- ✓ Use long-term incentives to encourage management continuity
- ✓ Tie a significant portion of executives' pay to performance metrics critical to the business
- ✓ Mitigate undue risk by using a cap on maximum payouts for short-term plans and performing an annual internal risk assessment of compensation programs
- ✓ Have stock ownership guidelines that reinforce alignment between shareholders and our named executives
- ✓ Impose a post-retirement holding period for the share ownership requirement of our President and Chief Executive Officer
- ✓ Maintain a clawback policy
- ✓ Have an independent compensation consultant reporting directly to the Compensation Committee

What we avoid

- ✗ Provide a single trigger for change of control to named executives
- ✗ Have tax gross-ups upon change of control
- ✗ Allow hedging, short sales, option trading or pledging of shares
- ✗ Reprice underwater stock options
- ✗ Grant excessive perquisites

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 following table 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	2024	2023
Executive and other compensation-related fees ¹	\$48,749	\$84,322
Total fees	\$48,749	\$84,322

¹) Includes fees for advice related to director compensation review.

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.

Recoupment under the clawback policy is not contingent on whether or not 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. During 2024, the Compensation Committee and Board focused on executive development and succession planning, considering potential development, external coaching and other initiatives.

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](#).

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.

	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	✓	✓	-	✓

Compensation peer group

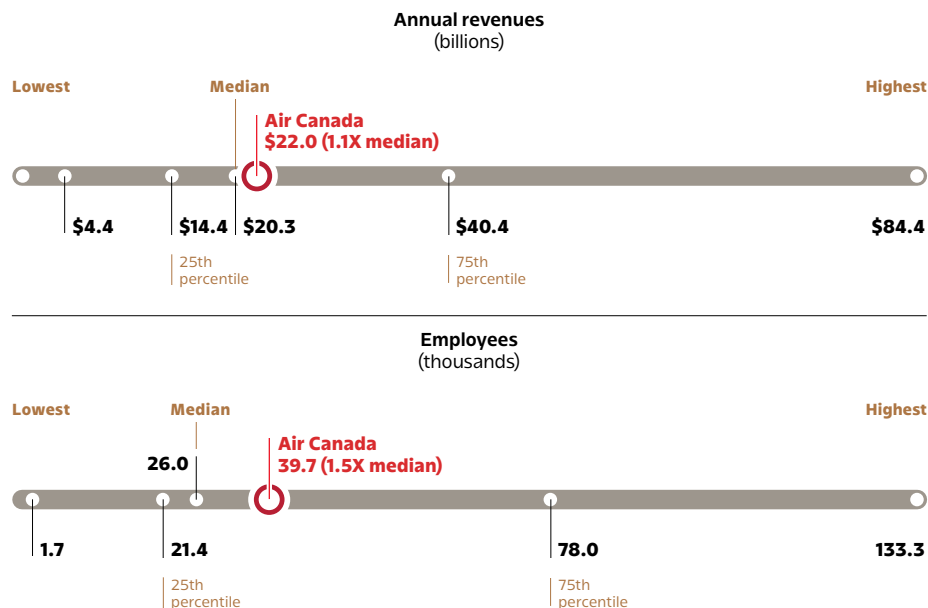
In respect of 2024, the compensation peer group consisted of 24 companies. These companies are selected and validated annually by the Compensation Committee from among large Canadian and U.S. airlines and Canadian companies having all or some of the following attributes: operating in the transportation 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 2024 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 2024 was unchanged from 2023 and consisted of the companies set out below.

	Revenue +\$5 billion	Large asset base	Extensive customer service	Highly technological environment
FINANCIAL INSTITUTIONS				
Bank of Montreal	✓	-	✓	✓
Royal Bank of Canada	✓	-	✓	✓
Sun Life Financial	✓	-	✓	✓
Toronto-Dominion Bank	✓	-	✓	✓
TELECOMMUNICATIONS				
BCE	✓	✓	✓	✓
Rogers Communications	✓	✓	✓	✓
Telus Corporation	✓	✓	✓	✓
OTHER				
Canadian Tire	✓	✓	✓	-
Celestica	✓	✓	✓	✓
Nutrien	✓	✓	-	-
Atkins Réalis	✓	✓	-	✓

The following chart shows Air Canada's position within the compensation peer group on the two screening criteria.



Data as of February 10, 2025. Revenue for the last 12 months closest to December 31, 2024. All data in Canadian dollars, converted from U.S. dollars where applicable at the average Bank of Canada exchange rate during 2024 (CA\$1.3698).

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 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 considers 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 2024.

TSR 2024	Air Canada		Performance peer group ¹
	Return	Rank	Median return
One-year total shareholder return (January 2024 to December 2024)	19.1%	5/7	39.4%
Three-year total shareholder return (January 2022 to December 2024)	5.3%	4/7	30.8%
Five-year total shareholder return (January 2020 to December 2024) ²	(54.1)%	6/7	(32.6)%

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

²) Air Canada's voting shares were at a near historical high on January 1, 2020, shortly before the beginning of the pandemic, having increased more than 85% in trading value in 2019 alone.

Supporting our pay-for-performance philosophy

There is no single definitive way to measure how pay and performance are related, and no single indicator can alone show the full extent of such relationship. When assessing performance, the Compensation Committee considers performance results in the context of other 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 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. 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 2024 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 and operational metrics. These efforts have been seen in Air Canada's solid financial and operational performance in 2024.

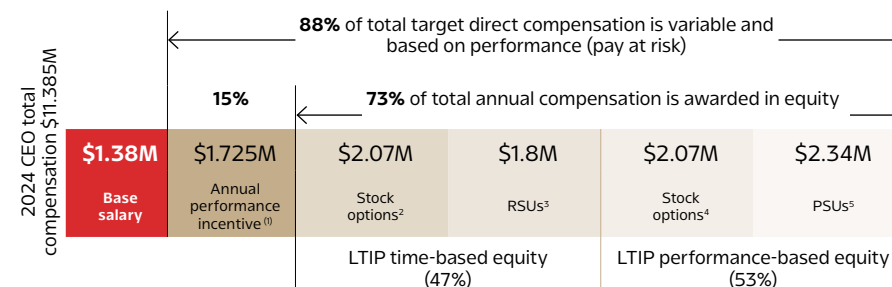
The compensation mix we provide named executives includes both annual and long-term elements of pay at risk to support our pay-for-performance philosophy. In 2024, total compensation maintained significant weighting on incentive- and performance-driven compensation that is "at risk" to ensure close alignment 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.

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.

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

Mr. Rousseau's 2024 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 \$11.385 million for the financial year ended December 31, 2024, of which over \$10 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 pay 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.

