

Notice of Meeting and Management Proxy Circular in respect of the

# 2022 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**TO BE HELD** on **April 27, 2022**, at **10:00 a.m.** (Montréal time),  
in a virtual-only format at  
<https://web.lumiagm.com/412586997>



**Transat A.T. Inc.**  
**March 31, 2022**

# Glossary

Terms and abbreviations used in this Circular

**ANI** Adjusted net income,<sup>1</sup> expressed as a percentage of revenue  
**Arrangement** Acquisition by Air Canada of all of Transat's issued and outstanding Voting Shares by way of a plan of arrangement pursuant to section 192 of the *Canada Business Corporations Act*, approved by Transat's shareholders on December 15, 2020.  
**Board** Board of Directors of Transat A.T. Inc.  
**CGNC** Corporate Governance and Nomination Committee

**CTA** *Canada Transportation Act*  
**Director** Director sitting on the Board  
**DPSP** Deferred profit sharing plan  
**DSUs** Deferred Share Units  
**EY** Ernst & Young LLP, Chartered Professional Accountants  
**HRCC** Human Resources and Compensation Committee  
**IBITDA** Income before income tax, interest, depreciation and amortization  
**LTIP** Long-term incentive plan  
**Meeting** Annual and special meeting of shareholders of Transat A.T. Inc.  
**NEO** Named Executive Officer

**Option** Stock Option  
**PCI** PCI Perrault Consulting Inc.  
**President and CEO** Board Chair and President and Chief Executive Officer  
**PSUs** Performance-Based Share Units  
**RMCRC** Risk Management and Corporate Responsibility Committee  
**RRSP** Registered retirement savings plan  
**RSUs** Restricted Share Units  
**STIP** Short-term incentive plan  
**TSR** Total shareholder return  
**TSX** Toronto Stock Exchange  
**TTC** Transat Tours Canada Inc.  
**VP** Vice President

<sup>1</sup> This is a non-IFRS financial measure. It is defined as the net income attributable to shareholders before net income from discontinued operations, changes in the fair value of fuel-related derivatives and other derivatives, gains (losses) on the transfer of a subsidiary, restructuring charges, lump-sum payments related to collective agreements, asset impairments and other significant unusual items, including premiums linked to fuel-related derivatives and other derivatives matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results.

## Matters to be brought before the Meeting

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Election of the nominees as Directors	Appointment of EY as external auditors for the fiscal year ending October 31, 2022	Resolution approving the adoption of the resolution ratifying amendments to the 2018 Employee Share Purchase Plan	Advisory resolution regarding the Corporation's approach to executive compensation	Shareholder proposals

## SUMMARY OF THE MANAGEMENT PROXY CIRCULAR



### **A promising outlook for our 2022 strategic plan**

We are pleased to invite you to attend Transat's annual and special meeting next April 27 at 10:00 a.m. (EDT). This year, we will be holding a virtual-only meeting that will be streamed live via webcast and telephone conference. We hope this will help increase the participation of shareholders and their proxyholders (who will be able to vote in real time, if they haven't done so already) and allow them to ask questions.

#### ***A new strategic plan at work***

This past year has been a passageway of sorts to our 2022-2026 strategic plan, a period during which we rebuilt the foundations of the business after the unprecedented crisis that the COVID-19 pandemic represented for our industry. Hopefully, the Omicron variant in early 2022 will be the last we see of this crisis.

We have made great strides towards refocusing our core airline business, which has led us to discontinue our hotel division. We have therefore accelerated the transformation of our fleet, going from five types of aircraft to two. More specifically, we are setting our sights on Airbus A321, a next-generation aircraft at the heart of this modernization, to significantly improve the use of our aircraft, ease the transition between our two seasons and lessen the impact of the off-season periods between them. This increased focus is also leading us to densify our network and concentrate it around Eastern Canada, particularly Montréal. This refocusing will be offset and complemented by alliances with other airlines and the development of new destinations. Technological investments will be made progressively as the plan unfolds.

#### ***2021 at a glance***

After a very trying 2020, 2021 has brought its own ups and downs. We gradually started resuming our airline operations on July 30, 2021 after a six-month hiatus, and we were ready for a much more active winter season than the last one. Then Omicron struck at the end of the year and temporarily slowed our recovery.

Our sales figure for the fiscal year stood at \$125 million, 4.2% of that of 2019. The net loss attributable to shareholders was \$390 million, unsurprisingly reflecting what has been a difficult year and the degree to which our business has been reduced. Throughout the crisis, we spared no effort to preserve our cash flow and reduce our costs.

Funding received from the federal government, for which we are very grateful, allowed us to reimburse the travel credits we were forced to issue following the sudden onset of the crisis, and also gave us the liquidity needed to remain in operation and pave the way to recovery despite the strong headwinds of Omicron. In the medium term, once Omicron will have receded, our goal is to review our capital structure and find new sources of financing better suited to our needs in replacement of those already in place.

#### ***Governance and corporate responsibility***

Corporate responsibility will also be a central aspect of our future development, with a particular focus on the environment, as demonstrated by our commitment to support the production of sustainable electro-fuel in Montréal. In addition to our longstanding actions that have led to our Travelife certification, we will be stepping up our efforts in terms of employee development, diversity and inclusion. We have also consolidated the governance and corporate responsibility mandates of our Board committees to align with supporting our goals including, notably, climate change challenges.

The composition of the Board is changing accordingly. We would like to thank all Board members who helped steer us through these difficult times, with a special thanks for the contribution of Louis-Marie Beaulieu and Jean-Yves Leblanc, who stepped down in late December, and of W. Brian Edwards and Louise St-Pierre, who decided not to renew their

mandate as directors, as well as that of Jacques Simoneau, whose mandate is drawing to a close after 22 years of loyal service. We would like to welcome Julie Tremblay and Daniel Desjardins, who became directors on January 1, 2022, and present the nominations of Stéphane Lefebvre and Valérie Chort that highlight a year of renewal.

***Our clients and employees are the very essence of Transat***

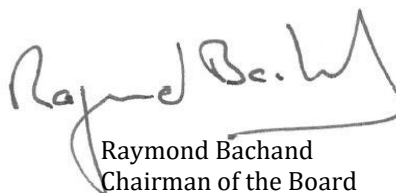
Even though we have once again been named World's Best Leisure Airline, we will be stepping up our efforts to bolster our customers' satisfaction and affection for our brand. We will also rely on our employees whose trust, resilience and hard work have been key to getting us through the COVID crisis and will be even more crucial in building our future success. We would like to thank them heartily for their hard work and unwavering commitment to Transat.

As this challenge-filled year and the pandemic draw to an end, Transat is ready to make the most of the recovery and enter a new period that will be profitable for all of its stakeholders, customers, employees, partners and, of course, shareholders.

March 31, 2022



Annick Guérard  
President and Chief Executive Officer



Raymond Bachand  
Chairman of the Board

# Leader in sustainability

The proof? Transat is the first major international  
tour operator to be **Travelife Certified** for all its activities.



**Travelife**  
**CERTIFIED**   
Excellence in sustainability

[resp.transat.com](http://resp.transat.com)



# HIGHLIGHTS

## Governance

- 10 nominees for election to the Board, 9 of which are independent and one independent Board Chair
- Creation of a separate Corporate Governance and Nomination Committee to ensure, among other things, that Board members are renewed on a regular basis
- The Corporation's Audit Committee and CGNC are made up of independent members
- The Executive Committee, HRCC and RMCRC of the Corporation are made up primarily of independent members
- Majority voting guidelines for Directors
- Complete orientation and education program for the Board
- Code of Business Conduct for employees, officers and Directors
- No class of multiple voting shares
- On March 9, 2022, the Policy on Diversity was amended to include an objective to achieve parity on the Board (parity being achieved when the proportion between men and women (gender) varies between 45% and 55%), with a minimum of 40% per gender. What is more, the Corporation has raised the target number of women officers to 40%
- Annual process for evaluating the Board's members and operation
- Revision of the current Corporate Governance Manual for ongoing oversight of best governance practices
- Revision of the directors' skills matrix to align the required skills with the five-year strategic plan
- Directors must tender their resignation upon reaching the age of 75 or after having served as a Director on the Board for a period of 12 years, which resignation will take effect at the next annual meeting. The Board may decide to make an exception

## Compensation

- Although the trading blackout period in effect since 2019 was lifted upon termination of the Arrangement with Air Canada, LTIP awards still cannot be paid in the usual way owing to the compensation restrictions imposed under the LEEFF loan
- Upon termination of the Arrangement, payment of the Special Compensation Plan introduced in 2019 to promote retention in connection with the Arrangement and enhanced in 2020 in response to the additional time required to obtain the regulatory approvals for the Arrangement
- The long-term incentive compensation allocated outside the trading blackout period associated with the transaction is subject to strategic and financial performance criteria and is aligned with the interests of the shareholders
- Variable compensation clawback in place
- Annual bonus caps and payout threshold
- Three-year vesting period for LTIP awards
- Requirements to hold Voting Shares of the Corporation by management and Directors
- Use of external independent compensation advisors
- The Options available in the reserve represented 2.94% of the Voting Shares outstanding as at October 31, 2021, and since the sum of the outstanding Options and the Options available in the reserve for future grants is now below the 5% threshold for Voting Shares, the cancelled and expired Options will be returned to the reserve as provided for in the 2016 Option Plan
- Large proportion of NEOs' usual direct compensation is variable (47% to 67% depending on the NEO)
- Annual advisory vote on executive compensation

## AWARDS AND RECOGNITIONS

- **World's Best Leisure Airline at the Skytrax World Airline Awards**
- **First major international tour operator to be Travelife Certified for all its activities, confirming its leadership position on sustainable development**
- **Ranked among Canada's Best Employers on *Forbes* magazine's annual list**
- **Best tour operator and favourite overall supplier at the Agents' Choice Awards by Baxter Travel Media**
- **Ranked among the Best 50 Corporate Citizens in Canada by Corporate Knights**

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# Notice of the 2022 Annual and Special Meeting of Shareholders

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Montréal, Quebec, March 31, 2022.

The annual and special meeting of the holders of Class A variable voting shares and Class B voting shares of Transat A.T. Inc. (the “**Corporation**” or “**Transat**” or the terms “we,” “us,” “our” and “ours” also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) will be held on **April 27, 2022, at 10:00 a.m. (Montréal time)** (the “**Meeting**”) and presented exclusively in French, with simultaneous translation into English. This year, our meeting will take place only as a virtual event via a live audiovisual webcast online at <https://web.lumiagm.com/412586997>. All shareholders will have an equal opportunity to participate in the online Meeting, regardless of their geographic location. However, the vast majority of shareholders vote in advance by proxy, and you too are encouraged to vote by proxy prior to the Meeting.

The following items of business will be brought before the Meeting:

1. To receive the consolidated financial statements of the Corporation for the year ended October 31, 2021, and the external auditors’ report thereon;
2. To elect the Directors;
3. To appoint the external auditors for the fiscal year ending October 31, 2022, and to authorize the Directors to fix their remuneration;
4. To consider and, if deemed advisable, adopt the resolution detailed in the Management Proxy Circular for the purposes of ratifying the amendments to the 2018 Employee Share Purchase Plan of the Corporation, as amended, restated and reproduced in Schedule B to this Management Proxy Circular;
5. To consider and approve, in an advisory, non-binding capacity, a resolution regarding the Corporation’s approach to executive compensation (the full text of which is attached as Schedule C to this Management Proxy Circular);
6. To consider and, if deemed appropriate, reject proposals nos. 1 and 2 tabled by a shareholder and reproduced in Schedule D to this Management Proxy Circular; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Corporation’s Board of Directors has set the close of business on March 25, 2022 as the record date for determining which shareholders are entitled to receive notice of, and vote at, the Meeting. Only those persons whose name appears in the shareholder register on the close of business on that date, or their proxies, will be able to participate and vote at the Meeting.

The Circular and a form of proxy or voting instruction form are enclosed with this Notice of Meeting. The attached Circular contains information regarding the matters to be transacted at the Meeting and is also included in this Notice of Meeting. Any meeting that is adjourned or postponed will be held at the time and place specified by Transat before the Meeting takes place or by the Chair during the Meeting, at his discretion.

Registered shareholders and duly appointed proxyholders may attend the Meeting, ask questions and vote in real time, provided that they are connected to the internet and comply with all the requirements set out in the Circular. Non-registered (or beneficial) shareholders who do not have a duly appointed proxyholder may attend the Meeting as a guest, but they will not be able to participate, interact, ask questions or vote at the Meeting.

Regardless of whether shareholders are entitled to participate at the Meeting, we recommend that shareholders vote as soon as possible by electronic means, by mail or by fax in the manner set out in the instructions included on the form of proxy or voting instruction form that is enclosed with this Notice of Meeting. All votes must be sent to TSX Trust Company no later than 10:00 a.m. (Montréal time) on April 25, 2022 (or 48 hours, excluding Saturdays, Sundays and statutory holidays, before the start of any adjournment or postponement of such Meeting, if applicable). The Chair of the Meeting may waive or extend the proxy cut-off at his discretion and without prior notice. At the Meeting, the Corporation will also report on

the conduct of its business during the fiscal year ended October 31, 2021. **This Circular is provided in connection with the solicitation, by the management of Transat, of proxies for use at the Meeting.**

If you have any questions or require assistance in completing your form of proxy, please contact our strategic shareholder advisor and proxy solicitation agent, TMX Investor Solutions Inc., toll free at 1 866 822-1239, or by email at [inquiries@dfking.com](mailto:inquiries@dfking.com).

Montréal, Quebec, March 31, 2022.  
BY ORDER OF THE BOARD OF DIRECTORS  
Transat A.T. Inc.



Bernard Bussi res  
Vice President, General Counsel and Corporate Secretary

## Information on voting

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To ensure representation of your shares at the annual meeting of the holders of Class A variable voting shares and Class B voting shares (collectively the “**Voting Shares**”) of Transat A.T. Inc. (the “**Corporation**” or “**Transat**” or the terms “**we**,” “**us**,” “**our**” and “**ours**” also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) (the “**Meeting**”), please select the most convenient way for you to deliver your voting instructions and follow the relevant instructions. Unless otherwise indicated, the information included herein is given as at March 25, 2022. In this Circular, any reference to “**dollars**” or “**\$**” refers to Canadian dollars unless otherwise indicated. The following questions and answers provide guidance on how to vote your shares.

### Q: Who is soliciting my proxy?

**A:** Transat’s management is soliciting your proxy for use at the annual Meeting to be held on Wednesday, April 27, 2022, at 10:00 a.m. (Montréal time), in a virtual-only format at <https://web.lumiagm.com/412586997>, and any adjournment or postponement of such Meeting. The solicitation of proxies will be done primarily by mail. However, proxies may also be solicited by other means of communication or directly through Transat officers or employees, who will not, however, be compensated for this. Transat will bear the cost of the solicitation.

### Q: Am I a registered or non-registered Shareholder?

**A:** Registered holders of Voting Shares (the “**Registered Shareholders**”) hold such Voting Shares directly with Transat, meaning these shares are registered in their name and are generally evidenced by a share certificate.

However, most holders of Voting Shares (the “**Non-Registered Shareholders**”) beneficially own these Voting Shares through a custodian or nominee, such as a trustee, financial institution or securities broker (the “**Intermediaries**” in this Circular). If your Voting Shares appear on an account statement sent by your bank, broker or financial advisor, you are probably a Non-Registered Shareholder. Non-Registered Shareholders must carefully follow the instructions of their Intermediaries, as well as the instructions set out in this Circular, so that the votes attached to their Voting Shares may be exercised at the Meeting in accordance with their instructions.

### Q: How can I participate at the Meeting?

**A:** This year, our Meeting will take place only as a virtual event via a live audiovisual webcast online at <https://web.lumiagm.com/412586997>. Shareholders will not be able to attend the Meeting in person. All shareholders will have an equal opportunity to participate in the online Meeting, regardless of their geographic location. However, the vast majority of shareholders vote in advance by proxy, and you too are encouraged to vote by proxy prior to the Meeting.

Participation at the online Meeting will allow Registered Shareholders, and their duly appointed proxyholders and representatives, including Non-Registered Shareholders who appointed themselves or another person as representative, to participate at the Meeting, interact with other shareholders and ask questions in real time. Registered Shareholders, and their proxyholders and duly appointed representatives, can vote at the appropriate time during the Meeting. **Guests, including Non-Registered Shareholders who have not appointed themselves or another person as representative, will be able to connect to and attend the Meeting in the manner provided below. Guests will be able to attend the Meeting, but will not be entitled to participate, interact, ask questions or vote.**

At the Meeting, the Corporation will hold a live question and answer period to answer written questions sent during the Meeting by participants entitled to ask questions.

The Chair of the Meeting reserves the right to modify or refuse questions that he deems inappropriate. The Chair of the Meeting has full authority to ensure the orderly conduct of the Meeting. To ensure that the Meeting is conducted in a manner that is fair to all shareholders, the Chair of the Meeting reserves the right, for example, to establish the order that the questions will be asked and the time allowed for each question.

To access the Meeting, follow the instructions below:

**Step 1:** Go to the following web page: <https://web.lumiagm.com/412586997>.

**Step 2:** Follow the applicable instructions below:

- **Registered Shareholders:** Click on “**I have a control number**” and enter your control number and the

password “transat2022” (case sensitive). Your control number is on the form of proxy or in the email Notice that you received from our transfer agent, TSX Trust Company (“TSX Trust”), (the “Control Number”). If you used your Control Number to connect to the Meeting, any vote that you cast at the Meeting will have the effect of revoking any proxy that you have already submitted. If you do not wish to revoke any proxy that is already submitted, you should attend the Meeting as a guest and refrain from voting during the Meeting. Guests may listen to the virtual Meeting, but are not entitled to participate, interact, ask questions or vote.

- **Duly appointed proxyholders:** Click on “*I have a control number*” and enter your 13-digit proxyholder control number and the password “transat2022” (case sensitive). **Only proxyholders who have been duly appointed and registered by a Registered Shareholder with TSX Trust, as described further below at the question “Q: How can I appoint a third party as proxyholder or representative?” will receive a 13-digit proxyholder control number by email from TSX Trust after the deadline to vote by proxy. This 13-digit proxyholder control number will be different from the Control Number indicated in the form of proxy provided by TSX Trust to the Registered Shareholder.**
- **Non-Registered Shareholders and other duly appointed representatives:** Click on “*I have a control number*” and enter your 13-digit representative control number and the password “transat2022” (case sensitive). **Only Non-Registered Shareholders who are duly appointed and registered as representatives with TSX Trust, as described further below at the question “Q: How can I appoint a third party as proxyholder or representative?” will receive a 13-digit representative control number by email from TSX Trust after the deadline to vote by proxy. This 13-digit representative control number will be different from the control number indicated in the voting instruction form provided by TSX Trust to the Non-Registered Shareholder.**
- **Guests:** Click on “Guest” and complete the form online.

**Step 3:** Please complete the Declaration of Ownership and Control in accordance with the instructions provided to you in the online platform.

If you lose your Control Number, your 13-digit proxyholder control number or your 13-digit representative control number, please contact TSX Trust by telephone at 1 800 387-0825 (in North America) or 1 416 682-3860 (outside North America).

We recommend that you connect at least 15 minutes before the Meeting starts. You must ensure that you are connected to the internet at all times to be able to vote when balloting commences. You are responsible for ensuring that your internet connection is adequate throughout the duration of the Meeting.

Should any technical issues arise during the registration process or the Meeting, please call the technical support number indicated on the Meeting’s login page at: <https://web.lumiagm.com/412586997>.

#### **Q: How can I appoint a third party as proxyholder or representative?**

**A:** If you are a shareholder and wish to appoint a person other than the management nominees set out in the form of proxy or voting instruction form as proxyholder or representative, including if you are a Non-Registered Shareholder who wishes to appoint yourself as representative to participate, interact, ask questions or vote at the Meeting, then you **MUST** submit your form of proxy or voting instruction form, as applicable, appointing such third party as your proxyholder or representative, as the case may be, **AND** register the third-party proxyholder or representative, as the case may be, as provided below. Registering either your proxyholder or representative is an **additional step** (Step 2) to be completed **AFTER** you have submitted your form of proxy or voting instruction form (Step 1). If the third-party proxyholder or representative is not registered, that person will not receive the applicable 13-digit proxyholder or representative control number, which is required to participate and vote at the Meeting. **This 13-digit proxyholder or representative control number, as applicable, will differ from the Control Number set out in the form of proxy or the “control number” set out in the voting instruction form, as applicable, provided by TSX Trust.**

**Step 1: Submit your form of proxy or voting instruction form.** To appoint a third-party proxyholder or representative, as applicable, insert the person’s name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the relevant instructions for submitting the form. If you are a Non-Registered Shareholder located in the United States, you

must also provide TSX Trust with a duly completed legal proxy if you wish to participate, interact, ask questions or vote at the Meeting or, if permitted, appoint a third party as your representative, if permitted. For more information, see the next paragraph.

**Step 2: Register your proxyholder or representative.** To register a proxyholder or representative, as applicable, shareholders (including Non-Registered Shareholders who wish to appoint themselves or another person as representative) **MUST** call TSX Trust at **1 866 751-6315 (in North America)** or **1 212 235-5754 (outside North America)** or complete the online form at <https://www.tsxtrust.com/control-number-request-en> by no later than 10:00 a.m. (Montréal time) on April 25, 2022. TSX Trust will then send your proxyholder or representative, as applicable, a 13-digit proxyholder or representative control number, as applicable, by email, which can be used by that person to participate, interact, ask questions or vote at the Meeting. **This 13-digit proxyholder or representative control number, as applicable, will differ from the Control Number set out in the form of proxy or the “control number” set out in the voting instruction form, as applicable, provided by TSX Trust.**

Non-Registered Shareholders located in the United States **MUST ALSO, as an additional third step**, send a duly completed legal proxy to TSX Trust either by mail sent to 1 Toronto Street, Suite 1200, Toronto, ON M5C 2V6, by fax at 1 416 368-2502 or by email at [proxymvote@tmx.com](mailto:proxymvote@tmx.com) (any of which must be received by TSX Trust by 10:00 a.m. (Montréal time) on April 25, 2022) **AND** then call TSX Trust at 1 866 751-6315 or complete the online form at <https://www.tsxtrust.com/control-number-request-en> by no later than 10:00 a.m. (Montréal time) on April 25, 2022, so that TSX Trust may provide the Non-Registered Shareholder with a 13-digit representative control number by email in time for the Meeting.

**Non-Registered Shareholders who have not duly appointed themselves as representative will only be able to attend the Meeting as a “guest,” and will not be able to participate, interact, ask questions or vote at the Meeting.**

#### **Q: How will matters be decided at the Meeting?**

**A:** The election of each of the Directors and the appointment of the external auditors must obtain a majority of the votes cast by all of our shareholders present in person or represented by proxy at the Meeting.

#### **Q: What ownership restrictions affect my Voting Shares?**

**A:** Under the *Canada Transportation Act*, S.C. 1996, c. 10 (the “CT Act”), Air Transat A.T. Inc. (“**Air Transat**”), a wholly owned subsidiary of the Corporation, must at all times be able to establish that it is “Canadian” within the meaning of the CT Act to be entitled to hold the licences necessary to operate an air service. Because Air Transat is a wholly owned subsidiary of Transat, Transat must qualify as “Canadian” in order for Air Transat to qualify as “Canadian.”

In order to remain “Canadian,” Transat’s articles of arrangement provide for Class A variable voting shares and Class B voting shares. The Class A variable voting shares can only be owned or controlled by non-Canadians, while the Class B voting shares can only be owned or controlled by Canadians. Any outstanding Class B voting share is converted into a Class A variable voting share on a one-for-one basis, automatically and without any further action by the Corporation or the holder, if such Class B voting share becomes owned or controlled by a person who is not a Canadian. Conversely, in the event that a Class A variable voting share becomes held by a Canadian, it will be converted into a Class B variable voting share on a one-for-one basis automatically and without any further action by the Corporation or the holder.

Following the amendment to the Corporation’s articles of incorporation on May 8, 2019, in accordance with a plan of arrangement under the CBCA, for the purpose of aligning the restrictions on the level of non-Canadian ownership and voting control with those provided under the definition of “Canadian” in Subsection 55(1) of the CT Act, Transat’s Class A variable voting shares carry one vote per share at any meeting of shareholders subject to an automatic reduction of the voting rights attached thereto in the event that (i) any non-Canadian, either individually or in affiliation with any other person, holds a number of Class A variable voting shares that exceeds 25% of either the total number of Voting Shares or the number of votes that would be cast at a given meeting of shareholders, (ii) all non-Canadians authorized to provide air services, together with such affiliates hold, in the aggregate, a number of Class A variable voting shares that exceeds 25% of either the total number of Voting Shares or the total number of votes that would be cast at a given meeting of shareholders, and (iii) the number of issued and outstanding Class A variable voting shares exceeds 49% of either the total number of all of the Corporation’s issued and outstanding Voting Shares or the total number



of votes that would be cast at a given meeting of shareholders. If any of the above-mentioned applicable limitations are exceeded, the votes that should be attributed to holders of Class A variable voting shares will be attributed as follows:

- Firstly, if applicable, there will be a reduction in the voting rights of any single non-Canadian (including a single non-Canadian authorized to provide air service) carrying, either individually or in affiliation with any other person, more than 25% of the voting votes, so as to ensure that any such non-Canadian (including such persons in affiliation with such non-Canadian) never carry more than 25% of the votes cast by holders of Voting Shares at any meeting of shareholders;
- Secondly, if necessary, and after giving effect to the first proportional reduction set out above, there will be a further proportional reduction of the voting rights of all non-Canadians authorized to provide air service (including such persons in affiliation with them), so as to ensure that such non-Canadians authorized to provide air service, in the aggregate, never carry more than 25% of the votes cast by holders of Voting Shares at any meeting of shareholders; and
- Thirdly, if necessary, and after giving effect to the two (2) proportional reductions set out above, there will be a proportional reduction of the voting rights attached to the Class A variable voting shares, to ensure that non-Canadians never carry, in the aggregate, more than 49% of the votes cast by holders of Voting Shares at any meeting of shareholders.

The holders of Class A variable voting shares and Class B voting shares will vote together as a single class, except if the holders of a given class are entitled to vote as a class, as provided in the CBCA. Only Shareholders participating or represented by proxy at a meeting and legally entitled to vote at such meeting can exercise the voting rights attaching to their Voting Shares.

The Board, pursuant to its powers under Transat By-law 2012-2 and the regulations under the CBCA, and in accordance with the provisions of Transat's Articles and the CT Act, has implemented a series of administrative measures to ensure at all times that the Class B voting shares are owned or controlled by Canadians and the Class A variable voting shares are owned or controlled by non-Canadians (the "**Ownership Restrictions**"). More specifically, these measures are reflected in the form of a

declaration of ownership and control. Shareholders wishing to vote at the Meeting either by: (i) completing and delivering a form of proxy or a voting instruction form, or (ii) by directly participating and voting at the Meeting, will be required to complete a declaration of ownership and control so that Transat is able to comply with the Ownership Restrictions. If you do not duly complete the declaration or if Transat or its transfer agent, TSX Trust, determines that you indicated (inadvertently or otherwise) that you own or control the wrong class of shares, the automatic conversion provided for in our Articles will be triggered. Where a statement made in a declaration of ownership is inconsistent (inadvertently or otherwise) with the information held by the Corporation, the latter may take any action that it deems appropriate to ensure compliance with the Ownership Restrictions. Furthermore, if a declaration of ownership and control is not completed or if it is determined by the Corporation or its transfer agent, TSX Trust, that you made an incorrect declaration (inadvertently or otherwise), the shares represented by such proxy will be deemed to be owned or controlled by a person that is a non-Canadian authorized to provide air service. This declaration is part of the form of proxy included with this Circular (or voting instruction form provided to you if you are a Non-Registered Shareholder).

The Corporation also obtained an exemption from the Autorité des marchés financiers and the Ontario Securities Commission so that the outstanding Class A variable voting shares and the outstanding Class B voting shares of the Corporation are considered as a single class of shares for the application of the takeover bid rules and early warning reporting rules under the applicable Securities Laws. A copy of the decision is available under Transat's profile at [www.sedar.com](http://www.sedar.com).

#### **Q: How many shares carry voting rights and how many votes do I have?**

**A:** As at March 25, 2022, a total of 37,786,489 Voting Shares of the share capital of Transat were issued and outstanding. You are entitled to receive notice of and vote at the Meeting or at any adjournment or postponement thereof if you were a holder of Voting Shares on March 25, 2022, the record date for the Meeting.

Each Class A Variable Voting Share carries one vote per Class A Variable Voting Share, and each Class B Voting Share also carries one vote per Class B Voting Share, except, in both cases, if the adjustment rules set out under the question "**Q: What ownership restrictions affect my Voting Shares?**" whose apply.

### Q: Who are our principal shareholders?

**A:** To the knowledge of our Directors and officers, and based on publicly available information, as at March 25, 2022, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Voting Shares are:

- **Letko Brosseau & Associates Inc.**, which held 4,145,215 Class B voting shares, representing approximately 10.97% of all issued and outstanding Voting Shares; and
- **Fonds de solidarité FTQ**, which held 4,360,426 Class B voting shares, representing approximately 11.54% of all issued and outstanding Voting Shares.

### Q: How can a Registered Shareholder or proxyholder vote?

**A:** If you are a Registered Shareholder or a duly appointed proxyholder participating at the Meeting, you can vote at the Meeting by completing a ballot online during the Meeting, when prompted. If you do not plan to participate, interact, ask questions or vote at the Meeting or to appoint a third-party proxyholder other than the management nominees to vote at the Meeting on your behalf, you can vote in one of the following five ways:

On TSX Trust's website at:

[www.tsxtrust/vote-proxy/en](http://www.tsxtrust/vote-proxy/en)

By mail, in the prepaid envelope provided for this purpose; or by personal delivery at 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, Attention: Proxy Department, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Quebec, H3A 2A6, Attention: Proxy Department.

By completing and signing the enclosed form of proxy and forwarding it by fax at **1 866 781-3111** (toll free in North America) or **1 416 368-2502** (outside North America), Attention: Proxy Department.

By using a touch-tone telephone to call **1 888 489-7352** (toll free in North America) and following the prompts.

By completing and signing the enclosed form of proxy and submitting it by email to [proxyvote@tmx.com](mailto:proxyvote@tmx.com).

If you vote online via the TSX Trust website indicated above or by telephone, you will need your Control Number, which you will find on your form of proxy.

**The cut-off time for voting is 10:00 a.m. (Montréal time) on April 25, 2022 (or 48 hours, excluding Saturdays, Sundays and statutory holidays, before the start of any adjournment or postponement of such Meeting, if applicable). The Chair of the Meeting may waive or**

**extend the proxy cut-off at his discretion and without notice.**

**In any of these cases, if you wish to participate, interact, ask questions or vote at the Meeting, you need to follow the steps set out under the questions “Q: How can I participate at the Meeting?” and “Q: How can I appoint a third-party as proxyholder or representative?”.**

If you are a Non-Registered Shareholder, please refer to the instructions below under the question “**Q: How can a Non-Registered Shareholder vote?**”.