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	<ul style="list-style-type: none"> Attract and retain executives in a competitive marketplace 	Cash	1 year	<ul style="list-style-type: none"> Reflects individual skills, competencies and experience Influences short-term incentives, long-term incentives, pension and benefits
Short-term incentives				
<i>Annual incentive plan</i>	<ul style="list-style-type: none"> Reward performance that contributes to annual profitability, performance, and growth 	Cash	1 year	<ul style="list-style-type: none"> 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>	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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>	<ul style="list-style-type: none"> Provide a vehicle for deferred compensation 	Equity	Retirement, termination or death	<ul style="list-style-type: none"> 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>	<ul style="list-style-type: none"> Retain executives by offering a vehicle for retirement income 	Benefit	Retirement	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Offer a variety of benefits and privileges that support personal needs 	Benefit / Privilege	1 year	<ul style="list-style-type: none"> 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 2024 compensation

For 2024, the Board's and Compensation Committee's main focus remained unchanged from 2023 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 generally near the median of the comparator group for similar positions, based on all relevant factors but maintaining significant weighting on incentive- and performance-driven compensation that is at risk. This compensation approach is aligned toward market levels and best practices and ensures close alignment of the financial interests of Air Canada's executives with those of its shareholders.

2024 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 2024, our Board set base salaries near the median of the comparator group for named executives in line with market-competitive levels.

Named executive officer	2023 salary	2024 salary
Michael Rousseau	\$ 1,300,000	\$ 1,380,000
John Di Bert ¹	\$ 650,000	\$ 710,000
Craig Landry	\$ 600,000	\$ 685,000
Arielle Meloul-Wechsler	\$ 525,000	\$ 650,000
Marc Barbeau	\$ 480,000	\$ 590,000

1) Represents annual salary in 2023. Mr. Di Bert was hired May 1, 2023.

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.

2024 AIP

Named executive officer	AIP target opportunity as a percentage of base salary	Target award opportunity
Michael Rousseau	125%	\$1,725,000
John Di Bert	85%	\$603,500
Craig Landry	85%	\$582,250
Arielle Meloul-Wechsler	75%	\$487,500
Marc Barbeau	75%	\$442,500

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)							
Base salary	X	AIP target opportunity	X		Financial component ¹	Non-financial components ²	Individual objectives	X	Performance rating for each objective (up to 200%)	=	Annual payout award
				President and CEO	50%	50%					
				All other named executives	50%	40%	10%				

1) Financial component generally consists of Adjusted Net Income and is supplemented by CEO key accomplishments found below in [2024 key accomplishments for annual short-term incentive award \(CEO and other named executives\)](#). For purposes of the AIP payout, Adjusted Net Income must be achieved and consists of the consolidated net income of Air Canada for the year, without the after-tax effects of impairment of assets, foreign exchange gains or losses, net financing expense relating to employee benefits, gains or losses on financial instruments recorded at fair value, gains or losses on sale and leaseback of assets, gains or losses on debt settlements and modifications, gains or losses on disposal of assets and certain expenses as approved by the Board of Directors under extenuating circumstances, as calculated before deducting expenses relating to the AIP, and after adjustment for the timing of tax recognition during the year which was unrelated to performance. The Compensation Committee considers adjusted profitability measures to be appropriate metrics for purposes of the AIP, given the current industry pressures and macroeconomic and other factors faced by airlines, and selected Adjusted Net Income in 2024 because it measures Air Canada's ability to grow profitably and manage costs.

2) Non-financial components are based on outcomes and goals relating to strategic initiatives and sustainability priorities as further described below.

Annual incentive plan objectives and outcomes

The following table describes Air Canada's 2024 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 2024 financial results, and the degree of accomplishment of applicable corporate goals.

Portion of award	AIP objectives	2024 performance targets and objectives	2024 performance results	Weighting	Performance rating
50% financial component ¹	Adjusted Net Income ¹	\$1.333 billion	\$1.335 billion	50%	43% ³
50% non-financial components ³	Strategic initiatives	Objectives included to grow Aeroplan, to execute key technology projects, to execute fleet and other market initiatives, to enhance customer centricity, to identify cost reduction opportunities, and to advance talent and leadership development and employee culture and sentiment	Overall objectives exceeded	30%	45%
	Sustainability initiatives	Objectives included to advance our emissions-related initiatives, to increase representation of women in senior leadership and of visible minorities overall, to advance employee well-being, to complete favourable safety audits and reduce incidents, and to enhance our languages policy and training	Overall objectives exceeded	20%	27%
Total combined rate				100%	115%⁴

1) The financial component of Air Canada's AIP consists of Adjusted Net Income and is supplemented by the [Financial and operational performance](#) found below under [2024 key accomplishments for annual short-term incentive award \(CEO and other named executives\)](#). See also [2024 AIP](#).

2) The non-financial components are based on the [Non-financial performance](#) found below under [2024 key accomplishments for annual short-term incentive award \(CEO and other named executives\)](#). The Compensation Committee approved ratings of 45% and 27% 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%. Despite having exceeded the Adjusted Net Income component, and Adjusted EBITDA having met published guidance for the year, the Compensation Committee applied a final rating of 43% (out of 50%) for the financial component of the President and CEO's AIP to reflect a variance in Adjusted EBITDA from the originally targeted \$3.75 billion.

4) 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 2024 business plan. Each of them accordingly received a corresponding final rating of 43% for their financial component (out of 50%) and 58% for their non-financial component (out of 40%), as well as a rating of 14% for their individual objectives (out of 10%), such that the final rating applicable to their AIP payouts is also 115%.

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

2024 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 2024, supporting Mr. Rousseau in leading Air Canada to strengthen its overall financial and operational results.

Financial and operational performance

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

- Record operating revenues of \$22.255 billion for 2024, up 2% year over year
- Adjusted Net Income of \$1.335 billion as compared to a target of \$1.333 billion
- Adjusted pre-tax income of \$1.397 billion
- Income before income taxes was \$515 million
- Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) of \$3.586 billion
- Operating income of \$1.263 billion
- Net cash flows from operations of \$3.930 billion
- Traffic and total operated passenger capacity increased 3.3% and 5.4%, respectively, from 2023, with 2024 capacity at about 92.5% of 2019 (the last full year of operations prior to the pandemic)
- Leverage ratio was 1.4 at December 31, 2024, as compared to 1.1 at December 31, 2023

Non-financial performance

Since his appointment as President and Chief Executive Officer in 2021, Mr. Rousseau has been instrumental in leading Air Canada to recover and rise higher through innovation, technological advancements and a customer-centric culture. Mr. Rousseau also continued to actively drive our sustainability programs and efforts throughout the year, including in the areas of safety, emissions reductions initiatives, official languages, employee well-being and representation and inclusion.

For 2024 we linked six strategic and five 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 within the discussion and analysis that follows.

Strategic initiatives		Sustainability priorities	
Area	Highlights	Area	Highlights
Aeroplane	<ul style="list-style-type: none"> Increase membership and average active number of credit cards Launch new significant partnership 	Emissions-related and other initiatives	<ul style="list-style-type: none"> Work towards SAF availability in Canada (and explore mitigating alternatives) SAF procurement on pace to meet target of 1% of estimated jet fuel use in 2025 Advance Air Canada's carbon offset strategy Position Air Canada as a leader in intermodal transport
Technology plan	<ul style="list-style-type: none"> Execute key projects and priorities Leverage innovation 	Employee representation	<ul style="list-style-type: none"> Increase proportion of women at senior levels and of visible minorities above 2023 level Increase employee representation initiatives and their visibility, and advance core CARE priorities (Community outreach Accountability Representation Engagement and Belonging).
Fleet and other initiatives	<ul style="list-style-type: none"> Advance fleet decisions and build in flexibility Develop growth and market opportunities 	Employee well-being	<ul style="list-style-type: none"> Implement Excellence Canada criteria for Gold Certification Grow mental health certified (MHFA/MH360) employees to 900 and Unlock the Best in You (UBY) Ambassadors to 200 Develop UBY Mental Health Champions to 25
OTP, NPS and customer centricity	<ul style="list-style-type: none"> Improved net promoter score and on time performance Progress accessibility plan 	Safety	<ul style="list-style-type: none"> Receive positive audit results Reduce aircraft damage and physical injuries
Cost reduction program	<ul style="list-style-type: none"> Identify annual recurrent savings Meet adjusted CASM and ASM capacity objectives 	Official languages	<ul style="list-style-type: none"> Continue alignment with official language priorities Continue CEO commitments including through championing Advance process and develop francization program which has been approved by the <i>Office québécois de la langue française</i> Enhance training
Talent leadership and culture	<ul style="list-style-type: none"> Implement development plan Complete and deploy leadership development modules Meet employee sentiment score objective 		

Under Mr. Rousseau's leadership and direction, our named executives significantly advanced and delivered on the execution of our 2024 strategic and sustainability initiatives highlighted in the table above.

We also decided to extend our approach of linking 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 370 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.

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, 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)

LTIP | Stock option components

Stock options represent 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 4 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 5 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 (%)	100% 100%	Cumulative 3-year TSR compared to performance peer group ¹ Vesting opportunity (%)	Rank 1 200%	Cumulative 3-year TSR compared to S&P/TSX Composite Index Vesting opportunity (%)	75th pctl or more 200%	
	95% 66%		Rank 2 167%		50th pctl 100%	
	90% 33%		Rank 3 133%		25th pctl 66%	
	85% or less 0%		Rank 4 100%		Below 25th 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 Long-Term Incentive Plan are notional share units 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 the Air Canada shares on that date, with payment being made in Air Canada shares or cash, at the discretion of the Board of Directors.

In respect of the three-year term, Air Canada may decide, at the discretion of the Board of Directors, to pay the 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, 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 to insiders and their associates within any one-year period or at any time under any share compensation arrangement may not 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.
- Amending its amendment provisions.

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).

Events	Vesting of stock options	Stock option exercise limitations ¹	Vesting of share units ¹
Retirement or termination due to injury or disability	Vesting continues	Options must be exercised by the earlier of three years from the date of retirement and their expiry. ³	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 total number of months in the term ³
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.	
Termination without cause²	Unvested options forfeited	Vested options must be exercised within 30 days of termination.	
Death	Unvested options forfeited	Vested options must be exercised by the succession by the earlier of one year of death 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.	Unvested share units forfeited
Resignation	Unvested options forfeited	Vested options must be exercised within 30 days of resignation.	
Termination for cause	Unexercised options forfeited	Not applicable	

1) Unless otherwise provided for in an individual’s employment agreement with Air Canada and except as otherwise may be determined by the Board. For Retirement, Termination without cause, Death and Termination due to injury or disability, vested share units will be redeemed in cash at the end of their term.

2) 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.

3) When an individual has entered into a non-competition agreement their options expire the earlier of their expiry and five, rather than three, years from the date of retirement, and units vest in full as scheduled.

LTIP | 2024 vesting

In 2024, 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
2021 stock option grant	4-year average annual operating margin	N/A	2021, 2022, 2023, 2024	(2.9)%	1.2%	100%
2022 PSU grant	3-year cumulative annual adjusted EBITDA	75%	2022, 2023, 2024	\$7.9B	\$9.3B	100%
	TSR compared to performance peer group (six international airlines)	12.5%	2022, 2023, 2024		4th rank	100%
	TSR compared to S&P/TSX Composite Index	12.5%	2022, 2023, 2024		25th pctl	78%
Total vesting						97.3%

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

LTIP | 2024 grants

The size of the LTIP awards for 2024 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 2024 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	Fair value at grant			
	(as percentage of base salary)	Stock options	PSUs	RSUs	Total fair value at grant ¹
Michael Rousseau	600%	\$ 4,140,000	\$2,340,000	\$1,800,000	\$8,280,000
John Di Bert	300%	\$ 1,065,000	\$ 601,957	\$ 463,043	\$ 2,130,000
Craig Landry	300%	\$ 1,027,500	\$ 580,761	\$ 446,739	\$2,055,000
Arielle Meloul-Wechsler²	225%	\$ 781,250	\$ 441,576	\$ 339,674	\$ 1,562,500
Marc Barbeau²	225%	\$ 663,750	\$ 375,163	\$ 288,587	\$ 1,327,500

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

2) In the case of Ms. Meloul-Wechsler and Mr. Barbeau, the LTIP target grant opportunity was adjusted from 200% to 225% to align with market competitive levels.

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}	9,230,773	\$23.15	4,945,982

1) As at December 31, 2024.

2) The main characteristics of our [Long-Term Incentive 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 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.

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, 2024.

Shares issuable		Shares issued to date		Shares underlying ⁴			
				Outstanding options		Options granted in 2024	
Number ¹	Dilution rate ²	Number ³	Dilution rate ²	Number	Dilution rate ²	Number	Dilution rate ^{2,5}
4,945,982	1.46%	9,096,610	2.68%	9,230,773	2.72%	2,674,553	0.79%

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 339,839,122 Air Canada shares were outstanding on December 31, 2024.

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 2024. 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 2024 year compared to the total number of outstanding Air Canada shares on December 31, 2024.

As at December 31, 2024, there were 14,176,755 Air Canada shares (about 4.2% of our then outstanding shares at that time) authorized for issuance upon the exercise of stock options or the redemption of share units under the Long-Term Incentive Plan, of which 4,945,982 Air Canada shares (about 1.4% 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).

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.

	2022	2023	2024
Dilution ¹	1.48%	1.85%	2.72%
Overhang ²	2.98%	2.95%	4.15%
Burn rate ³	0.35%	0.44%	0.71%

1) Dilution 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 outstanding 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 Air Canada shares outstanding for the applicable year.

Our 2024 normal course issuer bid has resulted in more than 35.7 million voting shares being purchased and cancelled during the period from November 2024 to February 2025, helping to offset some 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 DSU 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.