### Q: How will my proxy be voted?

**A:** On the form of proxy, you can indicate how you want your proxyholder to vote your Voting Shares, or you can let your proxyholder decide for you. If you have not specified on the form of proxy how you want your shares to be voted on a particular matter, your proxyholder can then vote in accordance with his or her best judgment.

Unless otherwise instructed in writing, the shares represented by proxies received by management will be voted:

<b>Election as Directors of each of the nominees listed under the heading “Governance and Nomination of Candidates” of this Circular</b>	<b>FOR</b>
<b>Appointment of EY as Transat’s external auditors</b>	<b>FOR</b>
<b>Adoption of the resolution ratifying amendments to the 2018 Employee Share Purchase Plan</b>	<b>FOR</b>
<b>Adoption of the non-binding advisory resolution regarding the Corporation’s approach to executive compensation</b>	<b>FOR</b>
<b>Shareholder Proposal No. 1</b>	<b>AGAINST</b>
<b>Shareholder Proposal No. 2</b>	<b>AGAINST</b>

### Q: What if there are amendments or if other matters are brought before the meeting?

**A:** The enclosed form of proxy gives the persons named on it the authority to use their discretion and best judgment in voting on amendments or variations to matters set out in the notice of the Meeting or any other matter duly brought before the Meeting.

At the date of printing this Circular, management is not aware of any amendments to the matters set out in the notice of the Meeting or of any other matter to be presented at the Meeting.

**Q: Can I change my mind and revoke my proxy?**

**A:** You can revoke your proxy at any time before it is acted upon. To do so, you must clearly state in writing that you want to revoke your proxy and deliver this written notice to the attention of Bernard Bussi res, Vice-President, General Counsel and Corporate Secretary at: Transat A.T. Inc., Place du Parc, 300 L o-Pariseau Street, Suite 600, Montr al, Quebec, H2X 4C2, no later than two (2) business days before the Meeting, namely by April 25, 2022, at 10:00 a.m. (Montr al time), or any adjournment or postponement thereof, or in any other manner permitted by law.

Moreover, if you are a Registered Shareholder and use your Control Number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you are a Non-Registered Shareholder who has appointed yourself or a third party as representative, if you or such third party, as the case may be, obtained a 13-digit representative control number and log in to the Meeting, any vote that you or your representative casts at the Meeting will revoke any voting instruction form that you or your representative, as the case may be, previously submitted. **If you do not wish to revoke a previously submitted proxy or voting instruction form, as applicable, you, your proxyholder or your representative, as applicable, should not vote during the Meeting and instead attend the Meeting as a guest. Guests will be able to listen to the virtual Meeting but will not be able to participate, interact, ask questions or vote at the Meeting.**

**Q: What is the quorum for the Meeting?**

**A:** The quorum for the Meeting is a minimum of two (2) persons participating at the Meeting in person or by proxy and holding at least 25% of the total number of the issued Voting Shares on March 25, 2022.

**Q: Who counts the votes?**

**A:** Proxies and votes are tallied by duly authorized representatives of TSX Trust, the Corporation's transfer agent.

**Q: How are proxies solicited?**

**A:** Proxies will be solicited primarily by mail or by any other means our management may deem necessary. Transat has retained TMX Investor Solutions Inc. as its strategic shareholder advisor and proxy solicitation agent for assistance in connection with the solicitation of

proxies for the Meeting for a fee of approximately \$30,000 plus additional fees related to telephone calls and other services. Agreements will also be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of Voting Shares registered in their names and Transat may reimburse them for the reasonable transaction and administrative fees they incur. Transat will pay for all costs related to this Circular, including printing, postage and delivery costs.

**Q: How can a Non-Registered Shareholder vote?**

**A:** You are a "Non-Registered Shareholder" or "beneficial owner" if your Voting Shares are held on your behalf through an Intermediary. Under applicable Securities Laws, a beneficial owner of securities is a "non-objecting beneficial owner" (an "**NOBO**") if such beneficial owner has or is deemed to have provided instructions to the Intermediary holding the securities on such beneficial owner's behalf to the effect that it does not object to the Intermediary disclosing ownership information about the beneficial owner in accordance with said legislation, and a beneficial owner is an "objecting beneficial owner" (an "**OBO**") if such beneficial owner has or is deemed to have provided instructions objecting to such disclosure.

If you are a Canadian NOBO, the Corporation has sent these materials directly to you, and your name and address and information about your holdings of Voting Shares have been obtained in accordance with applicable Securities Laws from the Intermediary holding securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your voting instructions. The voting instruction form that is sent to Canadian NOBOs contains an explanation as to how you can exercise the voting rights attached to your Voting Shares, including how to participate, interact, ask questions and vote at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are a non-Canadian NOBO or OBO, you received these materials from your Intermediary or its agent (e.g., Broadridge), and your Intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Voting Shares. The Corporation has agreed to pay for Intermediaries to deliver the proxy-related materials and voting instruction form to non-Canadian NOBOs and OBOs. The voting instruction form that is sent to any non-Canadian NOBO or OBO by the Intermediary or its agent must contain an explanation as to how you can exercise the voting rights

attached to your Voting Shares, including how to directly participate, interact, ask questions and vote at the Meeting. Please provide your voting instructions to your Intermediary as specified in the enclosed voting instruction form.

**In any of these cases, if you wish to participate, interact, ask questions or vote at the Meeting, you need to follow the steps set out under the questions “Q: How can I participate at the Meeting?” and “How can I appoint a third party as proxyholder or representative?” above, IN ADDITION to any steps that are specific to your Intermediary.**

Non-Registered Shareholders who wish to appoint a person other than the management nominees identified in the voting instruction form (including a Non-Registered Shareholder who wishes to appoint himself or herself, as the case may be, to participate, interact, ask questions or vote at the Meeting) **MUST** carefully follow the instructions in the voting instruction form **and** the instructions under the question “Q: How can I appoint a third party as proxyholder or representative?” above. These instructions include, among other things, the **second step** of having to register such representative with our transfer agent, TSX Trust, after submitting the voting instruction form. **If the representative is not registered with TSX Trust, that person will not receive the 13-digit representative control number, which is required to participate, interact, ask questions and vote at the Meeting, and will only be able to attend the Meeting as a guest. Guests can listen to the virtual Meeting, but are not entitled to participate, interact, ask questions or vote.**

Duly appointed representatives of Non-Registered Shareholders (including Non-Registered Shareholders who appointed themselves or another person as representative) can vote at the Meeting by completing a ballot online during the Meeting when prompted. If, as a Non-Registered Shareholder, you do not plan to participate, interact, ask questions or vote at the Meeting or to appoint a third-party representative other than the management nominees to vote at the Meeting on your behalf, you can vote in one of the following five ways:

On TSX Trust’s website at: [www.tsxtrust.com/vote-proxy/en](http://www.tsxtrust.com/vote-proxy/en).

By mail, in the prepaid envelope provided for this purpose; or by personal delivery at 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, Attention: Proxy Department, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Quebec, H3A 2A6, Attention: Proxy Department.

By completing and signing the enclosed form of proxy and forwarding it by fax at **1 866 781-3111** (toll free in North America) or **1 416 368-2502** (outside North America), Attention: Proxy Department.

By using a touch-tone telephone to call **1 888 489-7352** (toll free in North America) and following the prompts.

By completing and signing the enclosed form of proxy and submitting it by email to [proxyvote@tmx.com](mailto:proxyvote@tmx.com).

If you vote online via the TSX Trust website indicated above or by telephone, you will need your “control number,” which you will find on your form of proxy.

**The cut-off time for voting is 10:00 a.m. (Montréal time) on April 25, 2022 (or 48 hours, excluding Saturdays, Sundays and statutory holidays, before the start of any adjournment or postponement of such Meeting, if applicable). The Chair of the Meeting may waive or extend the proxy cut-off at his discretion and without notice.**

If you are a Registered Shareholder, please refer to the instructions set out above under the question “Q: How can a Registered Shareholder or proxyholder vote?”.

**Please contact our strategic shareholder advisor and proxy solicitation agent, TMX Investor Solutions Inc., at 1 866 822-1239 or by email at [inquiries@dfking.com](mailto:inquiries@dfking.com) with any questions you may have with regard to voting. Non-Registered Shareholders may also contact their Intermediary regarding any questions.**

**Q: Why is this management proxy circular sent to my attention?**

**A:** These securityholder materials are being sent to both Registered and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and Transat or its agent has sent these materials directly to you, your name and address and information about the Voting Shares you hold have been obtained in accordance with applicable Securities Laws from the Intermediary holding these Voting Shares on your behalf.

By choosing to send these materials to you directly, Transat (and not the Intermediary holding the Voting Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions and elsewhere in this Circular.

**Q: Who do I contact if I have questions about the meeting or require assistance with voting?**

**A:** Please contact our strategic shareholder advisor and proxy solicitation agent, TMX Investor Solutions Inc., at 1 866 822-1239 or by email at [inquiries@dfking.com](mailto:inquiries@dfking.com) with any questions you may have with regard to voting. Non-Registered Shareholders should also contact their Intermediary regarding any questions.

**Q: Can I nominate a candidate for a Director position?**

**A:** Only persons nominated in accordance with the procedure set out in the Advance Notice By-Law, as set out in Schedule A to this Circular, are eligible for election as Directors of the Corporation. The By-Law sets a deadline by which shareholders must submit a notice of Director nominations to the Corporation prior to an annual or special meeting of shareholders at which Directors must be elected. It also sets out the information that a shareholder must include in the notice for it to be valid. The By-Law ensures that the Corporation and its shareholders will receive adequate prior notice of Director nominations as well as sufficient information on all the nominees, so that the Corporation and its Shareholders will be able to evaluate the proposed nominees' qualifications and suitability as Directors.



**PLEASE REMEMBER, IF YOU DO NOT WANT TO VOTE  
IN PERSON, THE DEADLINE FOR VOTING IN RESPECT  
OF THE MEETING IS 10:00 A.M. (MONTRÉAL TIME)  
ON APRIL 25, 2022.**



# Part 1 – MATTERS TO BE BROUGHT BEFORE THE 2022 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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## FINANCIAL STATEMENTS

The audited consolidated financial statements for the fiscal year ended October 31, 2021 and the report of the external auditors thereon, which will be presented to our shareholders at the Meeting, are included in the Corporation's Annual Report that has been mailed to our shareholders. They can also be promptly provided upon written request and are available at [www.sedar.com](http://www.sedar.com). No vote is required on this matter.

## 1 NOMINEES FOR ELECTION AS DIRECTORS

Pursuant to the Articles of the Corporation, the Board must consist of a minimum of nine and a maximum of fifteen Directors. The Board currently consists of eleven Directors and, in accordance with a resolution adopted by the Board on March 23, 2022, the number of Directors to be elected at the Meeting was fixed at ten. Mr. W. Brian Edwards, Mr. Jacques Simoneau and Ms. Louise St-Pierre will step down as Directors of the Corporation at the close of the Meeting. For this reason, their biographical information is not included under the heading "**Proposed Nominees**" with that of the other nominees who will stand for election as Directors of the Corporation at Meeting.

However, since Mr. Edwards, Mr. Simoneau and Ms. St-Pierre will act as Directors until the close of the Meeting, information relating to them appears in the parts of this Circular concerning the Corporation's current Directors.

At the Meeting, ten Directors will be nominated for election to the Board, of which nine are independent from the Corporation. As you will note in the form of proxy, the shareholders may vote for each Director individually. Moreover, the Corporation has adopted a majority voting policy, which is described under the heading "**Governance and Nomination of Candidates.**"

Our management does not anticipate that any of the nominees among the persons named below will be unable or unwilling to act as a Director, but if such should be the case prior to his or her election at the Meeting, the persons named in the enclosed form of proxy will vote in favour of the election as Director(s) of any other person(s) whom the management of the Corporation may, upon the advice of the CGNC, recommend to replace such nominee, unless a shareholder indicates in his form of proxy his intention to abstain from voting at the election of Directors. Each Director will remain in office until the next Meeting or until his or her successor is elected or appointed.

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING FOR THE PROPOSED NOMINEES, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED **FOR** THE ELECTION OF EACH OF THE TEN NOMINEES DESCRIBED UNDER THE HEADING "**GOVERNANCE AND NOMINATION OF CANDIDATES.**"

## 2 APPOINTMENT OF OUR EXTERNAL AUDITORS

On the recommendation of the Audit Committee, the Board proposes that EY be reappointed as external auditors of the Corporation, to hold office until the next Meeting and that their remuneration be fixed by the Audit Committee.

	Audit Services	Audit-Related Services	Tax Services	Total
2021	\$1,135,000	\$496,000	\$145,000	\$1,776,000
2020	\$616,000	\$711,000	\$227,000	\$1,554,000

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING FOR THE APPOINTMENT OF THE EXTERNAL AUDITORS, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED **FOR** THE APPOINTMENT OF EY AS EXTERNAL AUDITORS OF THE CORPORATION.

During those two years, no amounts were billed as fees for any other service not related to the foregoing. Audit fees include the fees for the professional services provided by the external auditors in connection with the audit of the Corporation's consolidated financial statements or other services that are normally provided by the external auditors in connection with statutory or regulatory filings or engagements. These fees also include fees for services rendered with respect to the interpretation of accounting and financial reporting standards. Audit-related fees include fees for assurance and related services that are usually performed by the external auditors. These services include accounting consultations in connection with acquisitions, special audits and due diligence. Tax fees include fees for assistance with tax planning (restructuring and discontinued operations), tax opinions as well as the preparation and review of income and other tax returns.

### External Auditors' Independence

In addition to the letter issued by the external auditors regarding their independence, the Corporation and the Audit Committee of the Board have considered whether the services performed by the external auditors were compatible with maintaining the auditors' independence and have concluded that such was the case. In order to better define the limits within which such services are provided to the Corporation, the Board adopted, in addition to the Audit Committee charter, a policy respecting the pre-approval of audit and non-audit services.

## 3 EMPLOYEE SHARE PURCHASE PLAN

At the Meeting, the shareholders will examine and, if deemed appropriate, approve the resolution reproduced below (the "**Resolution approving the 2018 Employee Share Purchase Plan**") for the benefit of all employees or executives of the Corporation. The Employee Share Purchase Plan was initially implemented in January 1989, and was subsequently amended in November 2004, March 2007, March 2012, March 2015, January 2016, September 2017 and in December 2017. No insiders of the Corporation have participated in the 2018 Employee Share Purchase Plan since February 1, 2019, since the plan was suspended due to negotiations relating to the Arrangement. Finally, the plan was suspended for all non-insiders as of June 27, 2019, the date of execution of the Arrangement. The employer's contribution was then replaced by cash payments. These payments ended on December 31, 2021, since the plan was reinstated on January 1, 2022. Note that the Corporation was affected by a blackout period until June 29, 2021. The programs referred to as Transaction (as described at greater length in the section entitled "Executive Compensation Discussion and Analysis" in this Circular) and Transcapital (as described at greater length below) are directly linked to the 2018 Employee Share Purchase Plan as regards the total number of shares that may be subscribed for or the total number of shares that may be issued to a single person or to insiders of the Corporation.

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED **FOR** THE RESOLUTION REGARDING THE RATIFICATION OF THE AMENDMENTS TO THE **2018 EMPLOYEE SHARE PURCHASE PLAN**.

On February 24, 2022, the Board approved the allocation of an additional reserve with a total of 715,000 shares that may be issued in addition to the remaining balance at February 23, 2022 of 337,553 shares to be issued in the context of the 2018 Employee Share Purchase Plan. In order for the new reserve provided for in the 2018 Employee Share Purchase Plan

to come into force, the adoption of the Resolution regarding the Ratification of the Amendments to the 2018 Employee Share Purchase Plan must be approved by a majority of the votes cast by the shareholders, in person or by proxy, at the Meeting.

#### Recent amendments to the 2018 Employee Share Purchase Plan

Amendments made to the existing 2018 Employee Share Purchase Plan essentially provide for an additional reserve of shares that may be issued to employees over the next few years in the context of the Share Purchase Plan for the Benefit of All Employees or Executives of Transat. The full text of the amended 2018 Employee Share Purchase Plan is set forth in Schedule B to this Circular, and a summary of the material terms of the 2018 Employee Share Purchase Plan, the Permanent Stock Ownership Incentive Plan for Top Managers (the “Transaction” program), and the Stock Ownership Incentive and Capital Accumulation Plan (the “Transcapital” program) that are attached to the 2018 Employee Share Purchase Plan is provided for below (and, in the case of the Transaction program, in the section entitled “Executive Compensation Discussion and Analysis” of this Circular).

Before deciding to approve the amendments to the 2018 Employee Share Purchase Plan, the Board took into consideration that as at February 23, 2022, only 337,553 reserved shares remained, such that by adding 715,000 additional reserved shares for future issuance under the 2018 Employee Share Purchase Plan, the total number of these reserved shares would represent 2.79% of the total number of outstanding Transat Voting Shares as at February 23, 2022. On February 23, 2022, the maximum number of shares that may be issued under the 2018 Employee Share Purchase Plan was 337,553 shares, which represents 0.89% of the total number of outstanding Transat Voting Shares. The additional reserve of 1,052,553 shares represents an increase of the reserve of 715,000 reserved shares, namely 1.89% of the issued shares.

The full text of the 2018 Employee Share Purchase Plan is set forth in Schedule B to this Circular and a summary of the material terms of the 2018 Employee Share Purchase Plan, the Permanent Stock Ownership Incentive Plan for Top Managers (the “Transaction” program), and the Stock Ownership Incentive and Capital Accumulation Plan (the “Transcapital” program) that are attached to the 2018 Employee Share Purchase Plan is provided for below and in the case of the Transaction program, in the section entitled “Executive Compensation Discussion and Analysis” of this Circular.

At the Meeting, the shareholders will be asked to consider and, if deemed appropriate, approve the following resolution:

**“WHEREAS**, at its Meeting held February 24, 2022, the Board of Directors of the Corporation adopted, subject to the shareholders’ approval, a resolution approving the additional reserve of shares to be issued under the 2018 Employee Share Purchase Plan;

**BE IT RESOLVED:**

**THAT** the Corporation be, and it is, hereby authorized to allocate an additional reserve of 715,000 issuable shares in addition to the 337,553 reserved shares remaining as at February 23, 2022, thus bringing the total of reserved shares to 1,052,553, and to amend the text of the 2018 Employee Share Purchase Plan accordingly;

**THAT** any director or officer of the Corporation be, and he or she is, hereby authorized to sign, for and on behalf of the Corporation, any document and to take any measure deemed necessary or useful in order to give effect to this resolution, including compliance with any securities laws and regulations as well as the rules of the Toronto Stock Exchange.”

#### Recommendation of the Board

The Board considers that the approval of the additional reserve of shares to be issued under the 2018 Employee Share Purchase Plan is aligned with the interests of the Corporation and its shareholders, and recommends that the shareholders vote **FOR** the Resolution regarding the Ratification of the Amendments to the 2018 Employee Share Purchase Plan.

In accordance with the TSX rules, in order to take effect, the resolution must be adopted by a majority of the votes cast at the Meeting at which it is presented.

#### Principal terms of the 2018 Employee Share Purchase Plan

On February 12, 1989, the Board implemented the Share Purchase Plan for the Benefit of All Employees or Executives of the Corporation and its subsidiaries. That plan was amended on February 6, 1991, May 22, 1992, May 14, 1993, December 5, 1995, October 19, 2004 and April 27, 2005, as well as on December 14, 2006, March 15, 2012, March 12, 2015, January 16, 2016, December 13, 2017 and February 24, 2022.

The purpose of the 2018 Employee Share Purchase Plan is to enable the permanent employees of Transat and its subsidiaries to subscribe, on a monthly basis and by means of payroll deductions, for Voting Shares issued from Transat's treasury at the then current market price, namely the weighted average of the closing prices on the Toronto Stock Exchange for the five trading days preceding the subscription of shares, less a 10% discount. No member may sell all or part of the Voting Shares subscribed for under this Plan prior to July 1 of the year following that in which the shares were subscribed, on which date the subscribed shares become unrestricted.

Notwithstanding the foregoing, a member may sell all of the Voting Shares subject to this Plan prior to the July 1 date mentioned above should Transat undergo a Change of Control. For the purposes of the 2018 Employee Share Purchase Plan and for a more detailed explanation on the occurrence of a Change of Control, we refer you to the full text of the amended plan set out in Schedule B hereto.

In the event of the employment termination, retirement, death or permanent disability of a member of the Plan, all shares subscribed for by the member, whether they had become unrestricted or not, would automatically become unrestricted.

The number of shares for which each member may subscribe pursuant to the 2018 Employee Share Purchase Plan may not at any time exceed 5% of the number of issued and outstanding Transat Voting Shares. For each Enrolment Period, no member may subscribe for a number of Variable Voting Shares or Voting Shares of which the aggregate subscription price exceeds 10% of his or her annual salary in effect on the enrolment date.

The number of shares collectively issuable to the Corporation's insiders under this 2018 Employee Share Purchase Plan and any other related share purchase plan shall at all times be less than the majority of the shares issuable under the 2018 Employee Share Purchase Plan.

The number of shares issuable to insiders, at any time, under the 2018 Employee Share Purchase Plan and all other share-based compensation plans of the Corporation cannot exceed ten percent (10%) of the issued and outstanding shares of Transat, and the number of shares issued to insiders within any one-year period under this 2018 Employee Share Purchase Plan and all other share-based compensation plans of the Corporation cannot exceed ten percent (10%) of the issued and outstanding shares.

No shares were issued during the fiscal year ended October 31, 2021 and the fiscal year ended October 31, 2020. During the fiscal year ended October 31, 2019, a total of 169,862 shares were issued.

The 2018 Employee Share Purchase Plan provides that holders of a majority of Voting Shares must specifically approve (i) any increase in the maximum number of Voting Shares issuable under the Employee Share Purchase Plan other than for standard anti-dilution purposes, (ii) any increase in the discount percentage, or (iii) any amendment to the Corporation's contribution under the 2018 Employee Share Purchase Plan, and that any other amendment to the Employee Share Purchase Plan does not require shareholder approval.

Examples of amendments that may be made without shareholder approval include more specifically the following:

- (i) Formal minor or technical amendments to any provision of the Share Purchase Plan;
- (ii) Corrections to the provisions of the Share Purchase Plan containing an ambiguity, defect, error or omission;
- (iii) Changes to provisions governing the release of Voting Shares;
- (iv) An addition to or amendment of provisions pertaining to any form of financial assistance provided to the members by the Corporation with a view to facilitating the purchase of Voting Shares under the Share Purchase Plan.

The rights and privileges conferred on a member under the 2018 Employee Share Purchase Plan are non-transferrable.

*Stock Ownership Incentive and Capital Accumulation Plan for the Non-Unionized Employees (the "Transcapital" program)*

Under the Transcapital program, subject to participation in the 2018 Employee Share Purchase Plan or one of the earlier versions thereof offered to the eligible employees of the Corporation, the Corporation annually attributes to each eligible employee with no less than six months of continuous service, a number of Shares the total subscription price of which corresponds to 30% or 60%, as the case may be, of the eligible employee's contribution, which shall not exceed 5% of the eligible employee's base salary. The shares thus attributed by the Corporation gradually vest to the eligible employee,

provided that during the first six months of the vesting period the latter retains all of the shares subscribed for under the 2018 Employee Share Purchase Plan. The shares attributed under this program shall be purchased by the Corporation on the secondary market and deposited into the member's account as and when the employee purchases shares.

During the fiscal year ended October 31, 2021, the Corporation did not record any expenses (no expenses in 2020) in respect of its Transcapital program.

For the period from November 1, 2020 to October 31, 2021, no shares were awarded to eligible employees under the Transcapital program since the plan was suspended.

The Board bears full and complete responsibility with regard to the Transcapital program. It has the power and authority to adopt, amend, suspend or terminate the program, as it deems necessary or desirable and in compliance with the rules established by the regulatory authorities. However, approval by a majority of the shareholders present at a Meeting is required for amendments that would increase the maximum number of Shares issuable other than for standard anti-dilution purposes.

For a summary of the principal terms of the Transcapital program, please refer to the table found in Schedule B to this Circular.

**Permanent Stock Ownership Incentive Plan for Top Managers (the "Transaction" program)**

For a description of the Transaction program, please refer to the section entitled "Executive Compensation Discussion and Analysis" in this Circular.

## **4 APPROACH TO EXECUTIVE COMPENSATION**

The section entitled "**Executive Compensation Discussion and Analysis**" provides a detailed explanation of the Corporation's usual executive compensation approach, which is premised on the three-pronged underlying principle that compensation should be rooted in the Corporation's performance, be competitive within the market and be aligned with the shareholders' best interests.

Upon recommendation of the HRCC, the Board recommends that shareholders vote FOR the following non-binding advisory resolution, the text of which is also reproduced in Schedule C to this Circular:

**"BE IT RESOLVED:**

**THAT**, on an advisory basis and without diminishing the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation set out in the Management Proxy Circular attached to this resolution."

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED **FOR** THE CORPORATION'S APPROACH TO EXECUTIVE COMPENSATION.

Although this is an advisory vote and the results will not be binding upon the Board, the members of the Board and the HRCC will review and analyze the voting results. In 2021, this resolution received 18,209,404 votes for (97.01%) and 561,665 votes against (2.99%).

## 5 SHAREHOLDER PROPOSALS

The Corporation has reproduced in Schedule D to this Circular the full text of the proposals and related arguments submitted by one of the Corporation's shareholders. The Schedule also provides detailed information on the Corporation's position with respect to each of the proposals received, as well as a voting recommendation.

### DEADLINE TO SUBMIT SHAREHOLDER PROPOSALS

Proposals relating to any matter that the persons entitled to vote at the 2023 shareholder meeting wish to submit at the meeting must be received by the Corporation at the latest on December 29, 2022.

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED AS INDICATED IN SCHEDULE D.

**AGAINST** PROPOSAL NO. 1

**AGAINST** PROPOSAL NO. 2



## General corporate governance practices

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As a Canadian reporting issuer with securities listed on the TSX, the Corporation has in place corporate governance practices that are consistent with the requirements of *Policy Statement 58-201 to Corporate Governance Guidelines* and *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices*, which were adopted by the Canadian Securities Administrators (“CSA”) and replace the previous TSX corporate governance guidelines.

The Corporation is regularly adjusting its corporate governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its corporate governance practices, if need be.

### **Changes to committees**

This year, at its meeting held November 2, 2021, the Board decided to split the Risk Management and Corporate Governance Committee (formerly the Risk Committee) into two separate committees to better define the mandate of each committee:

- The first committee, formerly the Risk Committee, was renamed the “Risk Management and Corporate Responsibility Committee,” (RMCRC) whose mandate consists of ensuring that the Corporation has a corporate responsibility, risk management and sustainable development plan.
- The second committee is the “Corporate Governance and Nomination Committee,” (CGNC) whose mandate consists of defining and maintaining high corporate governance standards and reviewing the Corporation’s practices in such matters.

### **Corporate governance and nomination initiatives**

The CGNC regularly reviews our corporate governance practices in light of developing requirements and practices in this field. As new provisions come into effect, the CGNC will reassess our corporate governance practices and recommend the implementation of changes, where appropriate. The members of the CGNC are also charged with examining, overseeing and evaluating the Corporation’s governance, compensation and nomination policies.

The Corporation’s Corporate Governance Manual is updated annually to reflect, among others, new legislative and regulatory developments in governance and securities law. The latest update was carried out on March 9, 2022. Transat’s corporate governance practices meet or exceed *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices* adopted by the Canadian Securities Administrators and ensure transparency and effective governance of the Corporation.

It is the responsibility of the CGNC, in collaboration with the Board Chair, to assess the size and composition of the Board and its Committees from time to time; to review the effectiveness of the Board’s activities and its relations with management; to assess the performance of the Board, its committees and individual Directors; and to review and recommend the Directors’ compensation. The CGNC is also responsible for the renewal and succession planning process for Directors so that it may benefit from new ideas and perspectives while ensuring an appropriate continuity and facilitating the transition of the roles and responsibilities of the Board and its committees.

For the purposes of meeting good corporate governance practices, the Board decided at its December 8, 2021 meeting to change the term limit set for Directors’ mandate to help renew its composition and plan appropriately for its succession. This decision, which is recorded in the Corporate Governance Manual, provides that a director, with the exception of the President and CEO, where applicable, must tender his or her resignation upon reaching the age of 75 or after having served as a director on the Board for a period of 12 years, which resignation will take effect at the next annual meeting. Notwithstanding the foregoing, the Board may determine that, due to exceptional circumstances, it is in the best interests of the Corporation that a Director having reached either of these limits be eligible for re-election for an additional term.

The Board has also decided to make changes to its skills matrix so as to align it with our strategic plan and adapt it to an evolving commercial environment but, more importantly, to ensure that the Board includes members who have the relevant experience and expertise to carry out its mandate effectively.

### **Risk management and corporate responsibility initiatives**

Pursuant to its mandate, the RMCRC reviews on a continuous basis a number of emergency measures and measures related to the Corporation’s operations. As a result of the COVID-19 pandemic, all risks to which the Corporation is exposed have been re-assessed in detail by the Corporation’s officers. As part of this essential process, risks were reprioritized based on their level of occurrence probability and their quantitative and qualitative impact on the Corporation’s business. The process identified a total of 49 risks, rated in order of importance: red for the 12 high-priority risks, orange for the 10 priority risks,

yellow for the 9 moderate risks and green for the 18 low risks. These risks include, among others, the Corporation's ability to continue as a going concern, COVID-19, key employee retention and succession planning, management of information systems, tour operators, airline and aircraft activities, third-party hotels where Transat books rooms for travellers, exchange rate and fuel price hedging, insurance coverage and the financial approval processes. Risk management is shared among the Corporation's executive officers to eliminate compartmentalized risk management. They are called upon to present these risks to the Directors of the Corporation every year. In 2021, the update of all 49 risks was presented to the RMCRC along with presentations specific to the main environmental, reputational, financial, aviation, cyber-attack and commercial risks facing the Corporation. It is therefore estimated that this approach supports a risk management culture within the Corporation.

Oversight of the risks relating to the Corporation is ensured by the RMCRC, CGNC, HRCC and the Audit Committee. The RMCRC is responsible for carrying out the risk mapping and monitoring protection measures in accordance with pre-established priorities. The RMCRC then reports back to the Board. The risks and uncertainties that are likely to have a material adverse effect on the Corporation are disclosed quarterly in the financial statements included in the Corporation's management discussion & analysis of the financial condition and results of operations.

## **ETHICS**

Directors are expected to comply with our Charter of Expectations for Directors in order to promote best practices and ensure ethical business conduct. This Charter sets out the professional and personal competencies and characteristics expected from Transat Directors; these include, among others, high ethical standards, attendance at meetings, diligence, international experience and accountability. In addition, the Corporate Governance Manual clearly states the parameters for the disclosure and management of potential conflicts of interest, guidelines that apply to all Directors.

As well, our Directors, officers and employees are subject to the provisions of our Code of Ethics, which is made available to every employee of the Corporation. It is posted on Transat's website at [www.transat.com](http://www.transat.com) and is also filed on SEDAR ([www.sedar.com](http://www.sedar.com)). The Code of Ethics provides a framework for Directors, officers and employees on the conduct and ethical decision-making integral to their work; it has been implemented throughout Transat and most of its subsidiaries.

The Board, through its CGNC, reviews the implementation of, and compliance with, of the Code of Ethics throughout the Corporation and its subsidiaries. In this respect, the CGNC receives from our VP, General Counsel and Corporate Secretary, and from our VP, Internal Audit and Risk Management, on a quarterly basis, a written declaration as to any complaints received during each quarter pursuant to our Code of Ethics. The Corporation requires its Directors, officers and employees to acknowledge that they have read the Code and agree to comply with it. This Code must be signed by every new employee after hiring, as well as every director, and every year by each employee at the time of his or her annual performance evaluation.

No material change report has been filed since the beginning of our most recently completed fiscal year pertaining to the conduct of a Director or executive officer of Transat that constitutes a departure from the Charter of Expectations or the Code of Ethics.

Our Code of Ethics clearly states that Directors and executive officers should avoid any transaction or event that could potentially create a conflict of interest. Should an event or a transaction occur in respect of which a Director has a material interest, full disclosure to the Board is required and such Director must abstain from voting on any such matter.

Transat's Code of Ethics, Charter of Expectations for Directors and best governance practices (set out in its Corporate Governance Manual) together with statements set out in the Board and Committee charters encourage and promote an overall culture of ethical business conduct. The Board's ongoing review of and adherence to these measures and principles also fosters ethical business conduct throughout the Corporation.

In addition, both the annual Board evaluation questionnaire and the Director peer feedback survey contain specific questions pertaining to ethical business conduct.

### **Indebtedness of Directors and executive officers**

None of our current or former Directors, executive officers and employees is indebted to us, or has contracted any loan that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement on our part. Pursuant to our Corporate Governance Manual, it is our policy not to grant any loans to our Directors, executive officers, employees or nominees for the position of Director of Transat. This policy also applies to our subsidiaries.

### **Independence of the Board Chair**

Mr. Raymond Bachand, the current non-executive Board Chair, is responsible for ensuring that the Board discharges its responsibilities independently of management.

The description of the position of Board Chair, available on our website, sets out the Chair's responsibilities and duties in guiding the Board in the fulfillment of its stewardship role, including duties relating to the efficiency, management, composition and performance of the Board, corporate governance and relations with management, shareholders and interested third parties.

Other responsibilities include, without limitation, ensuring that the Corporation's strategic orientation, including its mission, vision and values, are defined and disclosed to the Board, and collaborating with the HRCC when setting the performance objectives of the Corporation's officers.

# GOVERNANCE AND NOMINATION OF CANDIDATES

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The Board, either directly or through Board committees, is responsible for the management and supervision of the business and affairs of the Corporation, the whole in the best interest of the Corporation and with the objective of enhancing the value for shareholders and other stakeholders. The Board's mandate and role consist of, among other things, (i) approving and overseeing the corporate strategy and its implementation; (ii) reviewing and, where appropriate, giving effect to the proposals of the President and CEO on the appointment of Transat's executive officers; (iii) setting goals for the President and CEO and reviewing with her the goals of the executive officers, monitoring their performance and implementing corrective measures as appropriate; (iv) informing shareholders of the performance of the Corporation, its Board and Board Committees; and (v) approving and ensuring the performance of the Corporation's legal obligations.

The Board assumes the responsibility of defining the main risks related to the Corporation's operations and the implementation of appropriate systems allowing management of these risks.

The roles and responsibilities of the Board and of each of its committees are set out in formal written charters (the full text of which can be promptly provided upon written request and is available on SEDAR at [www.sedar.com](http://www.sedar.com)). These charters are generally reviewed every two years to ensure they reflect best practices and are in compliance with any applicable regulatory requirements. The Audit Committee charter is also available in Schedule A to the Corporation's Annual Information Form.

## SELECTION OF CANDIDATES

The selection process for new candidates to the Board is conducted by the CGNC. The CGNC's responsibilities, powers and activities are described in more detail in the Committee's report enclosed in this Circular as well as in the Committee's charter which is also filed with SEDAR at [www.sedar.com](http://www.sedar.com). The committee has mandated the Board Chair as well as the President and CEO to lead this process, in which they will be accompanied by Spencer Stuart.

The CGNC is responsible for identifying and recommending to the Board suitable nominees for election to the Board. When making its recommendations, the CGNC shall consider the fact that the members of the Board should have diversified backgrounds, experiences and aptitudes. Directors are selected for their integrity and character, fair and independent judgment, breadth of experience, insight and knowledge, and strong business acumen. Directors are expected to bring these personal qualities to their role as a Director of the Corporation, and apply sound business judgment to help the Board make wise decisions and provide thoughtful and informed advice to senior management.

To accomplish this duty, the CGNC:

- Assesses the composition and size of the Board and, in doing so, reviews the breadth and diversity of experience and competencies of the Directors;
- Identifies the challenges facing the Corporation;
- Identifies the profile of a nominee;
- Recommends to the Board a list of nominees for election as Directors; and
- Approaches competent nominees.

## RETIREMENT OF DIRECTORS

In December 2021, the Board amended the mandatory retirement policy for Directors to ensure it provides that Directors, with the exception of the President and CEO, where applicable, must tender their resignation upon reaching the age of 75 or after having served as a director on the Board for a period of 12 years, such resignation taking effect at the next annual meeting. We are of the opinion that this policy ensures the natural evolution of the Board. Notwithstanding the foregoing, the Board may determine that, due to exceptional circumstances, it is in the best interests of the Corporation that a Director having reached either of these limits be eligible for re-election for an additional term.

Mr. Sureau is a founding member of Transat. He has been a member of the Board since 1987 and held various executive positions within the Corporation up until 2014, such as president of Air Transat and president of Transat Distribution Canada, allowing him to acquire valuable operational knowledge in such areas as the air transportation industry. For these reasons, the Board believes that Mr. Sureau should remain one of its members so as to allow for the proper transmission of his knowledge to the new members.

## DIVERSITY AND THE REPRESENTATION OF WOMEN IN THE CORPORATION

### Diversity policy

The Corporation considers that decisions regarding the appointment of Directors and executive officers must be based on merit and not on any other personal characteristic, and it continues to be determined to select the best people to perform these roles. However, the Corporation has also long been aware of the unique and concrete contribution that can result from several points of view, experiences, concerns and perceptions in a world of diversified customers and personnel.

Consequently, the Corporation considers that diversity is a commercial, social and ethical imperative and a necessary advantage for an effective Board and executive team. This diversity effectively creates the possibility of having substantive discussions and debates that could eventually lead to greater effectiveness in the decision-making process of the Board and management. The Corporation also considers that establishing a diversified Board and executive team contributes to building an inclusive work environment for all of the employees and demonstrates the Corporation's values to all of its stakeholders.

Consequently, on September 9, 2015, the Corporation implemented a policy on diversity within the Board and among the officers (the “**Diversity Policy**”) that emphasizes gender diversity.

**On March 9, 2022, the Diversity Policy was amended to include the objective of achieving parity on the Board (parity being achieved once the proportion between men and women varies between 45% and 55%), with a minimum of 40% of Directors per gender. The Corporation also increased the target number of women officers to 40%.**



**IN MARCH OF 2022, THE DIVERSITY POLICY WAS AMENDED TO INCLUDE THE  
OBJECTIVE OF ACHIEVING GENDER PARITY ON THE BOARD OF DIRECTORS.**

**THE CORPORATION ALSO INCREASED THE TARGET NUMBER OF WOMEN  
OFFICERS TO 40%**

No policy, target or specific proportion on the representation of Indigenous persons (First Nations, Inuit and Métis), persons with disabilities, members of visible minorities and LGBTQ2S+ individuals (the “**Designated Persons**”) on the Board and among the executive officers has been established to date. However, the representation of Designated Persons is one of the factors considered when identifying and selecting nominees for election or re-election to the Board and when appointing persons to management positions. This upcoming year, the Corporation intends to reflect on all of the criteria to be included in a modernization of its Diversity Policy and will assess the possibility of establishing targets for the representation of Designated Persons on the Board and among officers.

### Board of Directors

The CGNC is responsible for recommending qualified candidates who have the required expertise and experience as a competent corporate Director while taking the Diversity Policy into account. To do this, the CGNC developed a set of criteria and recruitment protocols designed to include candidates from various backgrounds. To help identify diversified candidates, the CGNC uses a network of organizations and professional associations, looking for candidates in academic institutions, the private sector and not-for-profit organizations. The CGNC may also retain the services of a specialized executive search firm to help it meet the Board diversity objectives.

The CGNC also has a mission to oversee and, periodically:

- Evaluate the effectiveness and the contribution of each Director of the Board;
- Evaluate the effectiveness of the designation and/or nomination process in achieving the Corporation's diversity objectives, as described in the Diversity Policy and recommends to the Board any amendment thereto;
- Measure the annual and cumulative progress of the gender diversity objectives;
- Review, supervise, measure and evaluate any other element it considers appropriate in order to encourage diversity, renewal of the Board and compliance with best corporate governance practices.

Finally, to support the gender-diversity objective set by the Corporation, the CGNC considers the level of representation of women on the Board by identifying and nominating candidates in view of their election and re-election to the Board. On the date hereof, five of the 11 Directors sitting on the Board were women. Currently, no Designated Person acts as a Director.

#### Officers

The President and CEO is responsible for implementing and applying the Diversity Policy when appointing officers. In the performance of its oversight role, the HRCC reviewed the Corporation's approach to management of officers and employees demonstrating great aptitude. The HRCC examined the employee development processes and practices in place and reviewed the depth of succession candidate pools for key management positions throughout the Corporation.

The HRCC periodically:

- Oversees the Diversity Policy's implementation;
- Ensures that the diversity objectives are achieved or are in the process of being achieved, and that procedures are in place to ensure compliance with and achievement of the target;
- Examines the Diversity Policy, including an evaluation of the effectiveness thereof, and recommends to the Board any change to the Diversity Policy;
- Considers the level of representation of women among officers when it proceeds with their nomination.

#### Representation of women within the Corporation

The Corporation recognizes that gender diversity is a significant aspect of diversity, and acknowledges the important role that women can play on the Board. The Corporation also recognizes that women must be represented in management positions.

The following table presents a picture of women's representation throughout Transat A.T. Inc. and its subsidiaries on the date hereof:

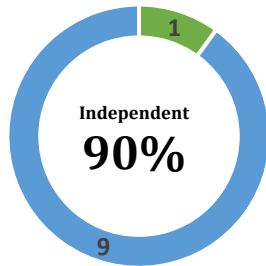
	Representation of women within the Corporation	
	Number of positions held by women	Percentage
<b>Board of Directors</b>	5 out of 11	<b>45.5%</b>
<b>Management<sup>1</sup></b>	64 out of 156	<b>41%</b>

<sup>1</sup> From senior manager to President and CEO.



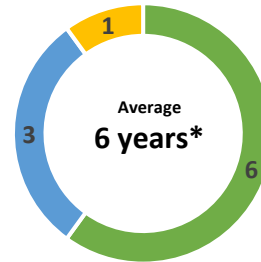
## DIRECTORS

### INDEPENDENCE



■ Not independent ■ Independent

### MANDATE

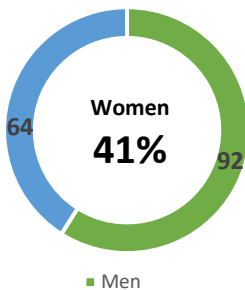


■ 0 to 4 years ■ 5 to 9 years ■ 10+ years

\* Excluding Philippe Sureau who is a founder of the Corporation, the average would be 3 years

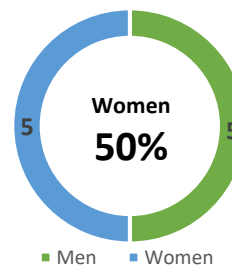
## GENDER DIVERSITY

### AMONGST MANAGEMENT



■ Men

### ON THE BOARD



■ Men ■ Women

### PROPOSED NOMINEES

The following tables present each of the Directors who will be nominated for a Board seat during the Meeting. Information in the tables is based on the statements made by the persons concerned and updated on a yearly basis. The term of the solicited mandates is one (1) year, which will end at the next meeting.



## ANNICK GUÉRARD

President and Chief Executive Officer of the Corporation  
Montréal, Quebec, Canada

### Non-Independent – Executive Officer <sup>(1)</sup>

Ms. Guérard was appointed President and CEO of Transat and joined the Corporation's Board of Directors on May 27, 2021.

Between November 2017 and her recent appointment, Annick Guérard was the Chief Operating Officer. She headed all of the Corporation's operations and commercial activities. With her extensive knowledge of the industry and its issues, combined with her vision, leadership and efficiency, she plays a key role in the Corporation's development and success.

Annick Guérard joined Transat in 2002 and has held many management positions involving strategy, operations, sales and marketing, the digital shift, revenue management, customer service and product development for various business units. Prior to joining Transat, she began her career in engineering consulting in the transportation industry, then served as a senior consultant in operations management for Deloitte Consulting. She holds a bachelor's degree in civil engineering from Polytechnique Montréal and an MBA from HEC Montréal as well as the ICD.D. designation.

Since October 2021, Ms. Guérard has been the Chair of the Board of Théâtre Espace Go after having been a director from 2019 to 2021. She has also been on the Board of Directors of Pomerleau since 2019.

### Areas of Expertise:

- Senior management and operations
- Air transportation and holiday travel
- Human resources and compensation
- Risk management

**Director since:** May 2021

**Age:** 51

**Mandatory retirement:** n/a

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	7 out of 7	100%	▪ None
Executive Committee <sup>(3)</sup>	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (3 X base salary, namely \$1,660,722 5-year objective) <sup>(7)</sup>
As at October 31, 2021	70,115	0	70,115	\$539,534	In progress (32.5%)

2021 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
n/a	n/a	n/a	n/a	



## RAYMOND BACHAND

Strategic Advisor, Norton Rose Fulbright  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Mr. Bachand received his law degree from the Université de Montréal in 1969 and became a member of the Quebec Bar the following year. He obtained a Master's of Business Administration (MBA) from Harvard University in 1972, and then a Doctorate of Business Administration (DBA) in 1981. He taught at the École des hautes études commerciales de Montréal between 1972 and 1977, held the position of Chief of Staff to the Quebec Minister of Labour and Manpower between 1977 and 1979, and served as Special Secretary in the Office of the Premier of Quebec between 1979 and 1981. In the business world, he was Vice President of Métro-Richelieu between 1981 and 1989 and Culinar between 1990 and 1993. He joined the Fonds de solidarité des travailleurs du Québec (FTQ) in 1994 as First Vice President and Chief Investment Officer, and was appointed President and Chief Executive Officer from 1997 to 2001. He was also President and Chief Executive Officer of Secor Conseil from 2002 to 2005.

He was a director of SSQ - Life from 1995 to 2002, a director of Gaz Métropolitain from 1987 to 1990, a director of the Fonds de solidarité FTQ from 1983 to 2001, and a member of the executive committee (1987-2001), chair of the audit committee (1988-1994) as well as a member of the Board of Directors and member of the Audit Committee of the Canadian Public Accountability Board from 2003 to 2005.

Mr. Bachand was elected to the Quebec National Assembly for Outremont on December 12, 2005. He was Minister of Economic Development, Innovation and Export Trade from February 2006 to June 2009, Minister of Tourism from April 2007 to December 2008, Minister responsible for the Montréal region from April 2007 to September 2012, Minister of Finance from April 2009 to September 2012 and Minister of Revenue from August 2010 to September 2013. He retired from political life on September 13, 2013.

On January 20, 2014, Mr. Bachand joined the firm Norton Rose Fulbright as a strategic advisor. He is also the founder and President of the Institut du Québec since February 2014 and is the Executive Chairman of the Board since September 2020. He was a member of the Board of Directors as well as the Risk Management Committee and Conduct Review and Corporate Governance Committee at National Bank of Canada from October 2014 to April 2021. Mr. Bachand was also President of the Conférence économique de l'industrie touristique québécoise, an advisory committee of the Alliance de l'industrie touristique du Québec (an umbrella organization of leaders and business owners in the tourism sector) from September 2020 to December 2021, and Chairman of the Board of Tourisme Montréal from June 2014 to June 2018.

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	33 out of 34	97%	▪ National Bank of Canada
Executive Committee <sup>(3)</sup>	1 out of 1	100%	
Audit Committee	5 out of 5	100%	
Special Committee <sup>(4)</sup>	37 out of 37	100%	
CGNC	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$375,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021	0	50,864	50,864	\$355,101	In progress (94.7%)

2021 Annual Meeting of Shareholders Voting Results			
Votes For	% of votes for	Votes Withheld	% of Votes Withheld
17,368,055	92.54%	1,399,414	7.46%



## LUCIE CHABOT

Corporate Director  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Ms. Lucie Chabot is a corporate director. Since April 2020, she has been a member of the Board of Directors and a member of the Audit Committee of Richelieu Hardware Ltd, an importer, distributor and manufacturer of specialty hardware and complementary products.

Since May 2019, she has been a director and the chair of the Audit Committee of Albecour Inc., a company in the aluminum smelter industry and a subsidiary of Investissement Québec. Finally, since May 2019, she has been a director and the chair of the Audit and Governance Committee of Tourisme Montréal, a Montréal-based organization engaged in the promotion of tourism for the City of Montréal.

Ms. Chabot was Vice-President and Chief Financial Officer of SAIL Outdoors Inc., a major Canadian retailer of sporting goods and outdoor equipment, from 2014 to 2018, and as such was responsible for the firm's accounting and financial services, human resources and information technology. She previously served as President of Distribution Vinarius Inc., a wine accessories distributor she founded. She also worked at Intertrade Systems Inc. from 2004 to 2007 as General Manager, Operations and Managed Services, after having served as the company's Vice-President, Finance and Human Resources. For more than a decade, she was a co-shareholder of Strator Consulting Group Inc., a consulting firm in the retail, distribution and services field, whose main client was Caisse de dépôt et placement du Québec. In this capacity, she was involved in several accounts, such as Motovan, The Hockey Company, Chapters and Rona, which gave her a better understanding of the objectives of financial institutions, their risk analysis, the returns sought and how to structure major transactions. From 1986 to 1994, she worked as Director and Vice-President, Finance, of Sports Experts Inc., the Canadian leader in sporting goods and sportswear retailing.

She began her career at Clarkson Gordon (EY) as an auditor in 1981 and joined the Provigo Group in 1984. Ms. Chabot is a graduate of Université Laval and a member of the Ordre des comptables agréés du Québec. She was named to the National Honour Roll of the Canadian Institute of Chartered Accountants, ranking 11th in Canada in 1982.

### Areas of Expertise:

- Finance
- Law and regulation
- Risk management
- Corporate responsibility (ESG)

**Director since:** October 2015

**Age:** 62

**Mandatory retirement:** 2028

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years		
Board of Directors	34 out of 34	100%	▪ Richelieu Hardware Ltd		
Executive Committee	-	-			
Audit Committee	5 out of 5	100%			
RMCRC	7 out of 7	100%			
CGNC	-	-			
Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$250,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021	6,290	20,121	26,411	\$220,983	In progress (88.4%)
2021 Annual Meeting of Shareholders Voting Results					
Votes For		% of votes for		Votes Withheld	% of Votes Withheld
17,305,176		92.21%		1,462,293	7.79%



## VALÉRIE CHORT

Vice-President Corporate, Citizenship and Sustainability of RBC and Executive Director of the RBC Foundation. Toronto, Ontario, Canada

### Independent <sup>(1)</sup>

Ms. Chort is Vice President, Corporate Citizenship and Sustainability for RBC and Executive Director of the RBC Foundation. She is responsible for developing an integrated citizenship strategy aligned with RBC's purpose and business objectives, and creating positive social, economic and environmental impacts in the community. Key pillars under her leadership include corporate ESG, corporate sustainability, social impact and innovation, employee engagement, and impact measurement.

For over 25 years Ms. Chort has helped businesses, governments and non-government organizations proactively manage environmental and social risks, and create value through purpose-led ESG strategies. She has been instrumental in developing RBC's Climate Blueprint, the company's integrated climate strategy to accelerate clean economic growth and support clients in the transition to a low-carbon emission future, delivering innovative social impact flagship programs: RBC Future Launch and RBC Tech for Nature, and leading ESG performance management and disclosure.

Prior to joining RBC in 2015, Ms. Chort's career spanned consulting, industry and government roles. Most recently she spent 14 years with Deloitte as Americas Leader for Sustainability & Climate Change, and Partner with Deloitte's Enterprise Risk Services.

Ms. Chort serves on the Boards of the Women's College Hospital Foundation and the International Institute for Sustainable Development, is a member of the Privy Council's Impact Canada Advisory Council and a founding member of Women for Nature. In 2021, she was named as one of 26 Climate Champions in Canada by the British High Commission in Canada and the Canada Climate Law Initiative. She is also a mentor to an extensive roster of young leaders.

Ms. Chort earned a Bachelor of Science in Biochemistry and a Bachelor of Applied Science in Chemical Engineering from the University of Ottawa. She also has a certificate in Executive Education from Darden School of Business.

### Areas of Expertise:

- Senior management and operations
- Government affairs
- Risk management
- Corporate responsibility (ESG)

**New candidate submitted for election at the 2022 Annual and Special Meeting of Shareholders**

Age: 58

Mandatory retirement: n/a

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
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Board of Directors	-	-	▪ None
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### Securities Held

Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$375,000 5-year objective) <sup>(6)</sup>
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As at October 31, 2021	-	-	-	-	-
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(She was not a director of the Corporation yet.)

### 2021 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of Votes Withheld
n/a	n/a	n/a	n/a



## DANIEL DESJARDINS

Corporate Director  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Mr. Daniel Desjardins, Ad.E, is an independent director. He is a member of the Board of Directors of Noranda Income Fund and a member of its Audit Committee and Independent Committee of the Board. He is also Chair of the Governance and Human Resources Committee of Noranda Income Fund. Mr. Desjardins is an accomplished business lawyer and executive with extensive expertise in business law, compliance and risk management as well as decades of experience in financing and complex mergers and acquisitions. For more than 20 years, until December 2019, Mr. Desjardins was Senior Vice-President, General Counsel and Corporate Secretary at Bombardier Inc. In this role, he was responsible for legal affairs, compliance, internal audit, insurance and risk management for the entire company. From 2018 to January 2021, he served as Chair of the Board of Directors of Bombardier Transportation. Prior to joining Bombardier, Mr. Desjardins was a partner at a Quebec law firm for 15 years. He began his career at National Bank of Canada.

He has been Chair of the Board of the Legal Leaders for Diversity Trust Fund since 2014 and is Chair of the Board of the Pointe-à-Callière Museum. Mr. Desjardins has received numerous professional awards and has

### Areas of Expertise:

- Senior management and operations
- Finance
- Law and regulation
- Risk management

**Director since:** January 2022  
**Age:** 66  
**Mandatory retirement:** 2031

twice been named one of Canada's 25 most influential lawyers. In 2017, the Barreau du Québec awarded him the Advocatus Emeritus distinction in recognition of his exceptional professional career.

Mr. Desjardins holds a law degree from the Université de Montréal and a Master of Laws degree from McGill University.

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	-	-	▪ Noranda Income Fund
Audit Committee	-	-	
RMCRC	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$250,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021 (He was not a director of the Corporation yet.)	5,500	0	5,500	\$25,190	In progress (10.1%)

2021 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
n/a	n/a	n/a	n/a	



## SUSAN KUDZMAN

Corporate Director  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Ms. Susan Kudzman is an actuary and retired from her position of Executive Vice President and Chief Risk Officer and Corporate Affairs of the Laurentian Bank of Canada. Previously, she was Executive Vice-President and Chief Risk Officer at Caisse de dépôt et placement du Québec.

Ms. Kudzman is currently chair of the Board of directors of Yellow Pages, and has served on the Board since November 2014. Ms. Kudzman is a member of the Board of Directors of PSP Investments, a Canadian Crown corporation that invests funds for the pension plans of the federal public service. She is also a member of the Board of directors of Medavie, a health sector organization that includes the insurer Blue Cross, and a member of the Board of Directors of Nomad Royalty Company Ltd., a gold and silver royalty company.

She is also active in the cultural and philanthropic communities. Ms. Kudzman is currently a member of the Board of Directors of the Festival du nouveau cinéma as well as the Board of the ICD (Institute of Corporate Directors).

Ms. Kudzman holds a Bachelor's degree in Actuarial Sciences from Université Laval (1984) and the titles of Fellow of the Canadian Institute of Actuaries (FCIA) (1987), Fellow of the Society of Actuaries (FSA) (1987) and Certified Enterprise Risk Analyst (CERA) (2009).

### Areas of Expertise:

- Senior management and operations
- Human resources and compensation
- Risk management

**Director since:** March 2014

**Age:** 59

**Mandatory retirement:** 2026

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	33 out of 34	97%	<ul style="list-style-type: none"> <li>▪ Yellow Pages</li> <li>▪ Nomad Royalty Company Ltd.</li> </ul>
Executive Committee	-	-	
HRCC	10 out of 10	100%	
RMCR	6 out of 7	85.7%	
CGNC	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$250,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021	0	48,528	48,528	\$351,481	Yes (140.6%)

2021 Annual Meeting of Shareholders Voting Results			
Votes For	% of votes for	Votes Withheld	% of Votes Withheld
17,034,399	90.77%	1,733,070	9.23%





## STÉPHANE LEFEBVRE

President and Chief Executive Officer of Cirque du Soleil  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

In December 2021, Mr. Lefebvre was appointed President and Chief Executive Officer of Cirque du Soleil, a global entertainment company, and has held many executive positions with the company since 2016, including Chief Operating Officer and Chief Financial Officer. He oversaw Cirque du Soleil Entertainment Group's finances, information technology, global procurement and risk management, as well as capital deployment in its strategic areas of growth.

Mr. Lefebvre has over 30 years of experience in strategic repositioning and in change management, having led several large-scale initiatives including turnarounds, acquisitions, integrations, restructurings and financings. He also has experience with Canadian and US capital markets and corporate governance.

Mr. Lefebvre was previously Chief Financial Officer at CAE Inc., a Canadian manufacturer of simulation technologies, modelling technologies and training services to airlines, aircraft manufacturers, healthcare specialists, and defence customers, where he worked for 20 years. Mr. Lefebvre began his career as a chartered accountant at Price Waterhouse, first working in auditing, then consulting, specifically on merger/acquisition and insolvency cases.

Since 2017, Mr. Lefebvre has been a director on the Board of C2 Montréal, a non-profit organization. He is also a director on the Board of Financial Executives International (FEI) Canada, Quebec Chapter.

Mr. Lefebvre holds a Bachelor of Business Administration from École des Hautes Études Commerciales in Montréal and is a member of the Chartered Professional Accountants of Canada.

### Areas of Expertise:

- Senior management and operations
- Finance
- Technology and digital
- Risk management

### New candidate submitted for election at the 2022 Annual and Special Meeting of the Shareholders

Age: 54

Mandatory retirement: 2034

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
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Board of Directors	-	-	▪ None
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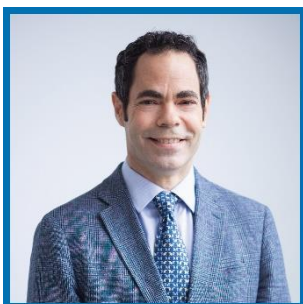
### Securities Held

Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$375,000 5-year objective) <sup>(6)</sup>
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As at October 31, 2021 (He was not a director of the Corporation yet.)	-	-	-	-	-
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### 2021 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of Votes Withheld
n/a	n/a	n/a	n/a



## IAN RAE

Founder and Chief Executive Officer of CloudOps  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Mr. Ian Rae holds a Bachelor of Sciences (Honours) in biology, with a major in Evolutionary Genetics from McGill University and is the founder and Chief Executive Officer of CloudOps Inc., a company offering cloud computing services, solutions and products since 2005. Mr. Rae is also the founder of cloud.ca, a Canadian cloud infrastructure platform. Prior to CloudOps, Mr. Rae was chief engineering at Coradient and, prior thereto, manager of IT systems at Canderel, a real estate developer.

Mr. Rae has been a member of the Board of Directors of Genome Canada since 2017. He is also involved in the startup community as an advisor and angel investor and is also a member of the Board of Directors of the Council of Canadian Innovators, the Entrepreneur's Organization and the Government of Canada's Economic Strategy – Digital Industries Table.

Mr. Rae is an experienced entrepreneur in the aviation and travel technology industries. He was, among other things, a partner in the travel start-ups Localmind (acquired by AirBnB) and Raikey Technologies (raikey.com, railagent.com, italiarail.com, italiatours.com), and is an advisor at On Board Data Systems (OBDS), a provider of EFB (electronic flight bag) and cloud-based aircraft maintenance software.

### Areas of Expertise:

- Senior management and operations
- Air transportation and holiday travel
- Technology and digital

**Director since:** October 2018

**Age:** 50

**Mandatory retirement:** 2031

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	34 out of 34	100%	▪ None
RMCRC	7 out of 7	100%	
CGNC	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$250,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021	0	5,912	5,912	\$32,302	In progress (12.9%)

2021 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
17,043,168	90.81%	1,724,301	9.19%	



## PHILIPPE SUREAU – founding member

Corporate Director  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Mr. Philippe Sureau is one of the founding members of Transat along with Mr. Jean-Marc Eustache, Ms. Lina De Cesare, Mr. François Legault and a group of ex Trafic-Voyages and Quebecair employees. Until November 2009, he was President, Distribution, of the Corporation and Advisor to the President from 2009 to 2014. He served as President and CEO of Air Transat A.T. Inc. (from 1997 to 2000) and directed Transat's first Internet venture. Until November 2009, he was heading the distribution side of Transat, overseeing its activities on both online and traditional channels in Canada and France. Mr. Sureau has been part of the founding and development of a series of business initiatives (Nortour, Trafic Voyages, Trafic Tour France), which led to the inception of Transat in 1987, and has been a member of its Board of Directors since its inception.