Some 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.

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. Vice Presidents share ownership guidelines were increased in 2024, bringing the range to 1.5 times (from 1x) to be achieved within 5 years of the date of their appointment, subject to exceptional circumstances.

Air Canada believes its senior leaders also have a significant impact on its financial and operational results and on its long-term growth. Effective January 1, 2024, the share ownership guidelines were extended to our top level of senior management who have 5 years from the effective date to reach their minimum requirement of securities, being the equivalent (1x) of their annual base salary.

As of February 14, 2025, a total of 82 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, 2024.

Named executive officer	Total number of securities owned ^{1, 4}	Total value of securities counting toward SOG ¹	SOG target	SOG target date Status
Michael Rousseau²	166,805 class B voting shares ³ 251,810 RSUs	\$9,318,370	5x annual salary	2027-02-15 Met
John Di Bert⁴	4,220 class B voting shares 53,202 RSUs	\$1,278,214	3x annual salary	2028-05-01 (current: 1.8x)
Craig Landry	30,702 class B voting shares 46,854 RSUs 38,203 DSUs	\$2,576,795	3x annual salary	2025-01-01 Met
Arielle Meloul-Wechsler	19,032 class B voting shares 21,314 RSUs 30,706 DSUs	\$1,581,618	3x annual salary	2026-01-01 (current: 2.4x)
Marc Barbeau	4,043 class B voting shares 80,412 DSUs	\$1,879,968	3x annual salary	2026-07-01 Met

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

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. 8,500 voting shares held by Mr. Rousseau's spouse are included.

3) 8,500 voting shares held by Mr. Rousseau's spouse are included.

4) Mr. Di Bert was hired May 1, 2023.

Cost of management ratio

The following table 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 2022, 2023 and 2024, 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 awards in any given year is not guaranteed.

	2022 ¹	2023 ²	2024 ³
Total aggregate named executive compensation ⁴	\$20.9M	\$23.6M	\$23.7M
Adjusted EBITDA	\$1.46B	\$3.98B	\$3.586B
Total aggregate named executive compensation ⁴ as a percentage of adjusted EBITDA	1.5%	0.5%	0.7%
Operating income (Loss)	\$(187M)	\$2.28B	\$1.263B
Total aggregate named executive compensation ⁴ as a percentage of operating income (Loss)	N/A ⁵	1%	1.9%

1) The named executives in 2022 were Michael Rousseau, Amos Kazzaz, Lucie Guillemette, Craig Landry and Arielle Meloul-Wechsler.

2) The named executives in 2023 were Michael Rousseau, John Di Bert, Craig Landry, Arielle Meloul-Wechsler, Marc Barbeau and Amos Kazzaz (former Executive Vice President and Chief Financial Officer).

3) The named executives in 2024 were Michael Rousseau, John Di Bert, Craig Landry, Arielle Meloul-Wechsler and Marc Barbeau.

4) Total aggregate named executive compensation excludes pension value.

5) Total aggregate named executive compensation as a percentage of 2022 Operating Income (Loss) is not applicable as results for that year were negative.

Share performance graphs

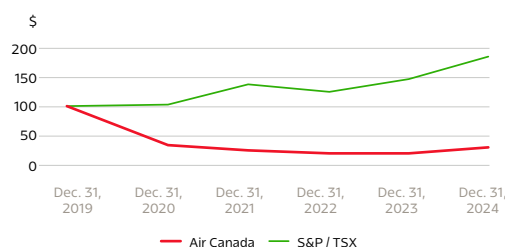
Air Canada's executive compensation program is designed to help increase shareholder value over the long term. Total share return performance over time is one of the measures the Compensation Committee and the Board consider when assessing performance and determining compensation for our named executives.

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 believes five-year TSR performance against market indices is not currently a representative measure of performance for any company that has been disproportionately affected by the major multi-year pandemic crisis and its aftermath, particularly in reference to the 2020-2021 period. 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 to assess performance in connection with the vesting of one quarter of our PSUs.

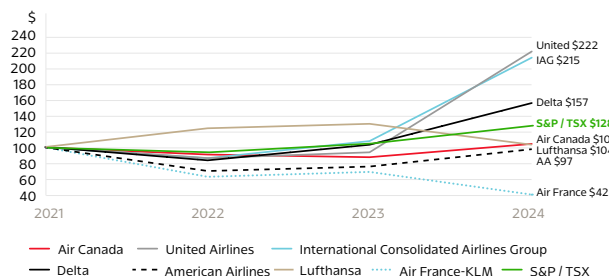
Five-year total shareholder return comparison (S&P/TSX Composite Index)

The following performance graph compares the cumulative total return of a \$100 investment on January 1, 2020, through to December 31, 2024, 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, 2022, through December 31, 2024, in our voting shares and in the international airlines in our performance peer group, as compared to the S&P/TSX Composite Index.



Based on average ending value of investment in stock of peer group: Delta Airlines, United Airlines, American Airlines, Lufthansa, International Consolidated Airlines Group and Air France-KLM.

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

- Our share price fluctuated significantly during the period since 2020, reflecting pandemic-related effects and uncertainty, as well as other factors and trends which are unrelated to Air Canada's financial and operational results, such as economic uncertainty and industry challenges related to the pandemic and its aftermath, oil price movements, macroeconomic growth, inflation, rising interest rates, geopolitical developments, and labour shortages in some of these years.
- TSR performance and total compensation were directly impacted in 2020 and 2021 by the pandemic and its immediate effects. The named executives at the time voluntarily agreed to reduce or restrict their respective cash compensation.
- Total compensation increased from 2022 until 2024 to realign 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. During this period, Air Canada rebuilt its operations and network to return to stability, allowing it to pursue opportunities, as evidenced by its financial and operational results over that period. Operating revenues progressed from \$16.6 billion in 2022 to a record \$22.3 billion in 2024, adjusted EBITDA grew from \$1.46 billion in 2022 to \$3.586 billion in 2024 and Operating income (loss) went from \$(187) million in 2022 to \$1.263 billion in 2024. Air Canada carried about 47 million passengers in 2024, from about 37 million passengers in 2022.