Among other accomplishments, he was Chairman of the Quebec Travel Agency Association (ACTA-Québec) in 1986-87; Chairman of the Board of the Air Transport Association of Canada (ATAC) in 1995-96, and from 1999 to 2005, was a member of the Board of Directors of Manoir Richelieu. From April 2005 to June 2011, Mr. Sureau was appointed by the Quebec government as a member of the Comité consultatif des agents de voyages (consulting committee of travel agents) and from 2013 to 2018 he was Chairman of the Board of Directors of La Vitrine culturelle de Montréal. He is also Chairman of the Board of Directors of the Corporation du Théâtre Outremont and Chairman of the Executive Committee of UQÀM's Transat Chair in Tourism. Since 2018, he is Chairman of the Board of Tourisme Montréal and is a member of its Board of Directors since 2017.

### Areas of Expertise:

- Senior management and operations
- Air transportation and holiday travel

**Director since:** February 1987

**Age:** 72

**Mandatory retirement:** 2022

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	34 out of 34	100%	▪ None
RMCRC	3 out of 3	100%	
Special Committee <sup>(4)</sup>	37 out of 37	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$250,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021	323,209	27,511	350,720	\$1,539,661	Yes (615.0%)

2021 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
16,931,599	90.22%	1,835,870	9.78%	



## JULIE TREMBLAY

Corporate Director  
Montréal, Quebec, Canada

### Independent <sup>(1)</sup>

Ms. Julie Tremblay was the President and Chief Executive Officer of TVA Group Inc. and Quebecor Media Group, a business unit of Quebecor Media Inc., a media leader in broadcasting, film and television production, news media, magazines and book publishing, from July 2014 until her retirement in October 2017. Between 1989 and 2014, she held various senior positions within Quebecor Inc., a Canadian leader in telecommunications, entertainment, news media and culture. She served as Vice President, Human Resources of Quebecor Inc. and Quebecor Media Inc. for more than eight years and then as Chief Operating Officer of Sun Media Corporation from June 2011 to September 2013. In September 2013, she was named President and Chief Executive Officer of Sun Media Corporation, until it was folded into the Quebecor Media Group. Prior to joining Quebecor Inc., Ms. Tremblay practiced labour and employment law in a prominent law firm in Montréal.

She was a director of TVA Group Inc. (TSX:TVA.B) from 2014 to 2017. She was also a director of Fondation Montréal (2015-2017), Society for the Celebrations of Montréal's 375th Anniversary (2016-2017) and the Chamber of Commerce of Metropolitan Montréal (2016-2017).

Since January 2021, Ms. Tremblay is a director, member of the Nominating and Governance Committee and a member of the Compensation Committee of Haivision Systems Inc. (TSX : HAI) a leading global provider of mission-critical, real-time IP video solutions. Since December 2020, she has also been a director of the private company Attraction Media Inc., a leader in entertainment and media in Quebec. She is Chair of its Board of Directors and a member of its Human Resources and Governance Committee.

Ms. Tremblay holds a Bachelor's degree in Political Science from McGill University and a Bachelor's degree in Civil Law from Sherbrooke University. She has been a member of the Quebec Bar since 1984.

### Areas of Expertise:

- Senior management and operations
- Human resources and compensation
- Risk management
- Corporate responsibility (ESG)

**Director since:** January 2022

**Age:** 62

**Mandatory retirement:** 2034

Meeting Attendance <sup>(2)</sup>	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	-	-	▪ TVA Group Inc.
HRCC	-	-	▪ Haivision Systems Inc.

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of shares and DSUs	Total Market Value of Shares and DSUs <sup>(5)</sup>	Compliance with minimum Share or DSU ownership requirement (5 X annual retainer, being \$250,000 5-year objective) <sup>(6)</sup>
As at October 31, 2021 (She was not a director of the Corporation yet)	0	0	0	\$0	In progress (0%)

2021 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
n/a	n/a	n/a	n/a	

- 1) “Independent” refers to the standards of independence established under section 1.2 of Canadian Securities Administrators’ *Regulation 58-101*.
- 2) Attendance at the meetings indicated above is determined for the period from November 1, 2020, to October 31, 2021 period, inclusively, namely the fiscal year of the Corporation.
- 3) The Executive Committee meets on an ad hoc basis when a situation requiring particular attention arises. This committee is made up of the Chairman of the Board, the President and Chief Executive Officer and each of the other Committee Chairs.
- 4) On December 17, 2018, the Board of Directors of the Corporation formed a Special Committee to ensure the implementation of an independent and rigorous process for the review of the proposal contemplating the Arrangement. This committee was composed of Messrs. Bachand, Edwards, Simoneau and Sureau, as well as Mr. Leblanc who also acted as Chair. This Committee was dissolved on July 13, 2021.
- 5) Means (i) the cost of acquiring the shares and DSUs for the Director or (ii) the market value of the voting shares and DSUs held by the Director on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39, multiplied by the number of voting shares and DSUs held on such date, whichever is the greater of the two.
- 6) Under the guidelines adopted by Transat, and amended in 2018, each Director who is not an employee must hold a number of shares or DSUs having a value equal to at least five times the annual Board retainer paid in cash to which he or she is entitled after having served five years as Director. It should be noted that no DSUs have been credited between January 31, 2019 and June 29, 2021, given the trading blackout period then in effect for insiders. Consequently, the amounts usually payable in the form of DSUs have been paid in cash during this period. The deadline for Directors to comply with the minimum holding requirement set out in the shareholding guidelines was extended to take into consideration the blackout period. Therefore, Mr. Bachand has until March 1, 2024 to reach the target, Ms. Chabot has until May 22, 2023 and Mr. Rae has until April 25, 2026.
- 7) The guidelines adopted by the Corporation provide that the President and Chief Executive Officer must hold a number of voting shares or DSUs having a value equal to three (3) times his or her annual base salary. Ms. Guérard has an additional three years following her promotion to reach the new applicable multiple. When she was promoted, the Corporation was in a blackout period. Therefore, her additional period only started in January 2022 when the Transaction program was reinstated. The minimum holding requirement reflects her current salary due to the compensation restrictions imposed by the LEEFF loan.

To the knowledge of Transat, none of the proposed nominees for election as Directors (i) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while the nominee was acting in that capacity, or within a year of that nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; and (ii) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets, except for Stéphane Lefebvre, who was a director of Cirque du Soleil, a company that filed for protection under the *Companies’ Creditors Arrangement Act* ( “CCAA” ) in Canada on July 24, 2020, and Chapter 15 in the United States on June 30, 2020, as a result of the impact of the COVID-19 pandemic. An acquisition transaction by existing secured creditors was approved by the Quebec Superior Court on October 26, 2020. On November 24, 2020, the company announced the closing of the sale transaction with the company’s secured creditors and its emergence from CCAA and Chapter 15 protection.

## MAJORITY VOTING POLICY

Our Board adopted a policy providing that, in an uncontested election of the Directors, any nominee for whom the number of “abstentions” from voting exceeds the number of votes “for” his election must tender his resignation to the Board immediately after the Meeting. The RMCRC shall recommend whether the Board should accept or reject it. The Board shall make a final decision in this regard and announce it by press release within 90 days of the Meeting. The Board shall accept the resignation absent exceptional circumstances. If the resignation is not accepted, the press release should fully state the reasons for not accepting the resignation. A Director who tenders his resignation in accordance with this policy does not attend any of the meetings of the Board or of the RMCRC.

## BOARD INTERLOCKS

No member of our Board serves with another member of our Board on the board of directors of another operating public corporation.

## SHAREHOLDERS GUIDELINES FOR DIRECTORS

In order to align the interests of the Directors with those of the shareholders, the Board has adopted a minimum equity ownership requirement for Directors. In 2018, the shareholding guidelines and the compensation of Directors were modified to narrow the Directors’ compensation gap to the median of the reference market. From now on, after having served five years as Director, each Director must hold a number of Class B voting shares or DSUs representing at least five times

the annual cash retainer to which he or she is entitled. The target date for each Director has been revised to reflect the trading blackout period in force from 2019 to 2021 in light of the Arrangement. For the purposes of determining whether the minimum equity ownership requirement for Directors has been met, we use the greater of (i) the acquisition cost of the shares for the Director; and (ii) the market value of shares held as at October 31 of each year.

### DIRECTOR OVERBOARDING

The Board believes that, in order to make a full contribution to the Board, Directors must have sufficient time available to properly prepare for and attend Board meetings. The Committee's general policy is to examine each nominee for the position of Director on a case-by-case basis, and this even if it may deviate from this policy. The Committee's main goal is to propose a nominee to the Board who sits on the following maximum number of boards of directors: three (3) boards of public corporations, including the Board; or only the Board, if the nominee is a full-time employee of the Corporation.

## DIRECTOR QUALIFICATIONS

As part of our most recent recruitment process for additional Board members, the directors' skills matrix was examined by the Board to guarantee an appropriate mix of abilities, qualifications and experience to guide the long-term strategy and continued commercial operation of the Corporation. The review process led to changes in the skills matrix to adapt it to an evolving commercial environment but, more importantly, to ensure that the Board includes members who have the relevant experience and expertise to carry out its mandate effectively. Directors must also select no more than four core qualifications.

The inventory below is reviewed, as needed, to detect deficiencies in the desired range of abilities, competencies, skills and qualities required to deliver the overall strategy and the vision of the Corporation, and those that are adequately represented on the Board, while accounting for future retirements. The CGNC uses this evaluation as a basis for determining the competencies, experience, qualifications, diversity and personal qualities desired in eventual new Board members.

	Profile						Core qualifications <sup>(1)</sup>								
	Independent	Member since	Age			Gender	Senior management and operations	Air transportation and holiday travel	Finance	Technology and digital	Government affairs	Law and regulations	Human resources and compensation	Risk management	Corporate responsibility (ESG)
			45-55	56-65	66-75										
Raymond Bachand	Y	2014			√	M	√		√		√			√	
Lucie Chabot	Y	2015		√		F		√			√			√	√
Valérie Chort	Y	2022		√		F	√			√				√	√
Daniel Desjardins	Y	2022			√	M	√	√			√			√	
Annick Guérard	N	2021	√			F	√	√					√	√	
Susan Kudzman	Y	2014		√		F	√						√	√	
Stéphane Lefebvre	Y	2022	√			M	√	√	√					√	
Ian Rae	Y	2018	√			M	√	√	√						
Philippe Sureau	Y	1987			√	M	√	√							
Julie Tremblay	Y	2022		√		F	√						√	√	√

<sup>(1)</sup> Definition of qualifications.

### Senior management and operations

Experience leading an organization, a major division or functional area of a business as well as planning and implementing strategy implementation at the management and executive levels

### Air transportation and holiday travel

Experience in the air transportation, passenger transportation and tourism industries, including leisure travel, freight, airliner manufacturing, or with airport organizations and the managers thereof

### Finance

Experience in financial information, accounting and corporate financing at the management and executive levels; ability to evaluate, analyze and interpret financial statements and projections and use them to guide strategic business decisions

### Technology and digital

Experience in connectivity, artificial intelligence and cybersecurity, including cloud and digital transformation

### Government affairs

Experience in government relations and public policies at various levels of government (federal, provincial and international); advising on lobbying compliance and ethical obligations



### Laws and regulations

Experience in or knowledge of practice areas, including banking and financing, mergers and acquisitions, regulatory affairs and other relevant areas

### Human resources and compensation

Experience in human resources, compensation, talent management and succession planning for management or senior executives

### Risk management

In-depth understanding of the various legal, operational and regulatory risks, and experience in identifying, evaluating and mitigating these risks at the management or executive levels

### Corporate responsibility (ESG)

Understanding of the main environmental, social and governance (ESG) challenges and factors. Experience integrating a sustainable development strategy into the business's umbrella strategy

## PERFORMANCE ASSESSMENT

During the months of January and February, the CGNC, with the assistance of PCI, conducts an annual formal evaluation of the Board and its committees' effectiveness and will compare the findings with the previous year's evaluation in order to target and implement suggested improvements. Furthermore, during the same period, the chair of the RMCRC asks each Director to fill out an annual evaluation. This evaluation takes on the form of a director peer review and feedback survey with the purpose of assessing the performance of each Director and providing candid feedback to individual Directors, thus improving the Board's performance. Such feedback is intended to promote an exchange of ideas, encourage continuing education and enable Directors to enhance their individual contribution to the Board and to committee work. Feedback is collected through the survey and allows for both quantitative ratings and written comments from Directors. The feedback is then submitted on a confidential basis to PCI who prepares a report for each Director on his or her performance.

The CGNC relies on the evaluation process to determine whether a Director should withdraw from the Board.

The Directors are evaluated on an annual basis.

The following table indicates what is involved in the evaluation process:

Evaluator				
	Board Chair	Chair of the CGNC	Each Director	HRCC
Performance of the Board	√	√	√	
Performance of the Committees			Committee members	
Performance of the Board Chair			√	
Performance of the President and CEO			√ <sup>(1)</sup>	√ <sup>(2)</sup>
Performance of the Committee Chairs			Committee members	
Performance of each Director	√	√	√	

<sup>(1)</sup> Evaluation as Director

<sup>(2)</sup> Evaluation as President and CEO

In addition to providing invaluable information on the efforts the Board must deploy to improve its performance, the evaluation process established by the Corporation encourages discussion on governance and continuing education initiatives.

## INDEPENDENCE OF DIRECTORS

As set forth in the Directors' biographies, as at October 31, 2021, all Directors, with the exception of Ms. Guérard (being an executive officer of the Corporation), were independent within the meaning of section 1.2 of *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* and the independence standards approved by the Board. The Board, directly or through one of its committees, adopts structures and procedures to ensure the independence of the Board from the Corporation's management.

Directors, at their sole discretion, may hold in-camera sessions, in the absence of non-independent Directors or executive officers of the Corporation, at every regularly scheduled Board meeting and also when the need arises. This item is systematically included on the agenda of each Board meeting. For the 12-month period ended October 31, 2021, a total of 95 in-camera meetings of the Board and the committees were held. An in-camera session was held at each meeting of the Board and the committees, without exception. Since May 27, 2021, Mr. Raymond Bachand is acting as Board Chair. As such, he has the power, which he exercises, to call a meeting of the Board on his own. Mr. Bachand is an independent Director of the Corporation since March 2014. He is regularly in contact with the other Directors.

Each year, members of the CGNC assess, in camera, the performance of the Board Chair and the members of the HRCC assess the performance of the President and CEO without her being present. The members of the HRCC subsequently review the results with her and the Board. A report is then made, in camera, to the Board and further discussed among Board members. Every year, each Director also assesses the Board Chair's performance. A report is subsequently made, in camera, to the Board and further discussed among Board members.

The Board has developed written position descriptions for the Board Chair, each Committee Chair and the President and CEO. These are included in the Corporation's Corporate Governance Manual. Please consult the manual on Transat's website at [www.transat.com](http://www.transat.com) for a detailed description of the positions of Board Chair as well as President and CEO.

## ORIENTATION AND CONTINUING EDUCATION

The members of the CGNC approved an orientation and continuing education program for new Directors that allows them to individually meet certain executive officers for initiation and information sessions on the corporate activities of the Corporation and its principal subsidiaries. In this context, the new Directors have the opportunity to meet the President and CEO of the Corporation and the presidents of the subsidiaries and receive directly from each of them a presentation on the activities of their respective business units. Each new Director is also asked to review the Corporate Governance Manual, the Charter of the Board, the Charter of each committee and the position descriptions of the Chairman of the Board, the President and CEO, and the Chair of each committee in order to fully grasp the role he or she is expected to play as a Director and a committee member. Extensive documentation on the Corporation is also provided to the Directors in order to enable them to better understand the Corporation and its role and responsibilities. This year, with the arrival of Ms. Tremblay and Mr. Desjardins in January 2022, the CGNC improved the integration process by allowing the new Directors to participate in flash-trainings by videoconferencing with each executive officer totalling eight one-hour blocks over a two-week period. The new Directors received detailed presentation documents before each meeting and were given the opportunity to ask the presenters questions. At the end of the integration process, the new Directors met with the CGNC Chair to share their experience with the integration process, and they were invited to provide him with their evaluation of the continuing education program.

As part of its mandate, the CGNC is also responsible for providing a continuous education program for members of the Board. This program provides Directors with opportunities to develop skills that are essential to their role as a Director at Transat and to ensure that they are up-to-date in their awareness of corporate and industry issues and their duties and responsibilities as Directors. Training sessions facilitated by internal legal and financial advisors and recognized representatives of external organizations on specialized and complex topics related to the Corporation's activities are also provided to Directors to ensure that their knowledge and understanding of the Corporation's business remains current. Occasionally, a presentation on recent trends in corporate governance is delivered to the members of the Board. The Corporation provides Directors with regular reports on its operations and finances. Management periodically briefs the Board with up-to-date industry studies and benchmarking information.

The Corporation was a member of the Institute of Corporate Directors ("ICD") from 2014 to 2020. With the arrival of two new directors, it decided to renew its membership in March of 2022. This membership allows directors to attend any number of ICD events and discuss matters of current interest. The ICD is a not-for-profit professional association representing Canadian member directors and boards operating in the for-profit, not-for-profit and government sectors and promoting directors' professionalism and efficiency by making professional development tools available to them, particularly formal education programs, continuing education activities, certification processes, including the process leading to the ICD.D. designation, information and resources, and networking opportunities. The ICD offers a wide range of tools, resources and services to its members, which allow them to become better directors and contribute to the creation of high-calibre boards. Many of the Corporation's directors are members of the ICD.

The following table presents some of the training activities for Directors that took place in 2021:

Continuing Education for Directors in 2021		
Topic	Presented by	Directors attending
Presentation on the duties of directors	Norton Rose Fulbright	All Directors
Presentation on the directors' responsibility to employees under the various laws and regulations	Fasken	All Directors
Presentation – Competition law in Europe and the regulatory process	Fasken / Gide	All Directors
Presentation on reducing greenhouse gases and decarbonisation	Transat A.T. Inc.	All Directors
Presentation on the composition of the Board and oversight of ESG matters	Norton Rose Fulbright	All Directors
General presentation on the various types of partnerships in the airline industry	Transat A.T. Inc.	All Directors
Presentation on the Large Employer Emergency Financing Facility (LEEFF) program and other available sources of financial assistance	Transat A.T. Inc.	Members of the HRCC and all Directors via the report from the chairperson and the minutes
Presentation on the risks associated with compensation policies and practices	PCI Perrault Consulting	Members of the HRCC and all Directors via the report from the chairperson and the minutes
Presentation on compensation and challenges of the LEEFF program	PCI Perrault Consulting Transat A.T. Inc.	Members of the HRCC and all Directors via the report from the chairperson and the minutes
Presentation – Governance trends	Norton Rose Fulbright	Members of the RMCRC and all Directors via the report from the chairperson and the minutes
Presentation on computer and cybersecurity risks	Marsh Canada Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the chairperson and the minutes
Review of legal risks	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the chairperson and the minutes
Review of financial risks	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the chairperson and the minutes
Review of priority business risks	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the chairperson and the minutes
Review of priority aviation risks	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the chairperson and the minutes
Review of major crises risks	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the chairperson and the minutes

## Part 2 - DIRECTOR COMPENSATION

During the year ended October 31, 2021, annual retainers and attendance fees were paid to the members of the Board who are not employees or permanent executive officers of the Corporation (the “**External Directors**”). Considering the pandemic and the unprecedented crisis that has affected Transat as well as the entire airline industry and tourism in general, the external directors voluntarily accepted to temporarily reduce their compensation and attendance fees by 20% between April 1, 2020 and February 15, 2021. They were imposed once again starting on April 29, 2021, when the Corporation entered into an arrangement with the Government of Canada under the Large Employers Emergency Financing Facility (LEEFF). The arrangement’s restrictions provide that director compensation cannot be higher than that in effect as at May 8, 2020. For the fiscal year 2021, the following terms applied:

Annual Retainer of External Directors	From February 6 to April 28, 2021 (Last revision: August 2018)	From April 1, 2020 to February 15, 2021 and from April 29, 2021 to October 31, 2021
External Director’s base annual retainer	\$50,000 in cash \$35,000 in DSUs, at \$8,750 per quarter	\$40,000 in cash \$28,000 in DSUs, at \$7,000 per quarter
Additional retainer - Chair of the Audit Committee	\$20,000 in cash	\$16,000 in cash
Additional retainer - Other committee chairpersons	\$13,500 in cash	\$10,800 in cash
Additional retainer - Committee members	\$5,000 in cash	\$4,000 in cash
Additional retainer - Lead Director <sup>(1)</sup>	\$25,000 in cash	\$20,000 in cash
Attendance fees:		
Board or committee meeting		
– in person	\$1,500 in cash	\$1,200 in cash
– by conference call	\$1,000 in cash	\$800 in cash

(1) Following Mr. Eustache’s retirement, Mr. Bachand was appointed Board Chair. There has been no Lead Director since that date. As Board Chair, Mr. Bachand continues to receive the additional compensation that he received as Lead Director, but no additional amount.

An External Director can choose to have between 0% and 100% of the annual and additional cash retainers and fees paid in DSUs pursuant to the DSU Plan for External Directors to better link their compensation to the creation of added value for shareholders and other stakeholders. The value of each DSU will be established based on the market price of a Voting Share of the Corporation on the date that such DSU is credited. When External Directors cease serving on the Board, all DSUs credited to their name are redeemed in cash by Transat based on the market price of the issued and outstanding shares of the Corporation at that time.

No DSUs were credited between February 1, 2019 and June 29, 2021, given the trading blackout period then in effect for insiders. The amounts normally payable in DSUs have thus been paid in cash up to June 29, 2021. The fees that each Director may choose to receive in DSUs were paid in DSUs on August 1, 2021, as per the instructions of each Director.

In addition, a special committee in charge of assessing the different strategic options available to the Corporation was established on December 17, 2018. That committee was dissolved on July 13, 2021. Members of this special committee received a special compensation on the following terms during the fiscal year 2021:

Compensation of special committee	From February 6 to April 28, 2021	From April 1, 2020 to February 15, 2021 and from April 29, 2021 to October 31, 2021
Compensation – Chair of the special committee	\$15,000 in cash per month	\$12,000 in cash per month
Compensation – Members of the special committee	\$10,000 in cash per <u>quarter</u>	\$8,000 in cash per <u>quarter</u>
Attendance fees for all special committee members including the Chair	\$1,500 in cash per <u>meeting</u>	\$1,200 in cash per <u>meeting</u>

External Directors are reimbursed by the Corporation for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. In addition, travel privileges are granted to our Directors under the same policy as that which applies to all of the Corporation's employees. The Corporation regularly performs market comparisons of its Directors' compensation.

## TOTAL COMPENSATION OF EXTERNAL DIRECTORS

The following table sets forth the compensation paid to External Directors during the year ended October 31, 2021.

Name	Paid in dollars (\$)		Paid in DSUs (\$)		All other compensation <sup>(4)</sup> (\$)	Total compensation (\$)
	Base annual retainer <sup>(1)</sup>	Attendance fees	Optional conversion <sup>(2)</sup>	Basic awards <sup>(3)</sup>		
Raymond Bachand <sup>(5)</sup>	98,472	81,500	17,000	9,435	608	207,015
Louis-Marie Beaulieu <sup>(6)</sup>	64,408	41,400	6,000	9,435	-	121,243
Lucie Chabot	70,408	39,200	-	9,435	-	119,043
W. Brian Edwards <sup>(5)(7)</sup>	105,807	91,300	-	9,435	-	206,542
Susan Kudzman	64,408	41,600	6,000	9,435	-	121,443
Jean-Yves Leblanc <sup>(5)(6)</sup>	195,366	90,500	-	9,435	-	295,301
Ian Rae	66,206	35,000	-	9,435	-	110,640
Jacques Simoneau <sup>(5)(7)</sup>	104,589	87,500	-	-	179,105	371,194
Louise St-Pierre <sup>(7)</sup>	55,206	37,200	11,000	9,435	-	112,840
Philippe Sureau <sup>(5)</sup>	88,146	80,500	-	9,435	-	178,081

(1) Includes the base annual retainer, the additional retainer as a committee member, paid in cash, and the value of DSUs paid in cash in the first three quarters of fiscal 2021, given the trading blackout period.

(2) Represents the value of the base annual retainer that the Director chose to convert into DSUs upon payment. The optional DSUs were only credited to the Directors' account in the fourth quarter of fiscal 2021, given the trading blackout period for insiders in effect at the time.

(3) Represents the value of the base compensation payable in DSUs. Amounts payable in DSUs for the first two quarters and part of the third quarter were paid in cash due to the trading blackout period. Mr. Simoneau did not receive DSUs since he was acting as interim Chief Financial Officer.

(4) Includes the value of the travel privileges and, for Mr. Simoneau, the compensation paid to him as Chief Financial Officer, which position he held on an interim basis from July 10 to November 14, 2021.

(5) Includes the additional compensation for participating in the special committee established on December 17, 2018, which met 37 times in 2021 before being dissolved on July 13, 2021.

(6) Messrs. Jean-Yves Leblanc and Louis-Marie Beaulieu left the Corporation on December 31, 2021.

(7) Ms. Louise St-Pierre and Messrs. W. Brian Edwards and Jacques Simoneau will not stand for re-election to the Board of Directors at the Meeting.

## TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each External Director, the number and value of Voting Share-based awards outstanding at the end of fiscal year 2021 (at a price of \$4.39 per share).

Name	DSUs outstanding as at October 31, 2020	DSUs granted in 2021	DSUs outstanding as at October 31, 2021	Value as at October 31, 2021 (\$)
Raymond Bachand	45,148	5,716	50,864	223,293
Louis-Marie Beaulieu <sup>(1)</sup>	29,601	3,288	32,889	144,383
Lucie Chabot	18,158	1,963	20,121	88,331
W. Brian Edwards <sup>(2)</sup>	48,287	1,963	50,250	220,598
Susan Kudzman	45,240	3,288	48,528	213,038
Jean-Yves Leblanc <sup>(1)</sup>	29,493	1,963	31,456	138,092
Ian Rae	3,949	1,963	5,912	25,954
Jacques Simoneau <sup>(2)</sup>	21,658	0	21,658	95,079
Louise St-Pierre <sup>(2)</sup>	7,523	4,392	11,915	52,307
Philippe Sureau	25,548	1,963	27,511	120,773

<sup>(1)</sup> Mr. Jean-Yves Leblanc and Mr. Louis-Marie Beaulieu left the Corporation on December 31, 2021.

<sup>(2)</sup> Ms. Louise St-Pierre and Messrs. W. Brian Edwards and Jacques Simoneau will not stand for re-election to the Board of Directors at the Meeting.

## Part 3 – BOARD COMMITTEE REPORTS

### Special Committee Report



Jean-Yves Leblanc  
Committee Chair

Members:

Raymond Bachand  
W. Brian Edwards (is not standing for re-election)  
Jean-Yves Leblanc (retired on December 31, 2021)  
Jacques Simoneau (is not standing for re-election)  
Philippe Sureau

On December 17, 2018, the Board formed a special committee composed only of Independent Directors of the Corporation to generally oversee the process relating to the evaluation of the Arrangement.

For additional details on the committee and its functions, as well as a summary of its actions, please refer to the section entitled “The Arrangement” in the circular dated November 12, 2020, filed with the Canadian Securities Administrators and available on SEDAR ([www.sedar.com](http://www.sedar.com)).

The mandate of the Special Committee ended on July 13, 2021 following two announcements by the Corporation:

- The April 2, 2021 announcement that the Arrangement had been terminated by mutual agreement of Transat and Air Canada on the same date that the parties were advised by the European Commission that it would not approve the transaction;
- The June 21, 2021 announcement that discussions with Mr. Pierre Karl Péladeau concerning the possible acquisition of all of the shares of Transat through his company Gestion MTRHP Inc. had ended.

As of today and since the establishment of the special committee in December 2018, its members have held 105 meetings.

### 2021 HIGHLIGHTS

Within the performance of its duties, the Special Committee regularly acted jointly with Transat’s management. The committee’s main duties and responsibilities over the last year relating, among other things, to the process having led to the approval of the second Arrangement with Air Canada and the termination of the Transaction, are described below:

- Review of several scenarios developed in collaboration with its and the Corporation’s legal and financial advisors in order to preserve the original Arrangement with Air Canada, while considering the risks related to its completion and protecting the Corporation’s activities as a stand-alone entity;
- Make recommendations to the Board with regard to any strategic transaction, including the implementation of the short-term financing with National Bank of Canada and Export Development Canada, the second Arrangement with Air Canada or any other alternative proposal, and supervise any process that it deems appropriate for the purpose of making such recommendations;
- Review of the terms, conditions and other details of a going-private transaction in conjunction with the Arrangement, based on the advice of the Corporation’s legal and financial advisors;
- Oversee the implementation of the Arrangement, including overseeing the due diligence process, the negotiation of the terms and conditions, the granting of the required regulatory approvals and other details related to the Arrangement.



# Audit Committee Report



Lucie Chabot  
Committee Chair

## Members:

Raymond Bachand

Lucie Chabot

Daniel Desjardins

Jean-Yves Leblanc (retired on December 31, 2021)

Jacques Simoneau (is not standing for re-election)

The Audit Committee helps the Board discharge its oversight responsibilities towards shareholders, employees, and all interested parties. Such oversight responsibilities pertain to the financial statements of the Corporation, internal control systems, identification of risks (in collaboration with the RMCRC), the statutory audit of the annual financial statements and compliance with the laws, regulations and codes as established by management and the Board.

For more information on the Audit Committee (including its charter) as well as its powers and mandate, please refer to our Annual Information Form for the fiscal year 2021 available at [www.transat.com](http://www.transat.com).

The three members of the committee are Independent Directors and financially literate within the meaning of the law. Mr. Simoneau stepped down as a member of the Committee on July 9, 2021, at which time he became Interim Chief Financial Officer, as he could no longer be considered independent.

It should be noted that Ms. Annick Guérard attends the meetings of the Committee upon invitation only.

In 2021, the Audit Committee held five meetings, with an attendance rate of 100%.

## 2021 HIGHLIGHTS

Within the performance of its duties, the Audit Committee regularly acts jointly with Transat's management and the external auditors. The committee's main duties and responsibilities over the last year are described below:

- Recommendation to the Board regarding the selection of external auditors and the determination of their compensation for the fiscal year 2021.
- Review of the unaudited quarterly and audited annual financial statements.
- Supervision and monitoring of internal financial control developments and assessment of the internal control measures implemented by management.
- Review of current and potential litigation.
- Review and recommendation of the Corporation's annual budget.
- Review of the Corporation's global risks, including financial risks.
- Review of the corporate and aviation insurance plan.
- Review and recommendation of the 2022-2026 strategic plan.

# Risk Management and Corporate Responsibility Committee Report



Jacques Simoneau  
Committee Chair

## Members:

Lucie Chabot  
Daniel Desjardins  
Susan Kudzman  
Ian Rae  
Jacques Simoneau (is not standing for re-election)  
Philippe Sureau

As of November 2, 2021, the former Risk Management and Corporate Governance Committee was split into two committees and was renamed the Risk Management and Corporate Responsibility Committee. A new committee was created named the Corporate Governance and Nomination Committee to specifically deal with governance and the renewal of Board members.