Compensation tables

Summary compensation table

The following table provides a summary of the compensation earned for the years ended December 31, 2024, 2023 and 2022 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	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
	2022	\$ 1,300,000	\$ 3,900,000	\$ 3,900,000	\$ 2,275,000	\$ 1,000,100	\$ 12,375,100
John Di Bert Executive Vice President and Chief Financial Officer ⁷	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 Landry Executive Vice President and Chief Operations Officer	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
	2022	\$ 525,000	\$ 787,500	\$ 787,500	\$ 624,800	\$ 207,600	\$ 2,932,400
Arielle Meloul-Wechsler Executive Vice President, Chief Human Resources and Public Affairs	2024	\$ 650,000	\$ 781,250	\$ 781,250	\$ 560,700	\$ 638,100	\$ 3,411,300
	2023	\$ 525,000	\$ 575,000	\$ 575,000	\$ 630,000	\$ 374,600	\$ 2,679,600
	2022	\$ 450,000	\$ 500,000	\$ 500,000	\$ 472,500	\$ 76,000	\$ 1,998,500
Marc Barbeau Executive Vice President, Chief Legal Officer and Corporate Secretary ⁸	2024	\$ 590,000	\$ 663,750	\$ 663,750	\$ 508,900	\$ 88,500	\$ 2,514,900
	2023	\$ 480,000	\$ 480,000	\$ 480,000	\$ 576,000	\$ 72,000	\$ 2,088,000
	2022	\$ 425,000	\$ 425,000	\$ 425,000	\$ 386,750	\$ 63,800	\$ 1,725,550

1) In 2024, our named executives' base salaries were set at market competitive levels near the median of the comparator group. In the case of Ms. Meloul-Wechsler and Mr. Barbeau the LTIP target grant opportunity was adjusted from 200% to 225% for market competitiveness as well.

2) The grant date fair value of the annual grant of share units awarded in 2024 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 \$18.32 for the March 1, 2024 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 \$6,233,290 for Mr. Rousseau, \$1,603,492 for Mr. Di Bert, \$1,547,030 for Mr. Landry, \$1,176,260 for Ms. Meloul-Wechsler and \$999,365 for Mr. Barbeau. The difference between the accounting fair value and the grant date fair value of the share units as presented in this column is \$2,093,290 for Mr. Rousseau, \$538,492 for Mr. Di Bert, \$519,530 for Mr. Landry, \$395,010 for Ms. Meloul-Wechsler and \$335,613 for Mr. Barbeau. 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 1, 2024 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: 33.2536%
Volatility: 36.195%
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 \$4,748,830 for Mr. Rousseau, \$1,160,539 for Mr. Di Bert, \$1,031,765 for Mr. Landry, \$896,144 for Ms. Meloul-Wechsler and \$761,359 for Mr. Barbeau, reflecting a difference between the accounting and the grant date fair values presented in this column of \$608,830 (Mr. Rousseau), \$95,539 (Mr. Di Bert), \$4,265 (Mr. Landry), \$114,894 (Ms. Meloul-Wechsler) and \$97,609 (Mr. Barbeau). 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 2024 was 115% of the target opportunity for our named executives. See [2024 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. See [Retirement plan benefits](#).

6) In 2024, 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 was hired May 1, 2023 and appointed Executive Vice President and Chief Financial Officer on July 1, 2023. His annual base salary was \$650,000 in 2023.

8) Mr. Barbeau was appointed Executive Vice President and Chief Legal Officer on July 1, 2021. He acted as interim corporate secretary from February 2022 until his appointment as Corporate Secretary on August 11, 2023.

The value of option-based awards and share-based awards shown is the grant date fair value for stock options and RSU and PSU 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 following table details all unexercised options held by named executives as at December 31, 2024, as well as the number and market value of unvested PSUs and unvested RSUs held by the named executives as at December 31, 2024. 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	68,498	\$9.41	2026-06-22	\$880,199	169,311 PSUs	2023-01 to 2025-12	\$3,768,863
	70,000	\$13.69	2027-04-03	\$599,900	196,507 PSUs	2024-01 to 2026-12	\$4,374,246
	42,961	\$17.69	2027-06-01	\$196,332	68,901 RSUs	2022-03 to 2025-03	\$1,533,736
	82,477	\$26.59	2028-04-02	-	84,656 RSUs	2023-03 to 2026-03	\$1,844,443
	15,165	\$22.53	2028-07-27	-	98,253 RSUs	2024-03 to 2027-03	\$2,187,112
	83,219	\$33.11	2029-03-11	-			
	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	\$949,993			
John Di Bert ²	679,573	\$18.32	2034-03-01	\$2,677,518			
	113,711	\$18.76	2033-05-01	\$397,989	45,193 PSUs	2023-01 to 2025-12	\$1,005,996
	174,818	\$18.32	2034-03-01	\$688,783	50,551 PSUs	2024-01 to 2026-12	\$1,125,265
					27,927 RSUs	2023-05 to 2026-05	\$621,655
Craig Landry ³					25,275 RSUs	2024-01 to 2027-12	\$562,622
	16,625	\$13.69	2027-04-03	\$142,476	39,072 PSUs ³	2023-01 to 2025-12	\$869,743
	19,826	\$26.59	2028-04-02	-	48,771 PSUs ³	2024-01 to 2026-12	\$1,085,642
	33,967	\$33.11	2029-03-11	-	13,913 RSUs ³	2022-03 to 2025-03	\$309,703
	60,554	\$32.42	2029-03-11	-	19,536 RSUs ³	2023-03 to 2026-03	\$434,871
	22,975	\$25.39	2031-03-01	-	24,385 RSUs ³	2024-03 to 2027-03	\$542,810
	75,239	\$24.61	2032-03-01	-			
	98,309	\$20.03	2033-03-01	\$219,229			
	168,662	\$18.32	2034-03-01	\$664,528			
Arielle Meloul-Wechsler ⁴	4,500	\$13.69	2027-04-03	\$38,565	24,963 PSUs	2023-01 to 2025-12	\$555,676
	4,375	\$12.83	2027-05-05	\$41,256	37,082 PSUs	2024-01 to 2026-12	\$825,445
	18,505	\$26.59	2028-04-02	-	8,833 RSUs	2022-03 to 2025-03	\$196,623
	19,107	\$33.11	2029-03-11	-	12,481 RSUs	2023-03 to 2026-03	\$277,827
	38,557	\$32.42	2030-03-11	-	18,541 RSUs ⁴	2024-03 to 2027-03	\$412,723
	25,788	\$25.39	2031-03-01	-			
	47,771	\$24.61	2032-03-01	-			
	62,809	\$20.03	2033-03-01	\$140,064			
	128,241	\$18.32	2034-03-01	\$505,270			
Marc Barbeau ⁵	12,658	\$25.81	2031-07-01	-	20,838 PSUs	2023-01 to 2025-12	\$463,854
	40,605	\$24.61	2032-03-01	-	31,505 PSUs	2024-01 to 2026-12	\$701,301
	52,432	\$20.03	2033-03-01	\$116,923	7,508 RSUs	2022-07 to 2025-07	\$167,128
	108,953	\$18.32	2034-03-01	\$429,275	10,419 RSUs	2023-03 to 2026-03	\$231,927
					15,753 RSUs	2024-03 to 2027-03	\$350,662

1) Based on the December 31, 2024 Air Canada share closing price on the TSX, the last trading day of the year (\$22.26).

2) Mr. Di Bert was hired 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 the 24,385 RSUs were allocated in DSUs and 12,193 of the 48,771 PSUs were allocated in DSUs.