The RMCRC ensures that the Corporation has a plan with respect to corporate responsibility, risk and sustainability management, periodically reviews the Corporation's practices in these matters and reports thereon to the Board.

The RMCRC's Charter can be promptly provided upon written request and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The six committee members are currently Independent Directors, except for Mr. Simoneau. It should be noted that Ms. Annick Guérard attends the meetings of the Committee upon invitation only.

In 2021, the RMCRC held seven meetings, with an attendance rate of 95%.

## 2021 HIGHLIGHTS

The committee's main duties and responsibilities over the last year are described below:

- Comprehensive review of all risks and reprioritization of risks, as a result of the COVID-19 pandemic.
- Review of risks related to the Corporation's ability to continue as a going concern, environmental risks, reputational risks, financial risks, commercial risks, aviation risks, human resource risks, operational risks and information technology and cybersecurity risks.
- Monitoring of Directors' liability in the event of a run-off acquisition.
- Review of corporate, aviation and directors' insurance plans.

# Corporate Governance and Nomination Committee Report



Raymond Bachand  
Committee Chair

## Members:

Raymond Bachand  
Lucie Chabot  
Susan Kudzman  
Ian Rae  
Louise St-Pierre (is not standing for re-election)

The CGNC is responsible for the Corporation's approach to corporate governance, identifying and proposing new qualified nominees to the Board, assessing directors on an on-going basis, reviewing and making recommendations to the Board as to all such matters.

The CGNC's Charter can be promptly provided upon written request and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The five committee members are currently Independent Directors. It should be noted that Ms. Annick Guérard attends the meetings of the Committee upon invitation only.

For the fiscal year ended October 31, 2021, the CGNC did not hold any meetings as it was created on November 2, 2021. However, under the supervision of the RMCRC, Mr. Bachand acted as Chair for all governance matters (Mr. Simoneau acting as interim Chief Financial Officer). Many decisions were made regarding the renewal of the Board in order to adopt certain sound governance practices, both by the RMCRC and the CGNC since its creation.

## 2021 HIGHLIGHTS

The committee's main duties and responsibilities over the last year are described below:

- Board Evaluation with the help of PCI.
- Review of the directors' skills matrix.
- Review of governance trends.
- A maximum term of 12 years was added to the mandatory retirement age limit of 75 years of age for the term limits of directors.
- Review of the ongoing Board renewal process and the recruitment of four new members, with the support of Spencer Stuart.
- Review of the director education process.
- Review of charters of the Board and its committees.
- Review of the Corporate Governance Manual.
- Diversity: a new gender diversity objective to achieve parity on the Board and a target number of women officers of 40%.

# Human Resources and Compensation Committee Report



Susan Kudzman  
Committee Chair

## Members:

W. Brian Edwards (is not standing for re-election)  
Susan Kudzman  
Louise St-Pierre (is not standing for re-election)  
Julie Tremblay

The HRCC is responsible for establishing the policies regarding the compensation of executive officers, the development and training of their successors, and any human resource issues. It continuously supervises the implementation of compensation policies with non-unionized employees.

The HRCC Charter can be quickly provided on written request and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

A majority of the four members of the HRCC are Independent Directors. No executive officer of the Corporation serves as a Director or a member of the compensation committee of another issuer, one of whose executive officers also serves as a member of the Board or the HRCC. It should be noted that Ms. Annick Guérard attends the meetings of the HRCC upon invitation only and withdraws from the meeting upon request or if matters relating to her are discussed.

In 2021, the HRCC held ten meetings, with an attendance rate of 100%.

## 2021 HIGHLIGHTS

The committee's main duties and responsibilities over the last year are described below:

- Decision to freeze salaries in 2021 given the effects of the pandemic on the Corporation.
- Decision to end the voluntary salary reduction of the Corporation's management and Directors.
- Approval to maintain Transat's registration for the Canada Emergency Wage Subsidy program (CEWS). The majority of the employees laid off due to the pandemic have chosen to benefit from the CEWS, thereby allowing them to maintain their employment relationship and limit the number of dismissals.
- Approval of additional retention measures in response to longer than anticipated timelines surrounding the Arrangement with Air Canada.
- Approval of a cash bonus payable three years after being granted to replace the Voting Share-based grants or Options that cannot be granted due to the compensation restrictions imposed by the LEEFF loan.
- Approval of the payment of various time banks to employees.
- Examination of the executive compensation restrictions imposed by the LEEFF loan and analysis of impacts and risks.
- Examination of the compensation philosophy, policies and mechanisms of the executive officers.
- Appointment of executive officers and corresponding changes to their compensation to ensure that they are appropriate in relation to both internal and external benchmarks.
- Examination, with the President and Chief Executive Officer, of the proposed major changes to the organization or human resources.
- Definition of the executive officers' objectives for the next year.

- Examination of the performance of the President and Chief Executive Officer, and recommendation of the terms of her compensation to the Independent Directors of the Board for approval.
- Examination, with the President and Chief Executive Officer, of the performance of the other executive officers and proposals regarding the amounts to be paid to executive officers under the short-term incentive plan.
- Examination of the proposed amendments to the total compensation policy or to certain specific programs, and renewal of the annual compensation policy applying to all employees.
- Recommendation to the Board of the total compensation programs structure for officers, including the conditions relating to their retirement and dismissal.
- Annual review of the employee pension fund yields as well as development and presentation of recommendations to the Board for approval.
- Analysis of the potential risks associated with the compensation plans.
- Examination of the budget proposals for salary reviews and salary scale increases for all employees.
- Follow-up on the results of the advisory vote on compensation obtained at the annual general meeting of shareholders and the comments relating thereto received from the shareholders.
- Examination of the requirements regarding shareholding value, compliance with those requirements by the executive officers and Directors, and follow-up on the provisional measures if the requirements were not met.
- Approval and preparation of the disclosure content regarding the compensation paid to the most senior executive officers and the members of the Board via the Management Proxy Circular.
- Evaluation of the services rendered by the consultant retained regarding senior executive compensation and review of its independence.
- Update of the status of labour relations and collective bargaining.
- Annual evaluation of its performance together with the RMCRC, including an examination of the appropriateness of its charter.
- Examination of succession planning for senior executives.
- Presentation of a report to the Board on its activities at each regularly scheduled meeting of the Board.

Please read the section on **“Executive Officer Compensation Discussion and Analysis”** for a detailed discussion of our compensation philosophy as well as the NEO compensation programs and policies. All members of the HRCC fully understand the principles and policies underlying the compensation decisions made by an organization of the Corporation’s size acquired through direct experience relevant to their responsibilities in executive compensation, and possess the skills and experience needed to make informed decisions on the suitability of the Corporation’s policies and practices. More specifically, each Committee member has held a number of executive management roles, in most cases as Chief Executive Officer of companies where the human resources department was reporting to them. For a detailed description of the positions held by the committee members, please refer to the Director profiles in the section entitled **“Proposed Nominees”** in this Circular.

## Part 4 - EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS

### USUAL COMPENSATION APPROACH AND OBJECTIVES

In this Circular, the term “**executive officers**” refers to the officers holding Level 1 to 6 positions in Transat’s salary classification. For information purposes, there were seven executive officers on October 31, 2021, namely: Joseph Adamo, Michèle Barre, Bernard Bussi res, Annick Gu rard, Christophe Hennebelle, Bruno Leclaire and Jean-Fran ois Lemay.

The term “**Named Executive Officers**” or “**NEOs**” refers to the persons who held the positions of President and CEO or Vice-President, Finance and Administration and Chief Financial Officer in fiscal 2021, and the three other most highly compensated executive officers of the Corporation and its subsidiaries. For fiscal 2021, the Named Executive Officers are Jean-Marc Eustache, Annick Gu rard, Denis P trin, Jacques Simoneau, Jordi Sol , Jean-Fran ois Lemay and Bernard Bussi res.

The usual purpose of the Corporation’s executive compensation policy is to provide competitive overall compensation commensurate with the Corporation’s performance. It seeks to attract the most competent people and keep them motivated and committed, in the interest of all the Corporation’s shareholders and other stakeholders. Thus, the aim is to position the fixed compensation at the median of its reference market. The variable compensation elements are designed so that their value varies according to the organization’s performance in order to control the costs when the Corporation does not meet its goals and to reward the executive officers commensurate with the organizational goals achieved and the Corporation’s financial performance to align with the interests of shareholders.

The usual guiding principles for executive officer compensation are the following:

Performance-based	Competitive Compensation	Alignment with the Shareholders’ Interest
<p>Most of the compensation programs are designed so that the compensation granted or paid is based on the overall performance of the Corporation.</p> <p>Indeed, the Corporation’s strategy is to maximize the relationships and the cooperation between its subsidiaries. Therefore, it is deemed important that the compensation programs incorporate this principle.</p>	<p>It is crucial for the Corporation to offer its executive officers competitive compensation to attract the best talent and maintain their loyalty.</p> <p>In the competitive context in which the Corporation conducts its operations and in preparing the succession of key executive officers, this guiding principle is essential.</p> <p>The Corporation, in collaboration with independent external advisors, periodically reviews the nature of the compensation programs and their potential value.</p> <p>The Corporation ensures that, on the whole, the value of overall compensation remains competitive in comparison with the practices of comparable companies and the practices of public companies in general.</p>	<p>Several programs of the overall compensation seek to establish a direct correspondence between the interests of the shareholders and the interests of the officers, namely:</p> <ul style="list-style-type: none"> <li>■ the Voting Share-based awards; and</li> <li>■ the long-term programs linked to the value created for all shareholders.</li> </ul> <p>Equity-based compensation as a proportion of overall annual compensation increases with the level of the position, thus strengthening the alignment of the officers’ interests with those of the shareholders.</p>

## EVENTS THAT INFLUENCED COMPENSATION DECISIONS

The very particular context in which the Corporation has been evolving since 2019 has had a considerable impact on the compensation decisions that have been made.

### **Potential transaction with Air Canada**

In light of the potential transaction with Air Canada, the Corporation and the employees involved in this major project were subjected to a trading blackout period prohibiting them from trading the Corporation's shares, a period that was gradually imposed starting in early 2019 and finally lifted on June 29, 2021. The Corporation was forced to suspend its voting share-based and option-based incentive plans during that period. In addition, an employee retention policy for executive officers and other key employees of the Corporation had also been implemented. The "Employee Retention Policy" is described below.

### **Large Employer Emergency Financing Facility (LEEFF)**

On April 29, 2021, the Corporation entered into an Arrangement with the Canadian government under the Large Employer Emergency Financing Facility (LEEFF) to secure a loan that would be used, among other things, to finance the Corporation's business resumption activities in the context of the pandemic. The conditions imposed under this Arrangement provide that NEO compensation cannot exceed the total compensation for fiscal 2019, regardless of changes in responsibilities or promotions since 2019, or \$1,000,000 if the NEO did not work for the Corporation in fiscal 2019. For this purpose, total compensation means the total compensation appearing in the Summary Compensation Table of the 2019 Management Proxy Circular, not including the value of the pension plan and the value of severance amounts paid, but taking into account the 12-month period ending 90 days after the fiscal year end for short-term incentive programs and share-based or option-based awards. As the trading blackout period was in effect, the Corporation was not authorized to, and did not, award any Voting Shares or Options in fiscal 2019. A table showing the Corporation's compliance with the compensation restrictions is presented below.

### **Effects on compensation**

In this very particular context, cash bonuses were awarded instead of LTIP awards in 2019, 2020 and 2021. These bonuses are payable three years after being awarded, without performance criteria for the 2019 and 2020 bonuses. Bonuses for 2021 are entirely conditional on the performance criteria being met by executive officers, including NEOs, and partially conditional in the case of other eligible employees. Participation in the permanent stock ownership incentive plan was suspended. The employer's contribution was replaced with cash payments, a practice that was maintained until December 31, 2021. Lastly, the exceptional bonuses provided for in the employee retention policy that was implemented in fiscal 2019 then expanded to include a larger number of employees in fiscal 2020 and 2021 as a result of the timeframe required to obtain regulatory approvals for the Arrangement and the pandemic itself were, for the most part, paid in April 2021 after the Arrangement agreement was terminated. The remaining amount was paid in October 2021. The portion of these bonuses that pushed some of the NEOs beyond the limit permitted under the LEEFF loan was reimbursed by the NEOs in question.

### **Employee retention policy**

In the context of the Arrangement, the HRCC recommended and the Corporation approved the adoption of the retention policy for the benefit of executive officers and other key employees of the Corporation.

The purpose of the employee retention policy was to retain, encourage and reward executive officers and other key employees to (i) protect Transat's brand by pursuing business as usual until the completion of the Arrangement and to ensure the continuity of the Corporation if the transaction is terminated; (ii) actively contribute to the completion of the Arrangement under the best conditions possible and in a timely manner; and (iii) replace long-term incentive grants which would otherwise have been made to Executive Officers and senior management of the Corporation in the normal course of business.

The employee retention policy was therefore based on the following measures and principles.



**Principles of the usual compensation in the context of the transaction:**

- The value of the long-term incentive awards already granted was taken into consideration and considered as the core of the retention plan for employees who had been granted such incentives.
- The 2019 and 2020 long-term incentives (RSUs, PSUs and Options), which could not be granted because of the trading blackout period in effect, were replaced with replacement bonuses for a value of \$4,700,000 in 2019 and \$5,500,000 in 2020 (subject to currency variations in certain cases). These bonuses are not subject to any performance criteria. The 2019 bonuses were payable three years from the date they were awarded or on the closing of the Arrangement (depending on which occurs first), whereas the 2020 bonuses are payable three years after the date they were awarded without acceleration at the closing of the Arrangement. The amount of this bonus, established at the time of grant, is equal to the target value of the grant that would have been made, were it not for the trading blackout.
- Special bonuses were awarded to employees whose RSUs were to be cancelled in January 2020 and January 2021, in order to maintain the retention effect of those instruments. In January 2020, bonuses with a value of \$4,080,000 were awarded. The major portion of this amount, namely \$3,400,000, was to be paid upon completion of the Arrangement, while the remaining amount was to be paid six months later. The bonuses awarded in January 2021, with a value of \$733,000, were to be entirely paid upon completion of the Arrangement. In both cases, in accordance with the stipulated provisions, the special bonuses were cancelled and no amount was paid thereunder, seeing as the transaction was not completed.

**Principles of the supplemental measures to ensure retention in connection with the transaction:**

- Cash bonuses, with a value of \$4,500,000 were awarded to employees participating in the Arrangement and/or deemed key to the continuation of operations. In the latter case, the bonus amount was factored in the sum of the existing long-term incentives and replacement bonus, if any. Out of that amount, bonuses granted to NEOs represented \$375,000, \$125,000 of which were paid on October 31, 2019. The remaining bonuses were paid in fiscal 2021 after the Arrangement agreement with Air Canada was terminated.
- A severance policy, valid for 18 months after the closing of the Arrangement, was approved for all employees, with amounts in line with previous practices of the Corporation. The policy provided for improved amounts for certain levels and short-tenured employees in the event of loss of employment in certain circumstances, so as to facilitate their retention. The amount was also increased for certain key employees, depending on outstanding long-term incentives. The Corporation suspended the application of this severance policy on June 28, 2020 with respect to layoffs attributable to the impact of the COVID-19 pandemic on Transat. This policy, which was explicitly implemented in 2019 in the context of a potential change of control, ended on April 2, 2021, after the Arrangement agreement with Air Canada was terminated. However, the severance benefits contractually guaranteed to certain key employees remain in effect.

**Compliance with LEEFF compensation restrictions**

The following table shows the Corporation's compliance with the compensation restrictions imposed under the LEEFF loan.

Name	Salary	Other compensation	Total compensation for 2021	Maximum authorized compensation <sup>(2)</sup>
	(\$)	(\$)	(\$)	(\$)
Annick Guérard	540,132	138,733	678,865	678,865
Jacques Simoneau	179,105	192,089	371,194	1,000,000
Jordi Solé	383,302	153,010	536,312	748,198
Jean-François Lemay <sup>(1)</sup>	431,618	122,461	554,079	554,070
Bernard Bussi�res	340,969	151,826	492,795	492,795

Name	Salary	Other compensation	Total compensation for 2021	Maximum authorized compensation <sup>(2)</sup>
	(\$)	(\$)	(\$)	(\$)
Jean-Marc Eustache	494,194	81,005	575,199	994,257
Denis Pétrin	295,353	206,164	501,517	574,759

(1) A \$9 discrepancy was noted for Mr. Lemay but is considered immaterial.

(2) NEO compensation cannot exceed the total compensation for fiscal 2019, regardless of changes in responsibilities or promotions since 2019, or \$1,000,000 if the NEO was not employed by the Corporation in fiscal 2019.

## **Changes within executive management**

### **Departure of Mr. Jean-Marc Eustache**

On May 26, 2021, the Corporation announced that Mr. Jean-Marc Eustache would be retiring as Board Chair as well as President and CEO. While he did not receive any severance pay, Mr. Eustache did immediately receive the value of the pension benefits he had accumulated over the course of his 42 years of service with the Corporation, of which he is one of the founders. The actuarial value of the benefits legally due to him were calculated in accordance with his pension agreement. The corresponding payment had no impact on the Corporation's free cash, as over the years the Corporation had already pledged an amount covering this sum as part of the amounts pledged in support of all its irrevocable letters of credit, taken from time to time as part of its regular business activities. With the payment of this lump sum, the amount of these letters of credit and security amounts has been reduced accordingly, as disclosed in the Management's Discussion and Analysis of the Corporation for the fiscal year ended October 31, 2021.

### **New President and CEO**

Ms. Annick Guérard was appointed President and CEO of the Corporation on May 27, 2021, after Mr. Eustache retired. Prior to that, she was Chief Operating Officer of the Corporation.

Her compensation was revised to reflect her new responsibilities, although this new amount has not in fact been applied due to the compensation restrictions imposed under the LEEFF loan. Her new compensation arrangements will only fully come into force on November 1<sup>st</sup> of the fiscal year in which the LEEFF loan is repaid.

Her compensation arrangements as Chief Operating Officer of the Corporation therefore remain in force. However, a new pension agreement was approved in February 2022 and will take effect on May 27, 2022, under which agreement her revised base salary is taken into account for service credited after her appointment. The earlier agreement remains in force for the credited service dating prior to her appointment, the Corporation reserving the right to transfer years of credited service under the former agreement to the new one. In the event of an involuntary departure or employment termination due to a change of control, her compensation arrangements as President and CEO would be used to calculate the benefits payable.

	Compensation in effect	Compensation as President and CEO currently not applied <sup>(1)</sup>
<b>Base salary</b>	\$553,574	\$825,000
<b>STIP</b> (minimum/target/maximum as % of base salary)	0/50/100%	0/100/200%
<b>PSU</b> (par value as % of base salary)	65%	85%
<b>Options</b> (notional par value as % of base salary reported at the price of the underlying shares)	60%	75%
<b>Transaction Plan</b> (as % of base salary)	10%	10%
<b>Perquisites</b> (as % of base salary)	9%	8%
<b>Pension plan</b>	See “PENSION PLAN BENEFITS”	
<b>Severance pay upon termination of employment</b>	24 months of base salary and STIP on target for 12 months (taking into account her base salary and target bonus as President and CEO)	

(1) The revised compensation of Ms. Guérard as President and CEO is not in effect owing to compensation restrictions imposed under the LEEFF loan.

### New Chief Financial Officer

Mr. Patrick Bui was appointed Chief Financial Officer on November 15, 2021. As such, his compensation was established as follows:

Compensation in effect	
<b>Base salary</b>	\$443,000
<b>STIP</b> (minimum/target/maximum as % of base salary)	0/50/100%
<b>PSU</b> (par value as % of base salary)	45%
<b>Options</b> (notional par value as % of base salary reported at the price of the underlying shares)	37.5%
<b>Transaction Plan</b> (as % of base salary)	10%
<b>Perquisites</b> (as % of base salary)	9%
<b>Pension plan</b>	SEE “PENSION PLAN BENEFITS”
<b>Severance pay upon termination of employment</b>	24 months of base salary and twice the annual average of incentives awarded as an annual bonus throughout his employment or the two most recently completed fiscal years, whichever period is the shortest

As an incentive to join the Corporation as Chief Financial Officer and to offset the variable compensation at his former job that he was relinquishing, an exceptional grant of 150,000 Options at an exercise price of \$4.61 was awarded on October 21, 2021. These Options will become fully vested on the third anniversary of his start date, and will expire on October 20, 2028. The fair value of the Options is obtained by multiplying the number of Options granted by their value established using the Black-Scholes model.

Additionally, two exceptional grants of \$235,000 payable no later than on January 31, 2023 and January 31, 2024, respectively, provided he is still with the Corporation on these dates were made to him for the purposes of offsetting the compensation cancelled by his former employer upon his departure.

### Departure of Mr. Jean-François Lemay/hiring of Marc-Philippe Lumpé

In the fall of 2018, the Corporation announced the departure of Jean-François Lemay. However, the Arrangement and pandemic having considerably changed the context in which the Corporation operates, it was deemed appropriate to delay his departure. He is now expected to step down as President and General Manager of Air Transat between April 30 and July 31, 2022. He will be receiving the severance pay provided for in his employment agreement, the details of which are presented under the heading “Termination of Employment and Change of Control Benefits.” Last February 23, the

Corporation announced the hiring of Mr. Marc-Philippe Lumpé to replace Mr. Lemay. He is scheduled to start on June 1, 2022.

## RISKS RELATING TO COMPENSATION AND HUMAN RESOURCES

Each year, the HRCC reviews and approves the Corporation's compensation policies and practices, taking into consideration any risks associated therewith, as well as each compensation component.

As part of this review, it was determined that the risks related to human resources and compensation were low given the mitigation measures that were implemented: salary surveys, specific analyses of the salary positioning of employees and executives in terms of succession planning or critical positions, review of the short- and long-term incentives so as to reflect the compensation restrictions imposed under the LEEFF loan, analysis of the issues related to attracting and hiring employees, and exit interviews to determine whether they are a result of compensation. Normally, all of these measures facilitate recruiting, reduce the risk that key employees will leave the Corporation, and ensure that the succession risk regarding executive officers and the organization's key positions as well as the risk specific to compensation (the inability to recruit or retain executives due to compensation, paying above-market compensation or having compensation not in line with the shareholders' interests) are neutralized to the greatest extent possible. In the specific context of the Arrangement, adequate measures have been implemented in order to reduce employee retention risks in connection with the Arrangement, especially while the Corporation was awaiting the regulatory authorizations required to conclude the Arrangement. Retention policies based on compensation, among other things, have been implemented in order to retain talent. So far, these measures have proven to be effective, despite the precarious circumstances in which the Corporation finds itself as a result of the pandemic. For more information on this policy, please refer to the section entitled "**Employee Retention Policy.**"

The situation and turbulence caused by the pandemic have considerably affected perceptions of our industry, which means the Corporation could become more vulnerable in terms of attracting and retaining talent, creating a potential risk. Furthermore, the extended length of the layoffs within certain groups of employees could potentially reduce the rate of favourable responses to a recall to work, shrinking the Corporation's labour pool.

Additionally, the usual compensation policies and programs have been partially suspended in the context of the Arrangement. Share-based plans have been replaced by cash bonuses owing to the trading blackout implemented in 2019, 2020 and part of 2021. The compensation restrictions imposed under the LEEFF loan provide that compensation may not exceed the compensation disclosed for fiscal 2019, even in the event of a promotion, or a million dollars for NEOs hired after the LEEFF loan's execution. Compensation being limited to 2019 levels and taking on a form different than our usual practices owing to the Arrangement, the Corporation is required to refrain from making share-based grants, a situation that could give rise to significant challenges as regards retaining its executive officers. Given this context, the Corporation has made all necessary efforts to minimize the impacts of the LEEFF loan on compensation so as to promote mobilization and retention. The 2022 STIP and the 2021 and 2022 LTIP were designed to support this objective while ensuring that the variable compensation that is subject to the satisfaction of non-financial criteria remain relatively modest. Lastly, the link between the compensation of NEOs and the Corporation's performance does not raise any particular concern, given the pandemic's impact on the airline and tourism industries.

The Corporation's insider trading guidelines include a provision prohibiting the participation in a hedging transaction that could reduce or limit the economic risk associated with Transat shares or other securities held by an insider or the rights held by an insider in the shares, including, without limitation, options, DSUs, RSUs, PSUs, or other Transat securities. The prohibited transactions include the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, call options, put options and other derivatives designed to hedge or offset a decrease in the market value of Transat's equity securities.



**THE MITIGATION MEASURES PUT IN PLACE ATTENUATE THE RISKS ASSOCIATED WITH COMPENSATION AND HUMAN RESOURCES THAT ARE LIKELY TO HAVE A MATERIAL ADVERSE EFFECT ON THE CORPORATION'S BUSINESS.**

## COMPARISON GROUP

The comparison group is used to establish a total target compensation for executive officers that is positioned at the median of the group.

The comparison group was revised in December 2017 to reflect the Corporation's current situation. The following criteria are used to select companies to be part of this comparison group:

- size in terms of revenues (from 0.25 to 4.0 times Transat's revenues);
- sector of activity that is similar or has similarities, namely consumer discretionary in general, air transportation or other types of transportation, distribution and retail sectors; and
- head office in the province of Quebec.

The following table shows the comparison group (in effect since 2018), which comprises 19 corporations. No longer a public company, WestJet Airlines Ltd. was removed from the comparison group in fiscal year 2020.

Company	Comparable size	Sector of activity			Head office in Quebec
		Consumer Discretionary	Air transportation	Distribution and retail	
Air Canada Inc.			X		X
Aimia Inc.		X			X
AutoCanada Inc.	X	X		X	
BMTC Goup. Inc.	X	X		X	X
BRP Inc.		X			X
Cascades Inc.	X				X
Chorus Aviation Inc.	X		X		
Cineplex Inc.	X	X			
Cogeco Communications Inc.	X	X			X
Corus Entertainment Inc.	X	X			
Dollarama Inc.	X			X	X
Great Canadian Gaming Corp.	X	X			
Metro Inc.				X	X
Québecor Inc.	X	X			X
Richelieu Hardware Ltd.	X	X		X	X
TC Transcontinental Inc.	X				X
TFI International Inc.	X				X
The North West Company Inc.	X			X	
Uni-Sélect Inc.	X			X	X

The following table sets forth, for information purposes, some of Transat's financial data compared with the median of the comparison group. Given the pandemic and the ensuing unprecedented crisis, last year's data is not representative of performance, which makes it difficult to compare it against the comparison group.

In millions of \$	Revenues	IBITDA	Market Capital	Employees
Transat – as at October 31, 2021	125	(214)	166	2,100 <sup>(1)</sup>
Transat – as at October 31, 2020	1,302	(122)	176	1,785 <sup>(2)</sup>
Comparison Group <sup>(3)</sup>	2,577	412	1,601	8,500

(1) Number of active employees as at October 31, 2021. The average number of active employees for fiscal 2021 was about 1,457.

(2) Number of active employees as at October 31, 2020. The average number of active employees for fiscal 2020 was about 3,175.

(3) Data collected in 2021.

The HRCC reviews the composition of our comparison group as needed and updates the total compensation data from this group. It reviews the positioning of the compensation of the Corporation's executive officers within the comparison group as needed to ensure that it remains coherent with the objective of reaching the median, particularly in view of the evolution of the group's compensation practices and the market in general, and the Corporation's relative financial results.

The HRCC also reviews general compensation surveys to compare the Corporation's compensation policies with the generally accepted practices for public companies.

## EXTERNAL ADVISORS

Since 2006, the HRCC has retained the services of PCI to advise it on corporate governance and executive compensation. PCI reports to the HRCC. Although the advisors from this firm contribute to the Committee's discussions by their expertise and knowledge of compensation and of Transat, the decisions are made by the HRCC, which remains accountable and may consider factors other than those raised by PCI.

Occasionally, this firm is solicited by other committees of the Board and by executives to perform work other than what was mandated by the HRCC. PCI performs such work only with the pre-approval and concurrence of the HRCC.

During fiscal year 2021, PCI performed work concerning executive officer compensation, including in connection with Ms. Annick Guérard's promotion to President and CEO and also with respect to the employee retention policy and executive compensation in the context of the compensation restrictions under the LEEFF loan. PCI also assisted the Corporation in its assessment of the risks relating to its compensation policies and programs.

PCI's services were also solicited by the RMCRC for the purpose of the Board's assessment process, as described in the section titled "**Performance Assessment.**"

The total fees paid to PCI for the services rendered in 2020 and 2021 are as follows:

	HRCC	RMCRC	CGNC <sup>(1)</sup>	Management	Total
<b>2021</b>	\$103,892	\$5,728	n/a	\$0	\$109,620
<b>2020</b>	\$31,620	\$8,053	n/a	\$0	\$39,673

(1) The Corporate Governance and Nomination Committee was established on November 2, 2021. It therefore did not yet exist in fiscal 2021.

## USUAL TOTAL COMPENSATION COMPONENTS

The following table summarizes the usual components of the global compensation policy of the executive officers.

It is common to use many variable compensation plans in publicly traded companies that are similar in size to Transat. The variety of plans allows for a better balance of the plans whose vesting occurs over time (the option- or share-based plans encourage the retention of eligible employees and share price increase) and those whose vesting is subject to performance targets (encouraging operating performance in addition to share performance, and its effects on retention). The STIP and the PSUs are based on performance, whereas the Options and the Transaction program are based on the passage of time as well as share price.

It is also important to link compensation to different time horizons in order to promote a sustained performance over the short-, mid- and long-term. The STIP encourages short-term performance, whereas the PSUs and the Transaction program are based more on mid-term performance, and Options are oriented over a longer term.

Usual compensation components		Objectives	Compensation period	Criteria
FIXED	Base Salary	<ul style="list-style-type: none"> <li>Recognize the level of responsibility, competencies and contribution to the Corporation's results</li> <li>Attract, retain and motivate</li> </ul>	Ongoing	Level of the position, competencies, individual contribution and reference market
	Benefits (group insurance)	<ul style="list-style-type: none"> <li>Cover the executive and his family adequately (illness, dental, disability, death)</li> </ul>	Ongoing	According to the competitive market data; some directly related to the salary
	Perquisites	<ul style="list-style-type: none"> <li>Facilitate access to certain services to favour prioritization of the Corporation's business</li> </ul>	Ongoing	Level of the position
	<b>Retirement Plans:</b> <ul style="list-style-type: none"> <li>Defined Contribution Plan (DC)</li> <li>Executives defined benefit pension plan (DB)</li> <li>Individual retirement account (IRA) and 401(k) (in the United States) <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Encourage long-term commitment of the executive by contributing to retirement income</li> </ul>	Ongoing	Level of the position
VARIABLE	<b>Short-term incentive opportunity</b> <ul style="list-style-type: none"> <li>Short-term incentive plan ("STIP")</li> <li>Hotel division bonus plan</li> </ul>	<ul style="list-style-type: none"> <li>Achieve and exceed annual corporate financial and strategic goals</li> </ul>	1 year	Transat ANI Strategic cost control and reduction objectives related to the business plan
	<b>Special Bonus for Executive Officers</b>	<ul style="list-style-type: none"> <li>Achieve and sustain exceptional performance</li> </ul>	Payment spread over 3 years	Transat ANI
	<b>Mid- to long-term incentive opportunity</b> <ul style="list-style-type: none"> <li>Permanent stock ownership incentive plan (Transaction program)</li> </ul>	<ul style="list-style-type: none"> <li>Support the achievement of shareholding guidelines</li> </ul>	3 years	Individual level of investment
	PSUs <sup>(2)</sup>	<ul style="list-style-type: none"> <li>Increase share price</li> <li>Encourage share ownership</li> <li>Achieve the Corporation's medium-term financial goals</li> <li>Promote retention through vesting conditions (3 years)</li> </ul>	3 years	Transat ANI Total shareholder return
	Options <sup>(2)</sup>	<ul style="list-style-type: none"> <li>Encourage share ownership</li> <li>Increase share price</li> <li>Promote retention through vesting conditions (3 years)</li> </ul>	7 years	Transat share price

<sup>(1)</sup> The 401(k) was introduced in January 2019. Prior to that, an individual retirement account was in place.

<sup>(2)</sup> The 2019, 2020 and 2021 PSU and Option grants were replaced by a cash bonus payable three (3) years after being granted or upon the closing of the Arrangement if the closing were to occur before the end of the three-year period for the 2019 bonus. The 2019 and 2020 bonuses are not subject to any performance criteria. For 2021, the entire LTIP awards replacement bonus is linked to performance criteria for NEOs and other executive officers. For the other eligible employees, 25% is variable.

Details on each NEO compensation component are provided on the following pages.

### **Base Salary**

For the purposes of internal equity, our senior management positions are first evaluated and classified into different salary grades based on responsibilities, qualification requirements and other conditions specific to each position. The senior management positions are then compared to other similar senior management positions in corporations making up our comparison group, and the salary data gathered are then analyzed to establish the median salaries in the market. Salary



scales with minimums and maximums are then developed based on the average of the market medians. Finally, the individual incumbents' salaries are positioned in the scales according to their competencies and experience in the position.

Usually, the scales are reviewed annually according to the market movements. Individual salaries are usually revised annually, depending on the evaluation of the contribution to the Corporation's results and the evolution of the incumbent's competencies, as well as his positioning in the salary scale. The executive officers' base salaries are reviewed by the HRCC, usually in the first quarter of each fiscal year.

As the Corporation froze salaries in fiscal 2021, the salaries were not reviewed on January 1, 2021. On January 1, 2022, Mr. Bussi res' base salary was increased by 3%. No salary increase was given to any other NEO. The following table summarizes the situation.

	Salary	Revision as at January 1, 2021		Revision as at January 1, 2022	
	(Nov. 1, 2020) <sup>(1)</sup>	(%)	Revised Salary <sup>(2)</sup>	(%)	Revised Salary
Annick Gu�rard <sup>(3)</sup>	\$553,574	0%	\$553,574	0%	\$553,574
Jacques Simoneau <sup>(4)</sup>	n/a	n/a	n/a	n/a	n/a
Patrick Bui <sup>(5)</sup>	n/a	n/a	n/a	n/a	\$443,000
Jean-Fran�ois Lemay	\$442,860	0%	\$442,860	0%	\$442,860
Bernard Bussi�res	\$349,850	0%	\$349,850	+ 3.0%	\$360,345
Jean-Marc Eustache <sup>(6)</sup>	\$922,130	0%	\$922,130	n/a	n/a
Denis P�trin <sup>(4)</sup>	\$442,860	0%	\$442,860	n/a	n/a
Jordi Sol� <sup>(7)</sup>	US\$257,500	0%	US\$257,500 (US\$331,350)	n/a	n/a

<sup>(1)</sup> From March 22, 2020 to December 31, 2020, in response to the pandemic and the unprecedented crisis in the travel industry, Mr. Eustache voluntarily agreed to reduce his base salary by 20%, while that of the other NEOs was voluntarily reduced by 15%.

<sup>(2)</sup> No NEOs received a salary increase on January 1, 2021.

<sup>(3)</sup> On May 27, 2021, Ms. Gu rard was appointed President and CEO of the Corporation. Her base salary was then revised to \$825,000, but was not paid to her owing to the compensation restrictions imposed under the LEEFF loan. This salary will only apply as of November 1 of the year in which the loan will be repaid.

<sup>(4)</sup> Mr. P trin left the Corporation on July 9, 2021. To provide continuity of financial management, Mr. Simoneau, Independent Director, signed an agreement as external consultant to the Corporation for the purposes of acting as interim Chief Financial Officer of the Corporation from July 10, 2021 to November 14, 2021.

<sup>(5)</sup> Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021. He was therefore not an NEO in 2021, but will be in 2022.

<sup>(6)</sup> Mr. Eustache left the Corporation on May 26, 2021.

<sup>(7)</sup> Mr. Sol  left the Corporation on August 31, 2021, following the decision not to pursue the development of the hotel division. Under his employment agreement, Mr. Sol 's base salary is expressed in US dollars and in net value after tax. The amounts in brackets represent the approximate value of Mr. Sol 's gross salary before tax. The amount in US dollars was converted into Canadian dollars using the rate of exchange as at January 1, 2021, which was US\$1 = \$1.2730.

## **Employee Benefits Program**

The Canadian group insurance plan includes life insurance, medical insurance, dental insurance and disability insurance. This plan is designed to provide adequate protection to executive officers and their families in the event of death, disability, illness, etc. The design of the group insurance plan is based on four (4) guiding principles: financial security, flexibility of choice, simplicity and control of the increase in costs. No change was made to Transat's group insurance plan in 2021.

Mr. Sol  had a plan offering similar protections in the United States.

## **Perquisites Program**

The perquisites program provides for the allocation of a dollar value expressed as a percentage of the base salary (which varies between 8% and 10%, according to the position held), in order to cover certain business expenses. This amount is granted instead of any other allowance that could be paid or any reimbursement that could be made, such as an automobile allowance, reimbursement of club membership fees, reimbursement of financial services fees, etc. Transat's total

compensation policy provides that the dollar value of perquisites should be close to the comparative market median. No change was made to the Corporation's perquisites program during fiscal year 2021.

Mr. Solé was not entitled to participate in this perquisites program. However, he was eligible for a housing and car allowance equal to a total of US\$50,000 annually. This amount represents the net value received by Mr. Solé. Transat assumed taxes and payroll taxes.

### **Retirement Plans**

<b>Defined Benefit Plan (for NEOs residing in Canada)</b>	<p>The executive officers of the Corporation are eligible to participate in a defined benefit pension plan under individual pension agreements entitling them to receive, starting at 65 years of age, a monthly retirement pension representing 1.5% of the final average salary over five (5) years per year of credited service. The eligible officers who began participating in the plan prior to 2015, including the NEOs, have a staggered pension determination scale ranging from 1.5% to 2.0%. For more details, see the section entitled "<b>Pension plan benefits.</b>"</p>
<b>Defined Contribution Plan (for NEOs residing in Canada)</b>	<p>To qualify for the Defined Contribution Plan, the executive officers must first participate in the Transat retirement plan for non-unionized employees, which includes an employee contribution paid to the RRSP and an employer contribution paid to the DPSP. For senior executive positions, each contribution is equal to 2%, up to the maximum contributions permitted by the <i>Income Tax Act</i> (Canada).</p> <p>Please refer to the section entitled "<b>Pension plan benefits</b>" for more details on the retirement plan provisions.</p>
<b>401(k) Plan (in effect in the United States)</b>	<p>Mr. Solé received an amount equal to 10% of his base salary as a contribution from Transat to his retirement plan. The contributions were made to his individual retirement account (IRA) until December 31, 2018, and subsequently to a 401(k), from January 1, 2019, until income tax limits were reached. The excess was paid in cash. This plan was closed on December 31, 2021.</p>

### **Short-Term Incentive Plan ("STIP") for fiscal 2021**

<p>2021 STIP highlights:</p> <ul style="list-style-type: none"> <li>▪ The potential transaction with Air Canada and the pandemic's impact on the Corporation made establishing performance criteria and targets for fiscal 2021 difficult.</li> <li>▪ In light of the Corporation's results, it was determined that the STIP could not achieve the usual targets.</li> <li>▪ Consequently, there was no payout under the STIP to eligible employees, including NEOs.</li> </ul> <p>2021 Hotel Division Bonus Plan highlights:</p> <ul style="list-style-type: none"> <li>▪ As Mr. Solé left the Corporation before the fiscal year end, no bonus was paid out to him.</li> </ul>
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The objectives of the STIP are to:

- Motivate the employees and executives of the Corporation and its subsidiaries to support the growth of profit margins;
- Strengthen the connection between compensation and corporate profitability; and
- Offer competitive compensation aligned with Transat's compensation philosophy, namely to encourage and reward success through collective work.

Usual basic principles:

- The STIP is contingent on two (2) performance criteria: financial objectives and strategic objectives;

- The financial objectives account for 75% of the STIP and depend on the adjusted net income (ANI) of Transat A.T. Inc., defined so as to exclude unusual items and expressed as a percentage of the revenue. The trigger threshold must be met in order for this component of the STIP to be paid;
- The strategic objectives account for 25% of the STIP and usually depend on the achievement of cost-reduction goals;
- The total STIP payment amount may not be higher than 50% of the available ANI; and
- Mr. Solé was not eligible to participate in the STIP, but was eligible to participate in the hotel division bonus plan. This bonus, in addition to having financial objectives, included divisional objectives. The financial and divisional objectives accounted respectively for 50% of the total maximum bonus. The financial objectives were the same as the financial objectives of the STIP, namely ANI and revenue.

For all the NEOs, the bonus calculation formula is as follows:

$$\text{Base Salary} \times \text{Target Bonus} \times \text{Sum of weighted results} = \text{Bonus paid}^{(1)}$$

(1) The total bonus payments cannot be higher than 50% of the available ANI, except for Mr. Solé, for whom only the portion based on financial results was subject to this rule.

The targets to be achieved in terms of all financial and strategic objectives are recommended by the HRCC and approved by the Board on an annual basis. At the end of the fiscal year, the HRCC reviews the results achieved in relation to the usual performance criteria and targets. The HRCC recommended for approval by the Board that no STIP bonus be paid out for the fiscal year 2021.

Faced with the impossibility of achieving the financial objectives and satisfying the prerequisite triggering a payment relating to strategic objectives, in other words of generating a positive ANI in the context of the pandemic, establishing these objectives became moot. No strategic objective was therefore set for 2021, and it was noted that the STIP could not give rise to any payment for 2021.

#### **About the Short-Term Incentive Plan ("STIP") for fiscal 2022**

The following table presents how the 2022 STIP as well as the performance criteria work.

	Target bonus between 0% and 3% of the base salary	Target bonus over 3% and up to 10% of base salary	Target bonus over 10% of base salary
Performance criteria	Part that applies to retention will automatically be paid	Based on the achievement of an operational objective, namely customer satisfaction (CSAT)	Based on the achievement of two financial objectives: <ul style="list-style-type: none"> <li>• Sales for the summer of 2022 compared to sales for the summer of 2019 (accounts for 50%)</li> <li>• Liquidity as at October 31, 2022 (accounts for 50%)</li> </ul> Is conditional on a 50% increase of the ANI for fiscal 2022 from fiscal 2021
	Any payout above target and up to the maximum depends exclusively on financial objectives being exceeded and cannot represent more than 50% of the ANI.		

The following table presents the bonuses at the minimum, target and maximum levels, expressed as a percentage of the base salary, for each NEO.

	Minimum	Target	Maximum
% of the bonus paid	0%	100%	200%
A. Guérard <sup>(1)</sup>	0%	50%	100%
J. Simoneau <sup>(2)</sup>	n/a	n/a	n/a
P. Bui <sup>(3)</sup>	0%	50%	100%
J.-F. Lemay	0%	50%	100%
B. Bussi�res	0%	37.5%	75%
J.-M. Eustache <sup>(4)</sup>	0%	100%	200%
D. P�trin <sup>(5)</sup>	0%	50%	100%
J. Sol� <sup>(6)</sup>	0%	50%	

(1) Ms. Gu rard was appointed President and CEO of the Corporation on May 27, 2021. Her target and maximum bonus under the STIP were therefore respectively revised to 100% and 200% of her base salary. However, these changes did not come into effect owing to the compensation restrictions imposed under the LEEFF loan.

(2) Following Mr. P trin's departure, Mr. Simoneau, an Independent Director, signed an agreement as external consultant to the Corporation for the purposes of acting as interim Chief Financial Officer of the Corporation from July 10, 2021 to November 14, 2021. In the context of his interim mandate, Mr. Simoneau was not eligible to participate in the STIP.

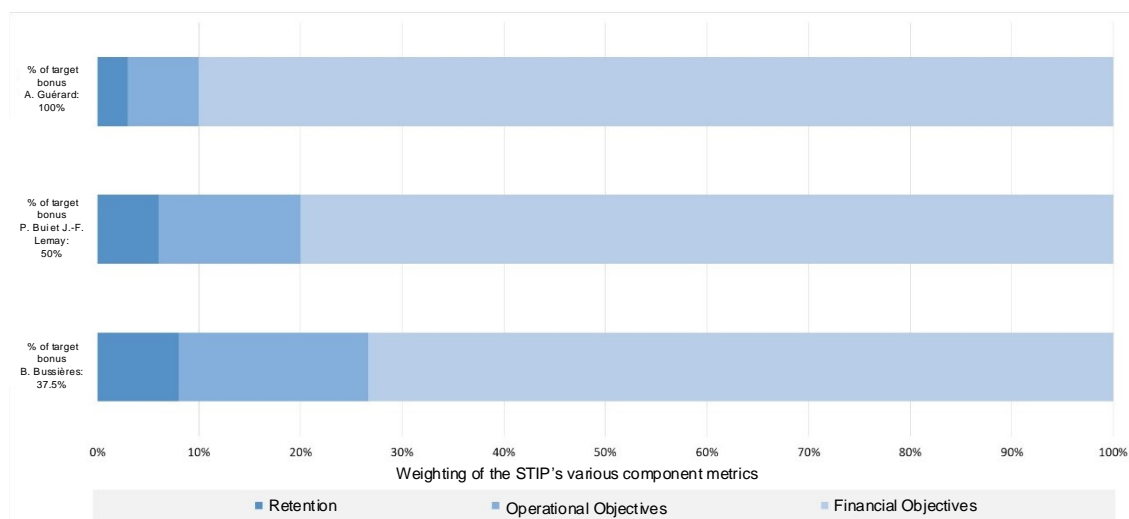
(3) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021. He was therefore not an NEO in 2021, but will be in 2022. He was not eligible to participate in the STIP for fiscal 2021.

(4) Mr. Eustache left the Corporation on May 26, 2021.

(5) Mr. P trin left the Corporation on July 9, 2021.

(6) Mr. Sol  left the Corporation on August 31, 2021, following the decision not to pursue the development of the hotel division.

The following graph illustrates the weighting of the three component metrics of the 2022 STIP based on the target bonus percentage for each eligible NEO.



### **Special Bonus for Executive Officers:**

A special bonus plan for executive officers has been in force since 2010. This plan is in continuity with the STIP, because it depends on the same financial target and improves the STIP opportunity. The purpose of this special plan is to motivate the executive officers to ensure that Transat achieves an exceptional profit margin and, above all, that it maintains this margin year after year, for a 3-year cycle.

Under the terms of this plan, a bonus is earned and a reserve is constituted when Transat A.T. Inc. realizes an ANI of 3% or more. Half of the reserve is paid to the members at the end of each year of the cycle. If, during the cycle, the Corporation does not reach a performance threshold (ANI) of 2%, the reserve is reduced by half. When the 3% target for the ANI is achieved, the value of the bonus earned for a year corresponds to 50% of the salary of each of the eligible executive officers.

In case of achievement of the ANI of 3.5% or more, the bonus earned corresponds to 100% of the salary of each of the executive officers contemplated. The bonus earned under this special bonus plan is added to the bonus earned under the STIP.

No bonus was paid under this plan in 2021.

### **Long-Term Incentive Program**

#### **2021 LTIP highlights:**

- 2018 Options: Vesting resulting from the passage of time of 33⅓% of the January 2018 grant.
- 2014 and 2015 Options: Cancellation of the third tranche of Options granted in 2014 and the second tranche granted in 2015, as the performance criteria were not met.
- PSUs granted in 2017 (for the 2016-2019 cycle): Given the trading blackout period in effect at the time vesting would have occurred, the rules and provisions provided for in the plan were applied. Therefore, these PSUs were extended until June 30, 2021, the day following the end of the trading blackout period. On that date, 25% of the PSUs granted on September 18, 2017 vested and 75% were cancelled given how results compared to the targets set.
- PSUs granted in 2018 (for the 2017-2020 cycle): Given the trading blackout period in effect at the time when vesting would have occurred, the rules and provisions provided in the plan were applied. Therefore, such PSUs were extended until June 30, 2021, namely the day following the end of the trading blackout period. This granting was therefore cancelled in its entirety, seeing as the performance criteria had not been met.
- PSUs granted in 2017 (for the 2016-2019 cycle): At the time of their expiry in January of 2020, these PSUs had been cancelled and replaced by a cash bonus equivalent to \$15 per unit payable upon closing of the Arrangement (cancelled if the transaction was terminated) plus a \$3 bonus per unit payable six months after closing of the of the Arrangement (cancelled if the transaction was terminated). All amounts attributed were cancelled after the arrangement agreement with Air Canada was terminated. No executive officer, and especially no NEOs, held such PSUs.
- RSUs granted in 2018 (for the 2017-2020 cycle): At the time of their expiry in January of 2021, these PSUs had been cancelled and replaced by a cash bonus equivalent to \$5 per unit payable upon closing of the Arrangement (cancelled if the transaction was terminated). All amounts attributed were cancelled after the arrangement agreement with Air Canada was terminated. No executive officers, and especially no NEOs, hold such RSUs.
- Given the trading blackout period in effect, no RSUs, PSUs and Options were granted in January 2019 (2018-2021 cycle) or in January 2020 (2019-2022 cycle). These grants were replaced by a fixed value cash bonus, with no performance criteria, payable three years after the grant or, in the case of the 2019 grant, at the closing of the Arrangement (whichever is earlier). The bonus granted for the 2018-2021 cycle was paid in February 2022 in accordance with the stipulated rules. The value of these bonuses represents the LTIP target compensation value normally granted. One of the main objectives of these bonuses was to retain employees and mobilize them to carry on the Corporation's business during extremely uncertain times, while waiting for authorizations from multiple third parties which were required for the closing of the Arrangement.
- The 2021 granting was not carried out in January 2021 as it normally would have been, given that the Corporation was on the verge of learning the final outcome of the Arrangement. When the Arrangement was terminated, the Corporation was in the final stages of the LEEFF loan's negotiations, which further postponed the time of granting for 2021. In light of the compensation restrictions imposed under the LEEFF loan, no RSUs, PSUs or Options were granted. They were replaced by a cash bonus payable three years after the date on which they would normally have been granted. For senior management, 50% of the total bonus can vary between 0% and 100% of the value attributed based on strategic objectives, and 50% can vary between 0% and 150% of the value attributed based on the achievement of financial performance criteria. If the LEEFF loan is still not repaid at the time this bonus is owing, it might not be paid in whole or in part due to the compensation restrictions imposed under the LEEFF loan for NEOs or certain executive officers who might become NEOs in the event such a bonus were paid. For the other eligible employees, 75% of the total bonus is fixed and not subject to performance criteria, and 25% may vary between 0% and 150% of the value attributed based on the achievement of performance criteria.
- Beginning on February 1, 2019, and depending on the date on which an employee became an insider in the proposed Arrangement, the Transaction and Transcapital programs were gradually suspended. In the end, the plans were suspended for all non-insider employees as of June 27, 2019, the date on which the first arrangement agreement relating to the Arrangement was executed. The employer's contribution was replaced by a cash payment, which contribution ended on December 31, 2021, given that the programs were reinstated on January 1, 2022.

The usual long-term incentive plans established by the Corporation are designed to motivate executives to achieve long-term goals and thus contribute to the increase in the value of the capital invested in the Corporation by the shareholders.

Their objective is also to ensure a target compensation value that serves to position the total compensation at the median of our comparison group when all targeted results are achieved, with the potential to exceed the median of the comparison group if results are exceptional.

Usual plans	Objectives	Vesting/Performance rules
Permanent stock ownership incentive plan (“ <b>Transaction program</b> ”)	<ul style="list-style-type: none"> <li>Support the achievement of shareholding guidelines</li> </ul>	<ul style="list-style-type: none"> <li>1/3 of the shares vest on January 10 of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> years following the award year</li> <li>On condition of participation in the share purchase plan</li> </ul>
PSUs <sup>(1)</sup>	<ul style="list-style-type: none"> <li>Increase share price</li> <li>Encourage share ownership</li> <li>Motivate achievement of the Corporation’s medium-term financial goals</li> <li>Promote retention through vesting conditions</li> </ul>	<ul style="list-style-type: none"> <li>PSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle</li> </ul>
Stock options	<ul style="list-style-type: none"> <li>Increase share price</li> <li>Promote retention through vesting conditions</li> </ul>	<ul style="list-style-type: none"> <li>1/3 of the Options vest after 1 year, 1/3 after 2 years, 1/3 after 3 years</li> <li>Expected lifetime of 7 years</li> </ul>
RSUs <sup>(2)</sup>	<ul style="list-style-type: none"> <li>Maintain achievement of the Corporation’s financial objectives over a 3-year cycle</li> <li>Promote retention through vesting conditions</li> </ul>	<ul style="list-style-type: none"> <li>RSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle</li> </ul>

(1) The last outstanding PSUs awarded vested or were cancelled on June 30, 2021. Since then, there are no unvested outstanding PSUs.

(2) RSUs are no longer part of the formula for the long-term annual incentive awards to executive officers as of the 2017 grants.

### **Employee Share Purchase Plan**

The Employee Share Purchase Plan is a compensation plan designed to encourage employees to become shareholders of the Corporation and stimulate their interest in increasing the price of the Corporation’s shares. The Transcapital and Transaction plans are directly tied to the Employee Share Purchase Plan.

The Share Purchase Plan for the Benefit of All Employees or Executives of Transat is directly tied to the Transaction program and to the Transcapital program as regards the total number of shares that may be subscribed for or that are issuable to a single person (five % of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Employee Share Purchase Plan enables participating employees to subscribe, on a monthly basis and by means of payroll deductions, for Voting Shares issued from Transat’s treasury at the then current market price, namely the weighted average of the closing prices on the TSX over the five (5) trading days preceding the subscription of shares, less a 10% discount. No member may sell all or part of the Voting Shares subscribed for under this Plan prior to July 1 of the year following that in which the shares were subscribed, on which date the subscribed shares become unrestricted.

During the fiscal year ended October 31, 2021, no Voting Shares were issued under this plan. As at October 31, 2021, the maximum number of shares available for future issuance under the Employee Share Purchase Plan is 355,790 Voting Shares (namely 0.94% of the issued shares).

Beginning on February 1, 2019, and depending on the date on which an employee became an insider in the Arrangement, the plan was suspended for that employee. The plan was finally suspended for all non-insider employees as of June 27, 2019. The program was reinstated on January 1, 2022.

The Board bears full responsibility for the Share Purchase Plan and the Transaction program. Please see the description of the Transaction program for explanations on the Board’s responsibility.

### **Permanent Stock Ownership Incentive Plan (the “Transaction program”)**

The Transaction program is part of the long-term variable compensation of the Corporation’s executive officers. With this plan, Transat seeks to encourage executive officers to become and remain shareholders of the Corporation, to stimulate their interest in increasing the price of the Corporation’s shares and to promote their retention. The objective of the Permanent Stock Ownership Incentive Plan is also to encourage the members to meet or exceed the shareholding guidelines adopted by the Corporation by awarding each eligible executive officer shares for which the total purchase price is equal to the percentage of salary invested by the said executive in the Share Purchase Plan.

The Transaction program is directly tied to the Transcapital program and to the Share Purchase Plan for the Benefit of All Employees or Executives of Transat as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Transaction program gives participating executive officers the possibility to subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat’s treasury. The Corporation contributes an amount equal to the officer’s contribution, and this by means of a purchase made on the secondary market at the market price.

The following table presents the principal terms of the Transaction program:

<b>Maximum number of issuable shares</b>	The maximum number of issuable shares under the Share Purchase Plan is 691,780, which number was approved by the shareholders. Of these shares, 355,790 are available for future issuance.
<b>Eligible Members</b>	Designated executive officers of the Corporation.
<b>Participation Level</b>	The NEOs and all other Executive Officers may subscribe for a number of shares the total subscription price of which is equal to 5% or 10% (based on position level) of the Executive Officer’s base salary.
<b>Subscription Price</b>	The subscription price under the Transaction program is equal to the weighted average of the shares’ closing price on the TSX for the five trading days preceding the share subscription, to which a 10% discount on the subscription price is applied for those shares purchased from the officers’ contribution.
<b>Contribution of the Corporation</b>	The Corporation contributes an amount equal to the officer’s contribution, and this by means of a purchase made on the secondary market at the market price.
<b>Market Price</b>	The market price corresponds to the closing price of the shares on the TSX on the date the shares to be allocated by the Corporation are purchased.
<b>Vesting Terms</b>	One-third of the allocated shares vest on January 10 of each of the three years following the year in which they are awarded.  The shares subscribed for in the context of the Share Purchase Plan are released (become unrestricted) on the third January 1 following the end of the calendar year in which they were subscribed.
<b>Payment Terms</b>	The shares of the Corporation that have vested to the members, following their contributions by way of payroll deductions, are subscribed from Transat’s treasury, and the Corporation’s contribution is made with shares purchased on the secondary market.

All NEOs, with the exception of Mr. Eustache, participated in the Transaction program at a rate of 10% of their base salary until February 1, 2019. The Transaction program was progressively suspended for insiders beginning February 1, 2019. The employer’s contribution was replaced by a cash payment. These cash payments ended December 31, 2021, as the program was reinstated on January 1, 2022. As a result, for the period from November 1, 2020, to October 31, 2021, no shares were awarded to executive officers under the Transaction program.

During the fiscal year ended October 31, 2021, the Corporation did not record any compensation expense related to share awards under the Transcapital program, as it was replaced by cash payments.



Since January 1, 2022, all NEOs, with the exception of Messrs. Bussi res and Lemay, participated in the plan at a rate of 10% of their base salary. Mr. Bussi res already holds his targeted number of shares, and the time within which Mr. Lemay may achieve his target has not yet expired.

The Board bears full responsibility for the Transaction program and the Share Purchase Plan. It has the power to adopt, amend, suspend or terminate them, as it may deem necessary and desirable and in compliance with the rules established by the regulatory authorities.

However, the following amendments require the approval of a majority of the shareholders present at a meeting:

- Increase in the maximum number of shares issuable under the Share Purchase Plan other than for standard anti-dilution purposes;
- Increase in the discount percentage offered under the Share Purchase Plan; or
- Increase in the Corporation's contribution.

### **Stock Ownership and Capital Accumulation Incentive Plan for the Non-Unionized Employees (the "Transcapital program")**

The Transcapital program is part of the compensation package offered to the Corporation's employees. By this program, Transat seeks to encourage its employees to become shareholders of the Corporation and stimulate their interest in increasing the price of the Corporation's shares.

The Transcapital program is directly tied to the Share Purchase Plan for the Benefit of All Employees or Executives of Transat and to the Transaction program as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Transcapital program enables participating employees to subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat's treasury. The Corporation's contribution is made from shares it purchases on the secondary market.

The following table presents the principal terms of the Transcapital program:

<b>Maximum Number of Issuable Shares</b>	The maximum number of issuable shares is 691,780 under the Transcapital program, which number was approved by the shareholders. Of these shares, 355,790 are available for future issuance.
<b>Eligible Members</b>	The eligible employees must have completed six months of continuous service and must not participate in the Transaction program.
<b>Participation Level</b>	Eligible employees can subscribe monthly for a number of shares representing between one and five percent (1% to 5%) of their base salary and receive a contribution from the Corporation. In addition, employees can subscribe monthly for additional shares up to a total of 10% of their annual base salary, without, however, receiving a contribution from the Corporation for any shares subscribed for in excess of five percent (5%) of their base salary.
<b>Subscription Price</b>	The subscription price under the Transcapital program is equal to the weighted average closing price of the shares on the TSX for the five trading days preceding the share subscription, to which a 10% discount on the subscription price is applied for those shares purchased from the employees' contribution.
<b>Contribution of the Corporation</b>	The Corporation contributes an amount equal to 30% or 60% of the employee's contribution (up to five percent (5%) of the base salary), and this by means of a purchase on the secondary market at the market price.
<b>Market Price</b>	The market price corresponds to the closing price of the shares on the TSX on the date the shares to be allocated by the Corporation are purchased.
<b>Vesting Terms</b>	All shares subscribed for and granted in respect of a calendar year become unrestricted on July 1 following the end of the calendar year in which they were subscribed for or granted.
<b>Payment Terms</b>	The shares of the Corporation that have vested to the members, following their contributions by way of payroll deductions, are subscribed from Transat's treasury, and the Corporation's contribution is made with shares purchased on the secondary market.

For the period from November 1, 2020 to October 31, 2021, no shares were awarded to eligible employees under the Transcapital program.

Beginning on February 1, 2019, and based on the date on which an employee became an insider in the Arrangement, the plan was suspended. The plan was finally suspended for all non-insider employees on June 27, 2019, the date on which the first arrangement agreement related to the Arrangement was executed. The Employer's contribution was replaced by cash payments, which contribution ended on December 31, 2021 as the program was reinstated on January 1, 2022.

During the fiscal year ended October 31, 2021, the Corporation did not record any compensation expense related to share awards under the Transcapital program, as it was replaced by cash payments.

The Board bears full and complete responsibility with regard to the Transcapital program. It has the power and authority to adopt, amend, suspend or terminate the program, as it deems necessary or desirable and in compliance with the rules established by the regulatory authorities.

However, approval by a majority of the shareholders present at a meeting is required for amendments that would increase the maximum number of Shares issuable other than for standard anti-dilution purposes.

### Annual Long-Term Incentive Opportunity

The following table sets forth, for each NEO, the target value of each component of the long-term incentive program in effect during fiscal year 2021. The value of the bonus represents the LTIP target value normally granted.