4) In 2024, Ms. Meloul-Wechsler's 18,541 RSUs were all allocated in DSUs.

5) Mr. Barbeau's PSUs and RSUs were all 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, 2024 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, 2024.

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 2024 ¹	Value earned during 2024
Michael Rousseau	5,861	\$25.39	2024-03-01	\$18.12	-	\$1,983,800
	14,124	\$32.42	2024-03-11	\$17.70	-	
	46,577	\$24.61	2024-03-01	\$18.12	-	
	53,251	\$20.03	2024-03-01	\$18.12	-	
John Di Bert ³	14,214	\$18.76	2024-05-01	\$20.46	\$24,164	\$694,100
Craig Landry	5,744	\$25.39	2024-03-01	\$18.12	-	\$669,600
	8,649	\$32.42	2024-03-11	\$17.70	-	
	9,405	\$24.61	2024-03-01	\$18.12	-	
	12,289	\$20.03	2024-03-01	\$18.12	-	
Arielle Meloul-Wechsler	6,447	\$25.39	2024-03-01	\$18.12	-	\$560,700
	5,508	\$32.42	2024-03-11	\$17.70	-	
	5,972	\$24.61	2024-03-01	\$18.12	-	
	7,851	\$20.03	2024-03-01	\$18.12	-	
Marc Barbeau	1,582	\$25.81	2024-07-01	\$17.94	-	\$508,900
	5,076	\$24.61	2024-03-01	\$18.12	-	
	6,554	\$20.03	2024-03-01	\$18.12	-	
	6,329	\$25.81	2024-12-31	\$22.26	-	

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 2024 and corresponds to the amounts disclosed in the [Summary compensation table](#) and under Non-equity incentive plan compensation | Annual incentive plans.

3) Mr. Di Bert was hired in 2023.

Share-based awards | Vested PSUs and RSUs

The performance share units and restricted share units of the named executives that vested in 2024 are disclosed in the table below and in the case of PSUs further described in the [LTIP | 2024 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 2024 ¹
Michael Rousseau	134,081 PSUs 9,846 RSUs	2024-12-31 2024-03-01	\$18.08 \$18.32	\$2,424,184 \$180,379
John Di Bert²	n/a	n/a	n/a	n/a
Craig Landry	27,074 PSUs 7,237 RSUs	2024-12-31 2024-03-01	\$18.08 \$18.32	\$489,498 \$132,582
Arielle Meloul-Wechsler	17,190 PSUs 10,831 RSUs	2024-12-31 2024-03-01	\$18.08 \$18.32	\$310,795 \$19,424
Marc Barbeau	14,612 PSUs 30,405 RSUs	2024-12-31 2024-07-01	\$18.08 \$17.35	\$246,185 \$527,527

1) The vesting was in the form of cash or shares and/or vested as DSUs. PSUs vested at a performance rating level of 97.3%.

2) Mr. Di Bert was hired in 2023.

Retirement plan benefits

Air Canada provides some 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 / Quebec 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, 2024.

Name	No. years of credited service ¹	Annual benefits payable					
		At year end ²	Latest of 65 and year end ³	Accrued obligation at start of year ⁴	Compensatory change ⁵	Non-compensatory change ⁶	Accrued obligation at year end ⁷
Michael Rousseau	27.2500	\$718,500	\$718,500	\$9,023,500	\$784,000	\$(120,400)	\$9,687,100
Craig Landry	23.5000	\$279,700	\$413,600	\$4,329,400	\$698,800	\$186,400	\$5,214,600
Arielle Meloul-Wechsler	19.0833	\$203,600	\$282,700	\$2,812,200	\$638,100	\$92,300	\$3,542,600

1) This column reflects the number of years of credited service for each named executive as of the year ended December 31, 2024, 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, namely: (A) Mr. Rousseau has been credited with an additional 5 years of pensionable service in 2012 upon his completion of 5 years of service with Air Canada, and with an additional 5 years of pensionable service in 2018 when he reached age 60; and (B) Mr. Landry will be credited with an additional 3 years of pensionable service on March 1, 2026, and an additional year of service on February 28th of each of the following 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, 2024. 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, 2024 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 2023 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 4.64%, which reflects corporate AA bond yields at the beginning of the year as adopted for 2023 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 2023, 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 2023 year-end financial statement reporting purposes, including a discount rate of 4.65%. The amounts disclosed with respect to changes in salary reflect 2024 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, 2024, and is based on 2024 year-end assumptions, assuming a going-concern basis. The 2024 assumptions used for determining the accrued obligation are the same as those used for 2023 year-end financial statement reporting purposes. However, a discount rate of 4.70% was used, which reflects corporate AA bond yields at the end of the year as well as updated assumptions for the married percentage at retirement and spousal age difference.

Defined contribution pension plan¹

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	\$48,700	\$106,500	\$124,500
Arielle Meloul-Wechsler ²	\$265,200	-	\$309,500
Marc Barbeau	\$469,200	\$88,500	\$544,200

¹ The gross amount of contributions made to the defined contribution supplemental arrangements for executives is included in the compensatory change.

² For service from August 1, 2005 to August 31, 2013 while participating in the defined contribution component of the Air Canada Pension Plan - Management and ATS Employees.

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, 2024:

	Michael Rousseau	John Di Bert	Craig Landry	Arielle Meloul-Wechsler	Marc Barbeau
Termination without cause					
Cash portion	\$6,210,000	\$2,627,000	\$2,534,500	\$2,275,000	\$2,065,000
Value of exercisable / unvested options and share units ^{1, 2}	\$10,687,082	\$2,584,422	\$2,362,138 ²	\$1,743,553	\$1,438,397
Other benefits ³	\$110,726	\$103,126	\$104,129	\$107,133	\$107,460
Total value	\$17,007,808	\$5,314,548	\$5,000,767	\$4,125,686	\$3,610,857
Termination without cause following change of control					
Cash portion	\$6,210,000	\$2,627,000	\$2,534,500	\$2,275,000	\$2,065,000
Value of exercisable / all options and share units ²	\$17,257,160	\$4,352,560	\$2,362,138	\$2,896,120	\$2,431,839
Other benefits (includes the value of 2-year incremental pension amounts) ⁴	\$110,726	\$316,126	\$484,129	\$467,133	\$284,460
Total value	\$23,577,886	\$7,295,686	\$5,380,767	\$5,638,253	\$4,781,299

1) Based on the December 31, 2024 Air Canada share closing price on the TSX, the last trading day of the year (\$22.26).

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 in the event of termination following a change of control, the value of an additional 2 years of pensionable service in respect of Mr. Di Bert (\$213,000), Mr. Landry (\$380,000), Ms. Meloul-Wechsler (\$360,000) and Mr. Barbeau (\$177,000).

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 March 31, 2025 (the meeting).