Name	Annual long-term incentive opportunity <sup>(1)</sup>		
	Option Grants	PSU Awards	Transaction plan-Share grants <sup>(3)(4)</sup>
	Notional par value = [# of Options x price per share on date of grant <sup>(2)</sup> ] /salary	Par value = # of PSUs x price per share on date of grant <sup>(2)</sup> / salary	Par value = [# of shares x price per share on date of grant] / salary
Annick Guérard <sup>(5)</sup>	60.0%	65.0%	10.0%
Jacques Simoneau <sup>(6)</sup>	n/a	n/a	n/a
Patrick Bui <sup>(7)</sup>	37.5%	45.0%	10.0%
Jean-François Lemay <sup>(8)</sup>	37.5%	45.0%	10.0%
Bernard Bussi�res	30.0%	35.0%	10.0% <sup>(8)</sup>
Jean-Marc Eustache <sup>(8)(9)</sup>	75.0%	85.0%	10.0% <sup>(8)</sup>
Denis P�trin <sup>(8)(10)</sup>	37.5%	45.0%	10.0%
Jordi Sol� <sup>(11)</sup>	0.0%	0.0%	10.0%

(1) The annual grants and awards under the long-term incentive program are determined according to the par value contemplated for the level of the position.

(2) The price for the Options granted and for the PSUs awarded is determined according to the weighted average trading price of Transat Voting Shares on the TSX for the five (5) trading days preceding the date of grant or award. In the case of Options, however, the price used for calculation purposes cannot be less than \$12. If the share price is below that figure, the actual par value is therefore lower than the theoretical par value.

(3) The value of the shares awarded under the Permanent Stock Ownership Incentive Plan depends on the value invested by the member in the Share Purchase Plan for the Benefit of All Employees, subject to a maximum for the level of the position, expressed as a percentage of the salary. The price upon the award is equal to the purchase price of the shares on the secondary market.

(4) Although all NEOs have the same opportunity, namely 10% of their salary, the actual percentage may be lower due to individual participation decisions.

(5) Ms. Gu rard was appointed President and CEO of the Corporation on May 27, 2021. Her annual long-term incentive opportunity was revised to 75% for Options and 85% for PSUs. However, these changes did not come into effect owing to the compensation restrictions imposed under the LEEFF loan.

(6) Following Mr. P trin's departure, Mr. Simoneau, an Independent Director, signed an agreement as external consultant to the Corporation for the purposes of acting as interim Chief Financial Officer of the Corporation from July 10, 2021 to November 14, 2021. In the context of his interim mandate, Mr. Simoneau was not eligible to participate in the LTIP.

(7) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021. He was therefore not eligible to participate in the LTIP in fiscal 2021 and was not an NEO in 2021, although he will be one in 2022.

(8) Although Mr. Eustache was eligible to participate in the Permanent Stock Ownership Incentive Program (Transaction program), he did not. He already held the target number of shares. Messrs. Bussi res and Lemay chose not to participate therein starting January 1, 2022. Mr. Bussi res already holds the target number of shares while Mr. Lemay's deadline to hold his target number of shares has not yet expired.

(9) Mr. Eustache left the Corporation on May 26, 2021.

(10) Mr. P trin left the Corporation on July 9, 2021.

(11) Mr. Sol  was not eligible to participate in the Option and PSU plans. He left the Corporation on August 31, 2021, following the decision not to pursue the project of developing the hotel division.

## **PSU Plan**

The purpose of the PSU Plan (the “**PSU Plan**”) is to attract, engage and retain competent individuals for the positions of executives of the Corporation and its subsidiaries and to promote the alignment of the interests of executives with those of the shareholders of the Corporation.

PSUs consist of the granting of a number of units that correspond to a percentage of the participant’s base salary, divided by the grant price, which PSUs, once vested, represent the participant’s right to receive, at the vesting date (three years after the grant date) and subject to the provisions of the plan, a number of shares equivalent to the number of PSUs vested in accordance with the provisions of the PSU plan or, in the sole and absolute discretion of the HRCC, in accordance with the provisions of the plan, a lump-sum payment in cash, for each PSU vested and repurchased, equal to the release price.

Mr. Solé is not eligible to participate in this plan.

Executive officers have not held PSUs since July of 2021. In accordance with the provisions of the PSU plan, the last PSUs vested or were cancelled after the trading blackout period was lifted in June of 2021.

<b>Eligible Participants</b>	The executives and other eligible employees of the Corporation. From time to time, the HRCC will designate eligible individuals to whom it grants PSUs and the number of PSUs granted.
<b>Grant Price</b>	The grant price under the PSU Plan is equal to the weighted average trading price of the shares of the Corporation for the five trading days preceding the grant date.
<b>Release Price</b>	The release price under the PSU Plan corresponds to the closing price of the shares on the TSX on the last trading day prior to the vesting date of a PSU.
<b>Vesting Terms</b>	All of the PSUs granted have vested at the end of a 3-year financial cycle.
<b>Performance Criteria</b>	The vesting is conditional on the achievement of ANI targets as a % of revenues (75% of grant) and on total shareholder return (TSR) (25% of grant) for the three fiscal years.  A maximum of 100% of the value of the PSUs may be paid if the performance criteria are achieved. In other words, there is no performance multiplier that applies beyond the target.
<b>Payment Terms</b>	The PSUs are generally settled in shares of the Corporation or, at the discretion of the HRCC, only in cash by multiplying the number of PSUs vested at the end of the cycle by the purchase price.  The PSU plan has no diluting effect, seeing as the shares purchased at the time of settlement are bought on the secondary market. The PSU Plan does not currently call for unissued shares of the Corporation and no currently unissued shares of the Corporation are reserved for this Plan.
<b>Termination of Employment</b>	Please refer to the section “ <b>Benefits Provided by the Text of the Plans.</b> ”

### **Why use Transat’s ANI for vesting of PSUs?**

- Alignment with Transat’s principal strategic objective, namely increasing its profitability over the short and medium term
- Promotion of a sustained performance by using an average 3-year ANI
- Increased profitability will help push up the share’s price, thus creating value for shareholders

### **Why use the TSR for vesting of PSUs?**

- Promotion of sustained increase in the Corporation’s share price, thus aligning the interests of management with those of shareholders

The PSU plan is administered by the HRCC. The HRCC determines the number of PSUs that will be awarded and may amend, suspend or cancel the PSU Plan or the terms and conditions of any PSUs granted under this plan. However, no amendment, suspension or cancellation may: (a) be made, where appropriate, without obtaining the required approvals from regulatory authorities; (b) in the case of PSUs, modify or harm the rights of a participant as regards the PSUs already granted without obtaining the consent of the participant. If the plan is terminated, the HRCC may, as its option, choose to accelerate the vesting schedule and the vesting date stipulated in a PSU grant agreement according to the conditions it establishes at that time. The HRCC may also establish, at the time of each grant, in accordance with the restrictions set out in the PSU Plan, the grant date, the vesting date, the financial performance criteria that must be achieved for the purposes of granting PSUs or the vesting of all or part thereof, if applicable, and other special conditions applicable to a grant of PSUs under the PSU Plan. Moreover, the Board may amend the PSU Plan at any time in its sole and absolute discretion and without the consent of the participants, provided that it does not reduce the number of PSUs already credited to a participant’s individual registry before the amendment.

To avoid influencing management’s decision regarding the form a distribution to the shareholders could take, the number of shares used in the calculation of the adjusted net income per share for the purposes of vesting of the PSUs will be adjusted in the event of a large payment of cash dividends, if any.

### **Vesting of PSUs during Fiscal Year 2021**

The PSU Plan provides for the extension of the PSUs’ term until the closing of the Arrangement or the day following the end of the trading blackout period (whichever is earlier).

Given the Arrangement and the trading blackout period, achievement of the performance criteria was not validated on the dates initially provided for the 2016-2019 and 2017-2020 cycles. After the trading blackout period was lifted, 25% of the PSUs for the 2016-2019 cycle vested given that the TSR had been achieved at the end of the 2016-2019 cycle, but no PSU for the 2017-2020 cycle vested given that the performance criteria were not achieved. Currently, there are no unvested outstanding PSUs.

### **RSU Plan**

The objective of the RSU plan (the “**RSU Plan**”) is to attract and retain talented individuals to hold positions as officers and executives of the Corporation and its subsidiaries, and to promote a greater alignment of interests between such officers and executives and the shareholders of the Corporation.

This plan no longer applies to executive officers, but still usually applies to other eligible employees.

<b>Eligible Participants</b>	The executives and other eligible employees of the Corporation.
<b>Fair Market Value</b>	The fair market value under the RSU Plan corresponds to the weighted average trading price of the shares of the Corporation for the five trading days preceding the grant.
<b>Vesting Terms</b>	All RSUs granted vest at the end of a 3-year financial cycle.
<b>Performance criterion</b>	Vesting is conditional on the achievement of the ANI target as a % of average revenues for the three fiscal years.
<b>Payment Terms</b>	The RSUs are settled only in cash by multiplying the number of RSUs vested at the end of the cycle by the weighted average trading price of the Corporation’s shares for the five trading days preceding the end of the cycle.
<b>Termination of Employment</b>	Please refer to the section “ <b>Benefits Provided by the Text of the Plans.</b> ”

The RSU Plan is administered by the HRCC. The HRCC determines the number of RSUs that will be granted and may amend, suspend or cancel the RSU Plan or the terms and conditions of any RSU granted under this Plan. The HRCC may also establish, at the time of each grant, in accordance with the restrictions set out in the RSU Plan, the grant date, the vesting date, the financial performance criteria that must be achieved for the purposes of granting RSUs or the vesting of all or part thereof, as the case may be, and other special conditions applicable to a grant of RSUs under the RSU Plan. Management of the Corporation may at any time and from time to time after the grant of RSUs to a participant, and with the consent of the participant and the Board, amend the terms and conditions of the RSUs. Moreover, the Board may amend the RSU Plan at any time in its sole and absolute discretion and without the consent of the participants, provided that they do not reduce the number of RSUs credited to a participant’s individual registry before the amendment.

### **Vesting of RSUs during Fiscal Year 2020**

The last RSU grant to executive officers was made in January 2016 and expired in January 2019, and the last RSUs granted to the other eligible employees expired in January 2021. Since then, there are no unvested outstanding RSUs.



**RSUs ARE NO LONGER PART OF THE CORPORATION'S CURRENT EXECUTIVE COMPENSATION POLICY, BUT ARE USUALLY USED IN THE COMPENSATION PROGRAMS FOR OTHER POSITIONS. THEREFORE, SINCE THE END OF THE 2018 FISCAL YEAR, EXECUTIVE OFFICERS NO LONGER HOLD RSUs.**

### **2016 Option Plan**

In January 2016, the Board approved the adoption of a new Option plan (the “**2016 Option Plan**”), replacing the Option plans approved in 2009 and 1995. For clarity, all Options granted under the 2009 Plan and the 1995 Plan remain subject to the respective terms and conditions of these plans. Differences with the 2016 Option Plan are identified in the section entitled “**2009 and 1995 Option Plans.**” The plan allows a member to purchase a share of the Corporation at a fixed price at the time of granting.

On December 13, 2017, the Board approved by way of resolution an amendment to the definition of the change of control clause of the 2016 Option Plan. This definition now extends, among other things, to an event where a majority of the voting securities for the election of the Directors of Air Transat A.T. Inc. and Transat Tours Canada Inc., collectively, are sold or assigned. This amendment does not require shareholder approval, seeing as the 2016 Option Plan provides that such amendments may be made at the Board's discretion.

Messrs. Solé and Simoneau are the only NEOs not eligible to participate in the Option Plan.

The following table presents the principal terms of the 2016 Option Plan:

<b>Maximum Number of Securities Issuable as at October 31, 2021</b>	Reserve: 779,093 and outstanding Options: 1,108,262. Total: 1,887,355 (5% of the issued and outstanding Voting Shares).
<b>Reserve</b>	Expired or cancelled Options are put back into the reserve for future grants only if they do not represent more than five percent (5%) of the outstanding Voting Shares of the Corporation. Options in excess of 5% will be cancelled.  Options that have not yet been granted under the 2009 and 1995 plans have been transferred to this reserve.
<b>Eligible Members</b>	Executives and other eligible employees of the Corporation and its subsidiaries. <sup>(1)</sup> The options granted under the 2016 Option Plan are non-transferrable.
<b>Exercise Price</b>	Weighted average trading price of the shares of the Corporation on the TSX for the five trading days preceding the grant.
<b>Vesting Terms</b>	One-third of the initial grant per year on each of the first three anniversary dates of the grant.  In the event of change of control, any Option granted and not vested may be exercised, and the Board may force the exercise of any Option granted, whether vested or not, according to the terms and conditions prescribed by the Board.
<b>Performance Criterion</b>	Vesting of the Options is not subject to the achievement of any performance rule.
<b>Payment Terms</b>	When the Options are exercised, the member acquires the shares of the Corporation.

<b>Term</b>	Generally, the Options have a lifespan of seven years. The plan gives the Board the latitude to grant Options with a term of up to ten years.  If the expiry date of an Option falls within a blackout period (or within ten business days after the end of a blackout period), the expiry date will be postponed to the 10 <sup>th</sup> day after the end of the trading blackout period.
<b>Participation</b>	The number of Voting Shares which may be subscribed for by a single person (including any insider and associate of such person within the meaning of the <i>Securities Act</i> (Quebec), within a one-year period, under this Plan and any other option plan or voting share purchase plan of the Corporation, shall not represent more than five percent (5%) of the Corporation's issued and outstanding shares.  The number of Options which may be granted within any one-year period under the Plan must not exceed, in the aggregate, two percent (2%) of the number of issued and outstanding Voting Shares of the Corporation.
<b>Termination of Employment</b>	Please refer to the section " <b>Benefits Provided by the Text of the Plans.</b> "

(1) Since March 15, 2006, the Board has decided, by resolution, to suspend the grant of Options to Directors who are not employees or senior executives of the Corporation.

Under the 2016 Option Plan, the Board may, without the shareholder's approval, make certain amendments of the following nature: (i) minor or technical amendments to any provision of the Plan; (ii) corrections to any provision of the Plan containing an ambiguity, defect, error or omission; or (iii) changes to the Option termination provisions that do not entail an extension beyond the original Option expiry date.

However, the following amendments require the approval of a majority of the shareholders present at a meeting:

- Any increase to the maximum number of Class B voting shares issuable under the 2016 Option Plan;
- The reduction of the exercise price of an Option held by an insider (other than for standard anti-dilution purposes);
- The extension of the term of an Option held by an insider (other than the automatic extension set forth in the Plan);
- Any amendment allowing the transfer or assignment of the Options other than by will or according to the legal provisions governing intestate successions;
- The extension of the blackout expiration term;
- Any amendment allowing the grant of Options to Directors who are not also executives or employees of the Corporation; and
- Any amendment to the paragraph relating to amendments to the 2016 Option Plan.

The number of shares issuable to insiders, at any time, under this 2016 Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed 10% of the number of issued and outstanding shares of Transat, and the number of shares that are issued to insiders, within any one-year period, under this 2016 Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed 10% of the number of issued and outstanding Voting Shares.

### **Usual Option Grant Process**

The number of Options granted is established according to the position and base salary of each member and the exercise price. The number of Options granted to each executive officer in question is equal to a percentage of the base salary divided by the weighted average trading price (or by the value of \$12 if the trading price calculated as described above is lower than this limit) of the Corporation's Voting Shares on the TSX for the five trading days preceding the date of grant.

In extraordinary cases, Options may be granted upon new hires or in exceptional situations within the context of succession management for the positions eligible for grants of Options. The list of beneficiaries of proposed annual grants is presented for discussion to the HRCC, which then makes its recommendation at the next Board meeting for final approval.

### **Options Vested due to Performance in Fiscal Year 2021**

Options granted to NEOs up until January 2015 vest at a rate of one-third per year only if a performance condition is met, namely an ANI of 0.75% of revenues or more. If this threshold is not met, the member will have a second chance to have the Options vest by achieving the performance criterion three (3) years later. During fiscal year 2019, two tranches of Options were to be subject to this second chance to vest, namely the third tranche of the 2014 grant and the second tranche of the 2015 grant. Because of the Arrangement, as provided for in the Option Plan, achievement of the performance criteria was not assessed, and the Options remained unvested until the trading blackout period was lifted in June of 2021. These Options were finally cancelled on June 30, as it was then determined that the performance criteria had not been met.



Since 2016, the Options granted to the NEOs are no longer subject to performance conditions. They vest at one-third of the initial grant per year for each of the first three anniversary dates of the grant. 33⅓% of the Options granted in 2017 and 2018 vested during the 2020 fiscal year.

### **About the 2021 LTIP Grants**

The 2021 grantings were not carried out in January 2021 as they normally would have been, given that the Corporation was on the verge of learning the final outcome of the Arrangement. When the Arrangement was terminated, the Corporation was in the final stages of the LEEFF loan's negotiations, which further postponed the time of granting for 2021. In light of the compensation restrictions imposed under the LEEFF loan, no RSUs, PSUs or Options were granted.

These grantings were replaced by a cash bonus payable three years after the date on which they would normally have been granted. These bonuses were attributed in November of 2021, with the exception of executive officers, to whom grantings were made in February 2022. The effective date is that on which the granting would normally have been made in January of 2021.

For executive officers:

- 50% of the total bonus can vary between 0% and 100% of the value attributed based on strategic objectives tied to the Corporation's refinancing and development of the ESG strategy (the Environmental, Social and Governance aspects of corporate responsibility strategy), each being given the same weighting, and
- 50% can vary between 0% and 150% of the value attributed based on the achievement of financial performance criteria, i.e. the TSR and net debt, each being given the same weighting.

If the LEEFF loan is still not repaid at the time this bonus is owing, it might not be paid in whole or in part due to the compensation restrictions imposed under the LEEFF loan for NEOs or certain executive officers who might become NEOs in the event such a bonus were paid.

For all other eligible employees, 75% of the bonus is fixed and not subject to performance criteria, and 25% may vary between 0% and 150% of the value attributed based on the achievement of financial performance criteria.

The target amounts attributed are equal to the target value of the grants that normally would have been made.

The following table presents the targets and amounts granted in replacement of the PSUs and Options for each of the NEOs.

	Target – PSUs (in % of base salary)	Amount attributed in replacement of PSUs <sup>(1)</sup>	Target – Options (in % of base salary)	Amount attributed in replacement of Options <sup>(2)</sup>	Total amount attributed – Bonus in replacement of LTIP awards (2020-2023 cycle)
<b>Annick Guérard <sup>(3)</sup></b>	65%	\$359,823	60%	\$169,394	\$529,217
<b>Jacques Simoneau <sup>(4)</sup></b>	n/a	n/a	n/a	n/a	n/a
<b>Jean-François Lemay</b>	45%	\$199,287	37.5%	\$84,697	\$283,984
<b>Bernard Bussi�res</b>	35%	\$122,447	30%	\$53,527	\$175,974
<b>Jean-Marc Eustache <sup>(5)</sup></b>	85%	\$0	75%	\$0	\$0
<b>Denis P�trin <sup>(5)</sup></b>	45%	\$0	37.5%	\$0	\$0
<b>Jordi Sol� <sup>(6)</sup></b>	n/a	n/a	n/a	n/a	n/a

(1) The replacement cash bonus was awarded to NEOs in 2022. The amount awarded was determined using the parameters in effect on the normal PSU grant date, January 7, 2021, and is payable three years after that date. The base salaries and position levels on that date were taken into account.

(2) The replacement cash bonus was awarded to the NEOs in 2022. The amount awarded was determined using the parameters in effect on the normal Option grant date, January 7, 2021, and is payable three years after that date. The base salaries, position levels, share price and Black-Scholes value on that date were taken into account.



- (3) Ms. Guérard was appointed President and CEO of the Corporation on May 27, 2021. The target value of her PSUs and Options was then revised to 85% and 75%, respectively. However, these changes did not come into effect owing to the compensation restrictions imposed under the LEEFF loan.
- (4) Following Mr. Pétrin's departure, Mr. Simoneau, an Independent Director, signed an agreement as external consultant to the Corporation for the purposes of acting as interim Chief Financial Officer of the Corporation from July 10, 2021 to November 14, 2021. In the context of his interim mandate, Mr. Simoneau was not eligible to participate in the PSU and Option Plans.
- (5) No amount was awarded to Messrs. Eustache and Pétrin, as they were no longer with the Corporation when the replacement cash bonuses were awarded.
- (6) Mr. Solé was not eligible to participate in the PSU and Option plans. Therefore, no amount was awarded to him. He left the Corporation on August 31, 2021, following the decision not to pursue the project to develop the hotel division.

An exceptional grant of 150,000 Options at an exercise price of \$4.61 was awarded to Mr. Bui on October 21, 2021, as an incentive to join the Corporation as Chief Financial Officer and to offset the variable compensation at his former job that he was relinquishing. These Options will become fully vested on the third anniversary of his start date, and will expire on October 20, 2028.

RSUs are no longer part of the Corporation's current executive compensation policy, but are used in the compensation programs for other positions. As was done in the case of the PSUs and Options, the RSU awards were replaced by a cash bonus as described above.

### **About the 2022 LTIP Grants**

The 2022 grantings were replaced by a cash bonus, payable three years after the date on which they normally would have been granted.

For senior management, 50% of the total bonus can vary between 0% and 100% of the value attributed based on strategic objectives tied to digitization and the ESG initiatives (the Environmental, Social and Governance aspects of corporate responsibility strategy), each being given the same weighting. The other 50% can vary between 0% and 150% of the value attributed based on the achievement of financial performance criteria, i.e. the TSR and the net debt, each being given the same weighting. If the LEEFF loan is still not repaid at the time this bonus is owing, it might not be paid in whole or in part due to the compensation restrictions imposed under the LEEFF loan for NEOs or certain executive officers who might become NEOs in the event such a bonus were paid. For the other eligible employees, 50% of the total bonus is fixed and not subject to performance criteria, and 50% may vary between 0% and 150% of the value attributed based on the achievement of the same financial objectives as those applicable to executive officers.

### **Clawback**

Each senior executive signed a clawback clause concerning the amounts disbursed under the variable compensation plans. Under this clause, the Corporation may claw back the amounts disbursed, within a 3-year period:

- If it is proven that the factual or financial data on the basis of which such additional compensation was granted came from information which was falsified or erroneous at the source due to the executive's intentional fault or direct or contributory negligence; and
- If the Corporation had to review and reissue amended financial statements (other than a review resulting from a change in the applicable accounting rules or interpretations) and the calculation of the additional compensation paid to the executive according to these amended financial statements would have resulted in an amount lower than the amount granted to the executive.

### **MINIMUM SHAREHOLDING REQUIREMENT FOR THE NEOS**

The shareholding guidelines adopted by the Corporation provide that executive officers must hold, no later than at the end of the 5-year period following their appointment, the number of voting shares or DSUs with a value corresponding to a specific multiple of their annual base salary. In the event that an executive officer is promoted, the guidelines provide that he then benefits from an additional 3-year period effective from the date of his promotion to reach the new minimum shareholding multiple which will then be applicable to him.

These guidelines were suspended in 2019, 2020 and 2021, as executive officers were then restricted from buying or selling securities of the Corporation during the blackout period in effect.

The amount used to determine compliance with the executive officers' minimum shareholding requirement will be (i) the cost of acquiring the shares for the executive officer; or (ii) the market value of the shares held on October 31 of each year,

whichever is the higher. The shares taken into consideration include the shares vested under the Transaction program, including when they have not yet vested or become unrestricted.

The table below indicates the minimum shareholding multiple applicable to each position held.

Position	Minimum shareholding multiple
President and CEO <sup>(1)</sup>	3.0 times the annual salary
Chief Operating Officer Chief Financial Officer President and General Manager, Air Transat	1.5 times the annual salary
Other NEOs	1.0 times the annual salary

(1) This multiple is now calculated based on the salary currently paid to Ms. Guérard.

If the executive officer has not reached the pro rata holding he should have reached (20% after one year, 40% after two years, 60% after three years, 80% after four years, 100% after five years), he must keep 100% of the shares vested under the Stock Option Plan/Transaction program and 50% of the shares vested (after taxes) under the PSU Plan, up to the required pro rata holding.

If the executive officers commit a deliberate act that prevents them from complying with their holding rules, such as selling shares they hold, they shall keep shares representing 100% of the net profit derived from the exercise of Options and the vesting of PSUs, and future awards under the long-term incentive plans will be reduced or eliminated, unless the HRCC decides otherwise.

The status of the NEOs as regards the achievement of their shareholding requirements can be found in the section entitled “**Named Executive Officers**” in their individual profiles.



**THE SHAREHOLDING REQUIREMENT FOR EXECUTIVE OFFICERS OF THE CORPORATION HELPS REINFORCE THE CONNECTION BETWEEN THE INTERESTS OF THE EXECUTIVES AND THE SHAREHOLDERS.**

## NAMED EXECUTIVE OFFICERS



### ANNICK GUÉRARD

**President and CEO, Transat A.T. Inc.**

Annick Guérard was appointed President and CEO of the Corporation on May 27, 2021. Prior to that, she was the Chief Operating Officer and headed all of the Corporation's operations (other than those of the new hotel subsidiary), including the operations of the airline Air Transat.

As principal executive officer of the Corporation, she controlled and oversaw the business of the Corporation. Her deep knowledge of the business, the industry and consumers combined with her vision, leadership and efficiency allow her to play a key role in the Corporation's development and success.

- Ms. Guérard voluntarily agreed to reduce her salary by 15% at the beginning of the pandemic. This reduction ended December 31, 2020.
- No STIP payment was made to Ms. Guérard for fiscal year 2021.
- The second and last tranche of the exceptional bonus implemented under the Arrangement in 2019 was paid to Ms. Guérard in recognition of her increased responsibilities as well as the additional workload she shouldered throughout the Arrangement and her contribution thereto. Of the \$67,000 owing to her, she only received \$33,554, as she reimbursed \$33,446 due to the compensation restrictions imposed under the LEEFF loan.
- Due to the compensation restrictions imposed under the LEEFF loan, she also reimbursed \$25,550 for unused paid vacation which she was reccredited after her reimbursement.
- No Options were awarded or PSUs granted in 2021. A cash bonus was awarded in replacement of the LTIP awards.
- After the trading blackout period was lifted, 25% of the PSUs from the 2016-2019 cycle were vested.
- Normally, 58% of Ms. Guérard's total direct compensation target is variable and linked to the performance of the business. In 2021, only the bonus replacing the LTIP awards, which represents 42% of the total direct compensation granted, is linked to the performance of the business.



**Target compensation** represents the sum of: the total base salary (not including pandemic-related salary reductions), target STIP, estimated value of the Options and PSUs upon the target's achievement, pension plan and other compensation (which includes perquisites) and target value of the shares usually awarded under the Transaction plan.

**Awarded compensation** represents the sum of: the base salary (reduced in response to the pandemic), pension plan and other compensation (which includes perquisites, cash payments made following the Transaction program's suspension and exceptional bonus tied to the Arrangement) and value of the cash bonus in replacement of the LTIP awards.

**Realized compensation** represents the sum of: the base salary (reduced in response to the pandemic), PSUs vested and paid, pension plan and other compensation (which includes perquisites, cash payments made following the Transaction program's suspension and exceptional bonus tied to the Arrangement) and value of the vested shares (Transaction plan).

Shareholding guidelines (in progress)			
Shares	DSUs	Value <sup>(1)</sup>	Required value <sup>(2)</sup>
70,115	0	539,534	\$1,660,722

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39 per unit, and includes the unvested contribution of the Corporation under the Transaction program.

<sup>(2)</sup> The shareholding guidelines provide that Ms. Guérard must hold a number of Voting Shares or DSUs with a value equal to three times her annual base salary. Although Ms. Guérard's base salary was revised to \$825,000 when she was promoted to the position of President and CEO, that salary is not paid to her due to the compensation restrictions imposed under the LEEFF loan. This salary will only apply starting November 1<sup>st</sup> of the year in which the loan will be repaid. As a result, Ms. Guérard's required value is calculated using the base salary effectively being paid to her, i.e. \$553,574. Moreover, Ms. Guérard has an additional period of three years following her promotion within which to achieve the new target multiple.

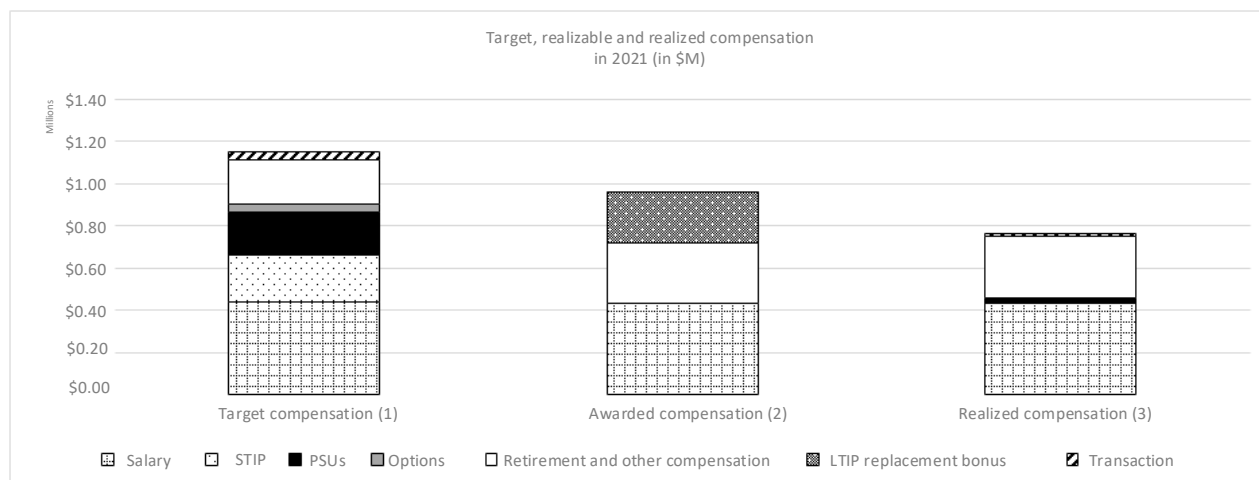


## JEAN-FRANÇOIS LEMAY

**President and General Manager, Air Transat A.T. Inc.**

As President and General Manager of Air Transat A.T. Inc., Jean-François Lemay oversees the operational management of the carrier and supervises the implementation of the corporation's main orientations. He ensures the safety and security of the operations, the punctuality of flights, as well as the comfort and satisfaction of passengers.

- Mr. Lemay voluntarily agreed to reduce his salary by 15% at the beginning of the pandemic. This reduction ended December 31, 2020.
- No STIP payment was made to Mr. Lemay for fiscal year 2021.
- The second and last tranche of the exceptional bonus implemented under the Arrangement in 2019 was paid to Mr. Lemay in recognition of his increased responsibilities as well as the additional workload he shouldered throughout the Arrangement and his contribution thereto. Of the \$67,000 owing to him, he only received \$38,318, seeing as he reimbursed \$28,682 due to the compensation restrictions imposed under the LEEFF loan.
- Due to the compensation restrictions imposed under the LEEFF loan, he also reimbursed \$52,802 for unused paid vacation which he was recredited after his reimbursement.
- No Options were awarded or PSUs granted in 2021. A cash bonus was awarded in replacement of the LTIP awards.
- After the trading blackout period was lifted, 25% of the PSUs from the 2016-2019 cycle vested.