Information in the circular

The circular is current as at February 14, 2025, 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, 2024. 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, our, Air Canada and the Corporation 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 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 investors.aircanada.com and on SEDAR+ at 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, which will be conducted simultaneously in person and by 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

If you are a registered shareholder or a proxyholder (including non-registered (beneficial) shareholders who have appointed themselves as proxyholder), you will be able to attend the meeting in person, vote and ask questions after registering at the registration desk. Only registered shareholders and duly appointed 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 Lumi Experience Toronto, 200 Bay Street, Suite 1600, Toronto, Ontario.

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 "AC2025" (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 10:30 a.m. (Eastern time) on March 31, 2025, unless otherwise adjourned or postponed. Online check-in will begin one hour prior to the meeting at 9:30 a.m. (Eastern 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.

To show our appreciation for your participation, Air Canada will make a \$2 charitable donation to the Air Canada Foundation in respect of every shareholder account that votes their shares up to 25,000 accounts. The Foundation is a registered charitable foundation that aims to improve the health and well-being of children.

Registered shareholder

You are a registered shareholder if your name appears on your share certificate.

Non-registered shareholder

You are a non-registered shareholder if your bank, trust company, securities broker or other financial institution (your nominee) holds your shares for you.

Your nominee 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.

If you are not sure whether you are a registered or non-registered shareholder, 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

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

Registered shareholder

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 4 p.m. (Eastern time) on March 27, 2025, regardless of the means by which you choose to vote before the meeting.

On the internet



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.

By facsimile or by mail



Complete your form of proxy and return it

- by facsimile at +1-416-595-9593, or
- by mail in the business reply envelope we have provided, or
- by delivering it to one of TSX Trust Company's principal offices in Montréal, Toronto, Calgary, or Vancouver, a list of which is set forth under [Mail service interruption](#).

Please see the section [Completing the form of proxy](#) for more information.

Non-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.

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.

By mail




Complete your voting instruction form and return it by mail in the business reply envelope we have provided.

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.


By e-mail

 Complete your form of proxy and return it to proxyvote@tmx.com.

Changed your mind?

You can revoke your proxy or change your vote as described under “Revoking your proxy, changing your vote”.

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.

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.

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 <https://www.tsxtrust.com/control-number-request> not later than 4:00 p.m. (Eastern time) on March 27, 2025. 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

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.

Non-registered shareholder

You can vote your shares at the meeting if you have instructed your nominee 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 of 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.

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 of 4 p.m. (Eastern time) on March 27, 2025.

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).

Employee plans

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 on the voting instruction form to represent you at the meeting, you must submit your voting instruction form appointing that proxyholder by the voting deadline or go to the website at 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 4 p.m. (Eastern time) on March 27, 2025.

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.

The cut-off time for voting over the internet is 11:59 p.m. (Eastern time) on March 26, 2025.



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 for receipt before 4 p.m. (Eastern time) on March 26, 2025.

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 under “Proxyholder appointment”. 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, and **FOR** approving an advisory, non-binding resolution in respect of Air Canada’s approach to executive compensation.

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 Corporation.

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 a fee of \$63,000 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, Quebec, or at Air Canada's head office, 7373 Côte-Vertu Boulevard West, Montréal, Quebec, 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 and the approval of an advisory non-binding resolution on executive compensation 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 January 31, 2025 are entitled to receive notice of and to vote at or before the meeting. As at February 14, 2025, being the date of this circular, there were 228,855,991 Class B voting shares and 98,123,931 Class A variable voting shares 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, Quebec.

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 January 31, 2025 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 Investor relations website at investors.aircanada.com/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 Investor Relations website at investors.aircanada.com/shareholder-meetings. Questions submitted in advance must be received by 9:30 a.m. (Eastern time) on March 28, 2025 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. Questions on the same topic or otherwise related will be grouped, summarized and addressed at the same time. 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 Investor Relations website at investors.aircanada.com.

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 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 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

Declaration of Canadian status

We have various ways to ensure that the non-Canadian ownership restrictions of voting shares under our articles are respected. For example, shareholders who vote or attend the meeting will be required to complete a Declaration of Canadian Status, failing which they will be deemed to be a non-Canadian holder authorized to provide air service for purposes of voting at the meeting. The form of declaration is contained in the forms of proxy, voting instruction forms and internet voting instructions which have been sent to you, as the case may be.

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 (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.

Principal shareholders

As of February 14, 2025, to the knowledge of our directors and officers, 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 Class B 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, 2024 to October 1, 2025 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 2024 annual meeting of shareholders

Shareholders holding 105,014,138 shares were present or represented at the 2024 meeting, being 29.30% of the total outstanding shares at the time.

Election of directors

The 13 nominees for directors who were proposed by Air Canada were elected, as follows:

	For %	Against %
Ameé Chande	98.67%	1.33%
Christie J.B. Clark	96.98%	3.02%
Gary A. Doer	97.70%	2.30%
Rob Fyfe	98.12%	1.88%
Michael M. Green	95.61%	4.39%
Jean Marc Huot	96.24%	3.76%
Claudette McGowan	99.47%	0.53%
Madeleine Paquin	97.35%	2.65%
Michael Rousseau	98.16%	1.84%
Vagn Sørensen	87.66%	12.34%
Kathleen Taylor	96.75%	3.25%
Annette Verschuren	96.40%	3.60%
Michael M. Wilson	97.78%	2.22%

Appointment of auditors

PricewaterhouseCoopers LLP were appointed as Air Canada's auditors. Votes in favour: 91.98%; votes withheld: 8.02%.

Increasing the number of shares reserved and authorized for issuance under Air Canada's Long-Term Incentive Plan

The resolution increasing the number of shares reserved and authorized for issuance under Air Canada's Long-Term Incentive Plan was approved. Votes in favour: 91.90%; votes against: 8.10%.

Advisory resolution on approach to executive compensation

The advisory resolution on the approach to executive compensation was approved. Votes in favour: 70.38%; votes against: 29.62%.

Shareholder support for Air Canada's approach to executive compensation would have been 88.58% but for the negative vote of one shareholder who had voted similarly in 2022 and 2023 and with whom we engaged periodically. The 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. The Board understands that the reasons for such dissenting shareholder's vote in 2024 were related to their view of executive compensation in the context of the pandemic and of an employer having sought government support. See [Having a say on our executive compensation](#).

Shareholder proposal no. 2 - In person annual meetings of shareholders

The advisory shareholder proposal in respect of in-person annual meetings of shareholders was approved. Votes in favour: 82.22%; votes against: 17.78%.

Shareholder proposal no. 5 - Appointment of external auditors

The advisory shareholder proposal in respect of the appointment of external auditors was not approved. Votes in favour: 8.63%; votes against: 91.37%.

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 +1-416-595-9593, 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 Quebec, at 1190 Avenue des Canadiens-de-Montréal, Suite 1700, Montréal, Quebec.

Shareholder proposals for our 2026 annual meeting

We will include proposals from shareholders that comply with applicable laws in the management proxy circular for our 2026 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, Quebec, H4Y 1H4 between November 1, 2025 and December 31, 2025, 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, 2024. Shareholders may request the following documents without charge:

- consolidated financial statements for the year ended December 31, 2024, 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, 2024.

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, Quebec, 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 e-mail when they are available on our website.

How to sign up		
Registered shareholders To sign up, go to the website tsxtrust.com/edelivery and follow the instructions.	Non-registered shareholders To sign up, go to the website investordelivery.com and follow the instructions.	Employee shareholders To sign up, go to the website computershare.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 (Quebec) H4Y 1H4 Canada.

Schedules

Schedule "A" | Non-binding advisory resolution on 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 2025 annual meeting of its shareholders."

Schedule "B" | Shareholder proposals

The *Mouvement d'éducation et de défense des actionnaires* (MÉDAC), a shareholder, informed Air Canada in December 2024 that it intended to present the following three 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 (in italics), next to which appear the Board's comments.

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 all three proposals would be withdrawn and no longer submitted to a vote at the meeting. Air Canada agreed with MÉDAC that the proposals and its comments would be reproduced in the circular, and that MÉDAC would have an opportunity to speak to them at the meeting.

1) Disclosure of languages mastered by employees

It is proposed that the languages mastered by employees be disclosed, breaking down the information by jurisdiction, for all territories (countries, states and provinces) in which the Corporation carries on business.

Supporting statements

When a candidate is being considered for employment, his or her qualifications are assessed to determine whether they meet the requirements for the job for which he or she is applying. Those requirements necessarily include the candidate's linguistic skills. That information is known to all companies. This information, in its statistical form, is of interest for everyone.

In recent years, several public controversies over language have tarnished the reputation of major companies in terms of their social responsibility and the interpretation they make of their duties and obligations with regard to diversity, inherent to our societies. Language, inscribed at the heart of our democratic institutions, is indeed a fundamental attribute of the community. Such situations, harmful from all points of view, must be avoided. It is therefore appropriate - and for several other reasons - for all interested parties (stakeholders) to know, through formal and official disclosure, the languages mastered by the Corporation's employees.

Obviously, by "mastery", it is understood a level of language sufficient to allow its generalized use both orally and in writing, in all spheres of activity of people, both legal and natural; a level of language sufficient to enable each employee to fully and entirely assume their duties and functions.

Board comments regarding proposal no. 1

Air Canada is proud to be one of the few Canadian private sector companies and the only Canadian airline to offer services in both official languages across Canada. 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. We provide extensive information about our linguistic commitments and initiatives in the circular under [Official and other languages](#).

MÉDAC withdrew its proposal upon confirmation that we would provide additional information regarding certain linguistic capabilities of our employees, based on aggregated testing and self-reported information we have in this regard. We believe this is consistent with our other disclosures such as those relating to the representation of "designated groups" at Air Canada. We also believe that the level of geographic or other detail contemplated in the proposal would not have added meaningful information for our shareholders or stakeholders and could raise privacy concerns in some cases. We thank MÉDAC for its engagement.

2) In-person annual meetings of shareholders

It is proposed that the annual meetings of the Corporation be held in person, with virtual meetings being able to be added as a supplement, without replacing in-person meetings.

Supporting statements

Since in-person annual meetings are the only time of year when shareholders can meet and interact with members of the Board of Directors and senior management on corporate challenges, it is of primary importance that this dialogue be preserved and encouraged given the benefits it provides.

We note that the CSA recently revised their guidance to encourage issuers to hold their annual meetings both virtually and in person¹, that the Canadian Coalition for Good Governance² advises against virtual-only meetings since that format can limit shareholders' ability to express their voice, and that one of the new criteria which will be used by the Globe and Mail's Board Games to rank corporate governance practices will be to favour hybrid meetings, no points being awarded to issuers that hold their meetings only in-person or virtually.

Just as we encourage increased in-person presence of employees to stimulate discussion and team spirit, we should also recognize the importance of maintaining annual meetings in-person while at the same time offering the possibility of virtual.

It should be noted that, within living memory with regard to the history of our shareholder proposals, Air Canada created a precedent by not issuing a recommendation to vote either FOR or AGAINST our proposal last year. We were pleased and, given the results, we understand that this most likely motivated the support of several major shareholders.

We are resubmitting this proposal since it received a high percentage (82.22%) of favourable votes in the past.

Board comments regarding proposal no. 2

As noted by MÉDAC, this proposal was submitted at the 2024 annual meeting, at which time we invited shareholders to vote as they saw fit and refrained from making any recommendation about how to vote. We welcomed the proposal as an opportunity to consult all our shareholders, rather than to advocate or oppose one course of action over another, given the wide range of views on the subject. The Board has taken note of the approval of the proposal in 2024, reflecting the expectations of shareholders who participated in the meeting.

Air Canada's 2025 annual meeting of shareholders will be held in a hybrid in-person and virtual format. Air Canada intends that future annual meetings of shareholders will be held either in-person, or in a hybrid in-person and virtual format, except in the event of a force majeure, including an exceptional circumstance, or any other important reason.

MÉDAC withdrew its proposal upon confirmation of our intention in this regard. We thank MÉDAC for its engagement.

¹) <https://www.securities-administrators.ca/news/canadian-securities-regulators-provide-updated-guidance-on-virtual-shareholder-meetings-2/>
²) <https://ccgg.ca/policies/#>

3) 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. At the last annual meeting, shareholders holding close to 30% of the shares that were voted had expressed their dissatisfaction with the 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 clarification be made during the next annual meeting regarding the actions undertaken to improve the compensation policy.

Board comments regarding proposal no. 3

Air Canada provides detailed disclosure on its approach to executive compensation in its proxy circular and has for 12 years invited shareholders to have their say on executive compensation by holding an advisory, non-binding vote at the annual shareholders meeting.

Since 2022, 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 will continue 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 withdrew its proposal upon confirmation that we would continue our practice of providing disclosure regarding our say-on-pay vote, as we have done in the past. We thank MÉDAC for its engagement.

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 as well as broader social and environmental trends;

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 (iii) the development of environmental, social and governance disclosures, processes, and controls;

Sustainability policies and practices

- v) 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, and the evaluation of strategies, targets, and performance relating thereto;

Safety, health, environment and security

- w) 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

- x) oversee, through the Human Resources, Compensation and Pension Committee, the integration of sustainability matters in Air Canada's human resources strategies and organizational culture;
- y) 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:

- z) interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- aa) strategic plans, business plans and capital expenditure budgets;
- bb) raising of debt or equity capital and other major financial activities;
- cc) hiring, compensation and succession for the Chief Executive Officer and other executives;
- dd) major organizational restructurings, including spin-offs;
- ee) material acquisitions and divestitures;
- ff) major corporate policies; and
- gg) 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 February 14, 2025.

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.