**Target compensation** represents the sum of: the total base salary (not including pandemic-related salary reductions), target STIP, estimated value of the Options and PSUs upon the target's achievement, pension plan and other compensation (which includes perquisites) and target value of the shares usually awarded under the Transaction plan.

**Awarded compensation** represents the sum of: the base salary (reduced in response to the pandemic), pension plan and other compensation (which includes perquisites, cash payments made following the Transaction program's suspension and exceptional bonus tied to the Arrangement) and value of the cash bonus in replacement the LTIP awards.

**Realized compensation** represents the sum of: the base salary (reduced in response to the pandemic), PSUs vested and paid, pension plan and other compensation (which includes perquisites, cash payments made following the Transaction program's suspension and exceptional bonus tied to the Arrangement) and value of the vested shares (Transaction plan).

Shareholding Guidelines (in progress)			
Shares	DSUs	Value <sup>(1)</sup>	Value Required <sup>(2)</sup>
63,785	—	\$445,180	\$664,290

(1) This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares held on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39 per unit, including the Corporation's unvested contribution under the terms of the Transaction program.

(2) Following his appointment as President and General Manager of Air Transat on November 1, 2016, the shareholding requirement for Mr. Lemay increased from 1 to 1.5 times his base salary. Following his promotion, he had an additional period of three years, until October 31, 2019, to reach the new applicable minimum holding multiple. However, given the blackout period in effect, he has an additional 10 months following the lifting of the trading blackout period to meet the shareholding requirement.

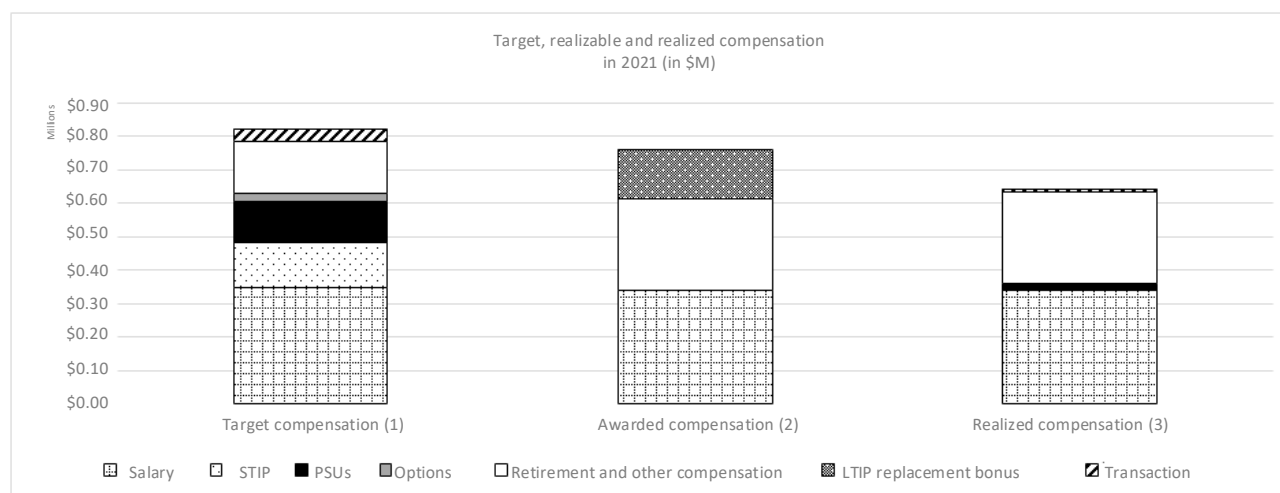


## BERNARD BUSSI RES

**Vice President, General Counsel and Corporate Secretary, Transat A.T. Inc.**

As Vice President, General Counsel and Corporate Secretary of Transat A.T. Inc., Bernard Bussi res is head of the Corporation's legal services department.

- Mr. Bussi res voluntarily agreed to reduce his salary by 15% at the beginning of the pandemic. This reduction ended December 31, 2020.
- No STIP payment was made to Mr. Bussi res for fiscal year 2021.
- The second and last tranche of the exceptional bonus implemented under the Arrangement in 2019 was paid to Mr. Bussi res in recognition of his increased responsibilities as well as the additional workload he shouldered throughout the Arrangement and his contribution thereto. Of the \$167,500 owing to him, he only received \$81,856, seeing as he reimbursed \$85,644 due to the compensation restrictions imposed under the LEEFF loan.
- Due to the compensation restrictions imposed under the LEEFF loan, he also reimbursed \$32,967 for unused paid vacation which he was reccredited after his reimbursement.
- No Options were awarded or PSUs granted in 2021. A cash bonus was awarded in replacement of the LTIP awards.
- After the trading blackout period was lifted, 25% of the PSUs from the 2016-2019 cycle vested.



**Target compensation** represents the sum of: the total base salary (not including pandemic-related salary reductions), target STIP, estimated value of the Options and PSUs upon the target's achievement, pension plan and other compensation (which includes perquisites) and target value of the shares usually awarded under the Transaction plan.

**Awarded compensation** represents the sum of: the base salary (reduced in response to the pandemic), pension plan and other compensation (which includes perquisites, cash payments made following the Transaction program's suspension and exceptional bonus tied to the Arrangement) and value of the cash bonus in replacement of the LTIP awards.

**Realized compensation** represents the sum of: the base salary (reduced in response to the pandemic), PSUs vested and paid, pension plan and other compensation (which includes perquisites, cash payments made following the Transaction program's suspension and exceptional bonus tied to the Arrangement) and value of the vested shares (Transaction plan).

Shareholding Guidelines (achieved)			
Shares	DSUs	Value <sup>(1)</sup>	Required value
81,936	1,099	\$696,776	\$349,850

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and (ii) the market value of the shares held on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39 per unit, including the Corporation's unvested contribution under the terms of the Transaction program.

## Part 5 - SUMMARY COMPENSATION TABLE

The following table sets forth the information regarding the total compensation paid during each of the last three fiscal years to the President and CEO, the VP, Finance and Administration and Chief Financial Officer and the three other most highly compensated executive officers of the Corporation and its subsidiaries (collectively, the “NEOs”). To obtain the value vested or realized upon vesting for the Share-Based Plans and the Stock Option Plans, please refer to the “Incentive Plans” section.

Name and principal position	FY	Salary <sup>(6)</sup> (\$)	Share-based awards		Option-based awards <sup>(9)</sup> (\$)	Short-term incentive plan compensation <sup>(10)</sup> (\$)	Retirement plan value <sup>(11)</sup> (\$)	All other compensation <sup>(12)</sup> (\$)	Total compensation (\$)
			PSUs <sup>(7)</sup> (\$)	Transaction Program <sup>(8)</sup> (\$)					
<b>Annick Guérard</b> <sup>(1)</sup> President and CEO, Transat A.T. Inc. (starting May 27, 2021)	2021	540,132	0	0	0	0	597,234	138,733	1,276,099
	2020	502,459	0	0	0	0	192,446	104,743	799,648
	2019	538,833	0	18,960	0	0	179,178	121,072	858,043
<b>Jacques Simoneau</b> <sup>(4)</sup> Vice-President, Finance and Administration and Interim Chief Financial Officer, Transat A.T. Inc. (starting July 10, 2021)	2021	179,105	0	0	0	0	0	192,089	371,194
	2020	-	-	-	-	-	-	202,853	202,853
	2019	-	-	-	-	-	-	266,759	266,759
<b>Jean-François Lemay</b> President and General Manager, Air Transat A.T. Inc.	2021	431,618	0	0	0	0	167,360	122,461	721,439
	2020	401,967	0	0	0	0	161,156	83,795	646,918
	2019	431,067	0	15,168	0	0	141,943	107,835	696,013
<b>Bernard Bussi�res</b> Vice-President, General Counsel and Corporate Secretary, Transat A.T. Inc.	2021	340,969	0	0	0	0	121,421	151,826	614,216
	2020	317,217	0	0	0	0	122,325	69,624	509,166
	2019	339,865	0	11,912	0	0	140,023	141,018	632,818
<b>Jean-Marc Eustache</b> <sup>(2)</sup> Former President and CEO, Transat A.T. Inc. (retired May 26, 2021)	2021	494,194	0	0	0	0	2,594,949	1,398,245	4,553,610
	2020	812,184	0	0	0	0	537,000		1,423,238
	2019	920,608	0	0	0	0	398,185	74,054 73,649	1,392,442
<b>Denis P�trin</b> <sup>(3)</sup> Former Vice-President, Finance and Administration, and Chief Financial Officer, Transat A.T. Inc. (terminated and retired July 9, 2021)	2021	295,353	0	0	0	0	149,952	1,610,706	2,056,054
	2020	401,967	0	0	0	0	26,156	83,795	711,918
	2019	431,067	0	15,168	0	0	176,943	128,524	751,702
<b>Jordi Sol�</b> <sup>(5)</sup> President, Hotel Division, Transat A.T. Inc. (terminated August 31, 2021)	2021	383,302	0	0	0	0	0	1,381,968	1,765,270
	2020	413,061	0	0	0	142,442	0	189,211	744,713
	2019	420,405	0	13,817	0	138,300	0	175,676	748,198

(1) Ms. Annick Gu rard was appointed President and CEO on May 27, 2021. Prior to that, she was Chief Operating Officer.

(2) Mr. Jean-Marc Eustache stepped down as President and CEO on May 26, 2021.

(3) Mr. Denis P trin stepped down as Vice-President, Finance and Administration and Chief Financial Officer on July 9, 2021.

(4) Mr. Jacques Simoneau acted as interim Chief Financial Officer from July 10, 2021, after Mr. Denis P trin departed, up to November 14, 2021, when Mr. Patrick Bui was hired as Chief Financial Officer. Mr. Bui is therefore not an NEO in 2021, but will be in 2022.

(5) Mr. Jordi Sol  stepped down as President- Hotel Division of Transat A.T. on August 31, 2021.

(6) Mr. Sol ’s base salary is expressed as its net value and established in American dollars. Transat assumes the income and payroll taxes in order for Mr. Sol  to receive a net amount established as a base salary. This net amount was equal to US\$250,000 from when he was hired February 20, 2018 until December 31, 2019, and US\$257,500 since January 1, 2020. The amounts in American dollars were converted to Canadian dollars according to the following average exchange rates:

2021 US\$1 = \$1.2577

2020 US\$1 = \$1.3458

2019 US\$1 = \$1.3288

(7) No PSUs were granted in 2020 and 2019 due to the trading blackout period in effect. These grants were replaced with the awarding of a replacement bonus as detailed above. The 2021 PSUs could not be granted due to the compensation restrictions imposed by the LEEFF loan. This granting was replaced with the granting of a replacement bonus as detailed above. Messrs. Sol  and Simoneau were not eligible to participate in the PSU plan.



- (8) This amount represents Transat's contribution to the share purchase plan (Transaction program). This contribution equals 10% of the officer's base salary. Participation in the program was suspended for NEOs as of February 1, 2019 due to the trading blackout period in effect. The employer's contribution was replaced by a cash payment until December 31, 2021, since the program was reinstated on January 1, 2022. The value of these payments in cash is presented in the "All other compensation" column. Transat's contributions to Mr. Solé's account are based on his gross base salary. The amounts in American dollars were converted to Canadian dollars using the following average exchange rates:

2021	US\$1 = \$1.2577
2020	US\$1 = \$1.3458
2019	US\$1 = \$1.3029

Messrs. Eustache and Simoneau did not participate in the Transaction program.

- (9) No Options were granted in 2019 and 2020 due to the trading blackout period in effect. These grantings were replaced by the awarding of a replacement bonus, as detailed above. The 2021 granting could not be made due to the compensation restrictions imposed under the LEEFF loan. The granting was replaced by the awarding of a replacement bonus, as detailed above. The value of the bonuses attributed take into account the following assumptions:

	2021 (No grant of Options in 2021)	2020 (No grant of Options in 2020)	2019 (No grant of Options in 2019)
Exercise price	\$5.49	\$16.13	\$5.93
Risk-free rate	1.18%	1.69%	1.80%
Dividends	-	-	-
Volatility (60 months)	67.20%	52.50%	39.00%
Expected lifetime	4 years	4 years	4 years
Fair value per Option	\$2.80	\$6.78	\$1.95

Messrs. Solé and Simoneau were not eligible to participate in the Option Plan.

- (10) The NEOs are eligible to participate in the STIP, except Messrs. Solé and Simoneau. Mr. Solé was eligible to participate in the hotel division bonus plan. However, no amount was paid to Mr. Solé for fiscal year 2021. The Corporation assumed the taxes and payroll taxes related to the amounts received by Mr. Solé under the bonus plan. The amounts in American dollars were converted to Canadian dollars using the following exchange rates in effect on the last day of the fiscal year:

2020	US\$1 = \$1.3336
2019	US\$1 = \$1.3160

- (11) The value of the retirement plan represents, for each fiscal year, the sum of the change attributable to compensatory items of the defined benefit pension plan and the compensatory amount of the defined contribution plan, as presented for fiscal year 2021, in the tables under the section entitled "Pension plan benefits" of this Circular. For each fiscal year, the amount of the change attributable to compensatory items was established using the same actuarial assumptions as those that served to establish the accrued benefit obligation presented in Transat's financial statements for the years ended October 31, 2019, 2020 and 2021, respectively, in accordance with generally accepted accounting principles. Footnote (8) at the bottom of the "Table of Pension Plan Benefits" describes the handling of Mr. Eustache's pension plan upon retirement. Finally, the value of the contributions to Mr. Solé's IRA and 401(k) is included in the "All other compensation" column. Mr. Simoneau was not eligible to participate in the pension plan.

- (12) For Messrs. Eustache, Pétrin, Lemay and Bussièrès and Ms. Guérard:

- For 2019, it includes the value of the perquisites paid under the perquisites program (allowance): Mr. Eustache: \$73,649; Mr. Pétrin: \$38,796; Ms. Guérard: \$48,495; Mr. Lemay: \$43,107; Mr. Bussièrès: \$33,987 as well as the value of the cash payments following the suspension of the Transaction program: Mr. Pétrin: \$31,395; Ms. Guérard: \$39,244; Mr. Lemay: \$31,395 and Mr. Bussièrès: \$24,531. As well, this amount includes the value of an exceptional bonus intended to recognize the increase in responsibilities and well as the additional workload taken on during an extended period of time as a result of the Arrangement: Mr. Pétrin: \$58,333; Ms. Guérard: \$33,333; Mr. Lemay: \$33,333 and Mr. Bussièrès: \$82,500.
- For 2020, it includes the value of the perquisites paid under the perquisites program (allowance): Mr. Eustache: \$74,054; Mr. Pétrin: \$39,856; Ms. Guérard: \$49,820; Mr. Lemay: \$39,856 and Mr. Bussièrès: \$34,951, as well as the value of the cash payments made following the suspension of the transaction program: Mr. Pétrin: \$43,939; Ms. Guérard: \$54,923; Mr. Lemay: \$43,939 and Mr. Bussièrès: \$34,673.
- For 2021, it includes the value of the perquisites paid under the perquisites program (allowances): Mr. Eustache: \$41,992; Mr. Pétrin: \$27,594; Ms. Guérard: \$49,822; Mr. Lemay: \$39,857; Mr. Bussièrès: \$34,985, as well as the value of the cash payments made following the suspension of the Transaction program: Mr. Pétrin: \$30,660; Ms. Guérard: \$55,357; Mr. Lemay: \$44,286; Mr. Bussièrès: \$34,985. Furthermore, this amount includes the payment of unused time in the vacation bank: Mr. Pétrin: \$30,660; Mr. Eustache: \$39,013, as well as the value of the second and last tranche of the exceptional bonus in recognition of increased responsibilities as well as the additional workload shouldered throughout an extended period due to the Arrangement: Mr. Pétrin: \$117,250; Ms. Guérard: \$33,554; Mr. Lemay: \$38,318 and Mr. Bussièrès: \$81,856. Lastly, this amount includes the severance amounts payable to Mr. Pétrin: \$1,404,543 and Mr. Solé: \$1,228,958 (converted into Canadian dollars at the average exchange rate of US\$1 = \$1.2577). Mr. Eustache did not receive any severance pay. An amount of \$1,317,239 was paid to him in vacation earned but not taken and for the value of the LTIP awards payable to him at the time of his retirement.

For Mr. Simoneau:

- This amount represents the compensation he received in fees as a Board member of the Corporation, namely \$266,759 in 2019, \$202,853 in 2020 and \$192,089 in 2021.

For Mr. Solé:

- This amount includes the value of Transat's contributions to the retirement capital accumulation plan (IRA and 401(k) and supplemental cash component), namely \$36,079 for 2021 (converted into Canadian dollars at the average exchange rate of US\$1 = \$1.2577), \$44,742 for 2020 (converted to Canadian dollars at the average exchange rate of US\$1 = \$1.3458), and \$45,537 for 2019 (converted to Canadian dollars at the exchange rate of US\$1 = \$1.3288).
- This amount also includes his housing and car allowance and a salary increase equal to the insurance premium of \$80,852 in 2021 (converted into Canadian dollars at the average exchange rate of US\$1 = \$1.2577), \$100,369 in 2020 (converted to Canadian dollars at the average exchange rate of US\$1 = \$1.3458), and \$99,858 in 2019 (converted to Canadian dollars at the average exchange rate of US\$1 = \$1.3288).
- This amount also includes the value of the cash payments made following the suspension of the Transaction program, namely \$36,078 (converted into Canadian dollars at the average exchange rate of US\$1 = \$1.2577) for 2021, \$44,100 for 2020 (converted to Canadian dollars at an exchange rate of US\$1 = \$1.3458) and \$30,281 for 2019 (converted to Canadian dollars at the average exchange rate of US\$1 = \$1.3288).

## Part 6 - INCENTIVE PLANS

### TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each NEO, the number and value of option-based and share-based awards outstanding at the end of fiscal year 2021.

Name of the officer	Option Based Awards					Share Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money Options <sup>(1)</sup>		Number of shares or share units that have not vested <sup>(2)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(3)</sup> (\$)	Market or payout value of vested share-based awards (not paid out or distributed) <sup>(4)</sup> (\$)
				Vested (\$)	Not vested (\$)			
Annick Guérard	16,871	7.48	January 11, 2022	0		357	1,698	0
	14,362	6.01	January 9, 2023	0				
	7,151	8.73	January 14, 2022	0				
	11,875	8.97	Sept. 18, 2024	0				
	26,500	10.94	January 11, 2025	0				
Jacques Simoneau	-	-	-	-	-	-	-	95,079
Jean-François Lemay	26,471	7.48	January 11, 2022	0		309	1,359	0
	7,221	8.73	January 14, 2022	0				
	11,875	8.97	Sept. 18, 2024	0				
	13,250	10.94	January 11, 2025	0				
Bernard Bussi�res	35,326	6.01	January 9, 2023	0		243	1,067	4,825
	29,078	7.48	January 11, 2022	0				
	8,325	10.94	January 14, 2025	0				
	6,828	8.73	January 14, 2022	0				
	7,619	8.97	Sept. 18, 2024	0				
Jean-Marc Eustache <sup>(5)</sup>	192,313	7.48	November 26, 2021	0		0	0	0
	147,137	6.01	November 26, 2021	0				
	48,383	8.73	November 26, 2021	0				
	53,992	8.97	November 26, 2021	0				
	57,063	10.94	November 26, 2021	0				
Denis P�trin <sup>(5)</sup>	37,433	7.48	January 10, 2022	0		0	0	0
	10,745	8.73	January 10, 2022	0				
	12,750	8.97	January 10, 2022	0				
	13,250	10.94	January 10, 2022	0				
Jordi Sol� <sup>(6)</sup>	-	-	-	-	-	0	0	-

(1) The monetary value was calculated using the difference between the trading price of Transat's Voting Shares on the TSX on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39, and the Option exercise price.

(2) Vesting of shares under the Transaction program depends only on time, while vesting of PSUs and RSUs depends on the extent to which the Corporation achieves the targets in the course of the 3-year cycle. Please refer to the "Long Term Incentive Plan" section.

(3) Includes the PSUs, RSUs and share awards under the Transaction program. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39.

(4) Represents the DSUs granted over time. For Mr. Simoneau, these are DSUs that he has accumulated since 2004 as a Director. The monetary value was calculated using the trading price of Transat's Voting Shares on the TSX on October 29, 2021 (the TSX being closed on October 30 and 31, 2021), namely \$4.39.

(5) The Options expire six months after their employment termination date, namely November 26, 2021 for Mr. Eustache and January 10, 2022 for Mr. P trin.

(6) Mr. Sol  is not eligible to participate in the Option, RSU or DSU Plans.

## TABLE OF THE VALUE VESTED OR PAID DURING THE FISCAL YEAR

The following table sets forth, for each NEO, the value vested or paid during the fiscal year under the various compensation plans.

Name of the officer	Option based awards: Value vested during the fiscal year <sup>(1)</sup>	Share-based awards: value vested during the fiscal year <sup>(2)</sup>	Non-equity incentive plans: value paid during the fiscal year <sup>(3)</sup>
<b>Annick Guérard</b>	\$0	\$46,972	\$0
<b>Jacques Simoneau</b>	n/a	n/a	n/a
<b>Jean-François Lemay</b>	\$0	\$40,690	\$0
<b>Bernard Bussi�res</b>	\$0	\$27,145	\$0
<b>Jean-Marc Eustache</b>	\$0	\$0	\$0
<b>Denis P�trin</b>	\$0	\$46,690	\$0
<b>Jordi Sol�</b>	\$0	\$11,125	\$0

- (1) The value is determined by assuming that the Stock Options vested during the fiscal year would have been exercised on the vesting date of each relevant grant. The value corresponds to the difference between the closing price of the Voting Shares on the TSX on the vesting date and the exercise price on the vesting date. Mr. Simoneau was not eligible to participate in the Option plan in fiscal 2021.
- (2) For the Transaction program, the value corresponds to the shares that vested during the fiscal year multiplied by the price per share on the vesting date. For PSUs, the value equals the PSUs that vested at the time the trading blackout period was lifted, multiplied by \$6.26 (the purchase price). Mr. Simoneau was not eligible to participate in the Transaction program for fiscal 2021 and did not hold any PSUs from the 2016-2019 cycle.
- (3) No payment was made for the fiscal year 2020-2021 under the Short-Term Incentive Plan (STIP). Mr. Simoneau was not eligible to participate in the STIP the fiscal year 2021.

## Part 7 – PENSION PLAN BENEFITS

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Retirement plans constitute an integral part of the overall compensation of executive officers. In considering the value of the retirement benefits provided to the executive officers (in Canada), the HRCC takes into account the annual service cost, the accrued retirement benefit obligation, as well as the annual benefit that would be available to the executive officer upon retirement.

Under the terms of the retirement benefit plan, the participant is eligible, starting at the age of 65 and for the remainder of his or her life, to a monthly retirement benefit. The amount of this benefit is established based on a percentage of 1.5% per year of credited service, multiplied by the “final average salary over 5 years,” namely the average of the five (5) years of service credited to the participant during which the participant’s base salary was the highest. Any new participant in the plan will be subject to these conditions. However, the participants who enrolled before 2015, which includes all NEOs, benefit from a grandfather clause pursuant to which (1) their “final average salary over 5 years” also includes the target bonus under the STIP, and (2) the percentage of the pension cumulated per year of employment varies between 1.5% and 2% according to their total years of credited service.

The amount of the retirement benefit payable by the Corporation is reduced by the sum of the following benefits:

- The retirement benefit payable upon turning 65 under the Transat’s retirement plan for non-unionized employees, which is the actuarial equivalent value of the amount accrued by the participant on the date of his or her retirement under such plan.
- The maximum retirement benefit payable upon turning 65 under the Quebec Pension Plan, as determined on the participant’s retirement date, multiplied by the number of eligible years of service and divided by 35.

The retirement benefit plan also contains the following terms and conditions:

- The participant may elect early retirement between the ages of 55 and 65 years.
  - In the event that early retirement is taken between the ages of 55 and 60, the retirement benefit is reduced by 5/12% for every full month that the retirement was taken before the participant’s 60<sup>th</sup> birthday.
  - Where early retirement is taken between the ages of 60 and 65, no reduction applies to the retirement benefit.
  - Furthermore, for participants with over 20 eligible years of credited service, if early retirement is taken upon the date where the sum of age attained plus eligible years of credited service equals 85 (provided the participant is at least 55 years of age), no reduction applies to the retirement benefit.
- If the participant ceases to be employed by Transat before the date of his or her retirement, Transat will issue a certificate or promise of payment of the retirement benefit calculated as of his date of termination of employment, but payable only when the participant turns 65, except in the case of dismissal for cause or if the participant ceases his or her participation in the retirement plan, which results in the automatic cancellation of the participant’s right to any retirement benefit pursuant to the standard pension agreement.

A new pension agreement was approved in February 2022 and became effective as of May 27, 2021 for Ms. Guérard after she was appointed President and CEO in recognition of her service effective May 27, 2021. The base salary and bonus target determined at the time of her promotion were taken into consideration in this new pension agreement, but the resulting five-year average final salary does not apply to all of the years already credited, as would have been the case if this new agreement had not been implemented. As of May 27, 2021, Ms. Guérard’s services ceased being credited in the previous pension agreement and are now credited in the new one. As a reminder, Ms. Guérard had accumulated 8.48 years of service credited in the pension plan for executive officers under her former agreement. To determine Ms. Guérard’s pension formula, the weighted average rate of the two agreements is used as though they were but one. The new agreement provides for the possibility of transferring years of credited service of the previous agreement, which was also amended to provide for this possibility, to the new agreement. The transfer of 1.25 year of credited service was also agreed to at the time these amendments were executed. The transferred years correspond to the years most recently accumulated under the initial agreement, namely those just prior to May 27, 2021. The following table indicates, for each of the NEOs (except Mr. Solé who is eligible for the 401(k) plan) and Mr. Simoneau, who was not eligible to participate in the pension plan for executive officers during his interim tenure), the annualized eligible earnings, years of credited service and estimated annual

retirement benefits payable at age 65 accrued as at October 31, 2021, and which will accrue if the participant remains employed by the Corporation until age 65. The table also sets forth the changes in the accrued retirement benefit obligation from November 1, 2020, to October 31, 2021, including the annual cost attributable to compensatory items for fiscal year 2021. These amounts were calculated using the same actuarial assumptions used for determining the accrued benefit obligation at year-end presented in our financial statements for the year ended October 31, 2021, in accordance with generally accepted accounting principles.

### **Table of Pension Plan Benefits**

Name of the officer	Number of years credited service <sup>(1)</sup>	Annual benefits payable <sup>(2)</sup>		Accrued benefit obligation as at November 1, 2020 <sup>(3)</sup>	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2021 <sup>(3)</sup>
		As at October 31, 2021	At age 65		Change attributable to compensatory items <sup>(4)</sup>	Change attributable to non-compensatory items <sup>(5)</sup>	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Annick Guérard <sup>(6)</sup>	8.91	130,314	884,456	1,912,768	586,163	(229,036)	2,269,895
Jacques Simoneau <sup>(7)</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jean-François Lemay	10.00	103,625	116,561	1,426,525	158,503	(84,533)	1,500,495
Bernard Bussi�res	20.64	173,469	244,313	2,729,562	114,424	(226,653)	2,617,333
Jean-Marc Eustache <sup>(8)</sup>	n/a	n/a	n/a	18,520,952	2,594,949	(21,115,901)	0
Denis P�trin <sup>(9)</sup>	n/a	126,593	126,593	2,300,733	143,901	(129,276)	2,315,358

(1) Number of years credited service in a position eligible for the pension plan for executive officers on or prior to October 31, 2021, following termination of employment or retirement in 2021.

(2) Represents the benefits payable at age 65 based on the average final salary and the participation at the forecasted date and without subtracting the benefits coming from the Canada Pension Plan or the Quebec Pension Plan.

(3) Represents the value of the projected pension benefits earned for years credited service up to October 31, 2020 or October 31, 2021, accounting for the benefits of the Canada Pension Plan and the Quebec Pension Plan, established in accordance with the assumptions described in Transat's respective financial statements.

(4) Corresponds to the cost of the services rendered during the fiscal year plus the value of the amendments to the agreement, if any, and the value corresponds to a variation of the compensation that differs from the actuarial assumptions.

(5) Represents the impact of all the other changes, including the interest related to the obligation for the previous year plus the change in the discount rate used to measure the obligations, the changes in other assumptions and the gains or losses realized other than those related to the compensation as well as the lump-sum payments.

(6) After Ms. Gu rard was appointed President and CEO of the Corporation on May 27, 2021, a new pension agreement was implemented, the details of which are presented above. The values presented here equal the sum of the values of Ms. Gu rard's two pension agreements. For information purposes, had a new agreement not been implemented for Ms. Gu rard, the variation would have been \$2,331,567 for the compensatory items, and (\$217,235) for the non-compensatory items.

(7) Mr. Simoneau was not eligible to participate in the pension plan for executive officers in fiscal 2021.

(8) On May 26, 2021, the Corporation announced that Mr. Jean-Marc Eustache would be retiring as Board Chair as well as President and CEO. While he did not receive any severance pay, Mr. Eustache did immediately receive the value of the pension benefits he had accumulated over the course of his 42 years of service with the Corporation, of which he is one of the founders. The actuarial value of the benefits legally due to him were calculated in accordance with his pension agreement. The corresponding payment had no impact on the Corporation's free cash, as over the years the Corporation had already pledged an amount covering this sum as part of the amounts pledged in support of all its irrevocable letters of credit, taken from time to time as part of its regular business activities. With the payment of this lump sum, the amount of these letters of credit and security amounts has been reduced accordingly, as disclosed in the Management's Discussion and Analysis of the Corporation for the fiscal year ended October 31, 2021.

(9) Mr. P trin retired on leaving the Corporation on July 9, 2021. His number of years of service therefore ceased being credited on that date.

Obligations stemming from payable defined retirement benefits are guaranteed by an irrevocable letter of credit held by a third-party trustee. This letter of credit provides for immediate payment of the accrued value of the benefits under the plan, without acceleration, upon the occurrence of the following events:

- the acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert (20% for the plan members prior to 2016);
- the loss of majority by the Directors in office;
- the sale of 50% of the assets or the majority of the securities of Air Transat and TTC (or the sale of 50% of the assets or the majority of the securities of Air Transat or TTC for plan members prior to 2016);

- In the event of a change of control or an event of default, namely failure to pay the agreed annuities, to renew the letter of credit or, for the Corporation, to pay the related fees, the letter of credit issued to secure obligations under senior executive defined benefit pension agreements would be drawn down.

Ms. Guérard's new pension agreement and those already in place for Messrs. Bussi res and Lemay were amended in February 2022. For Ms. Gu rard, the 0.2 year of service rendered prior to December 3, 2012 was redeemed (namely prior to the date on which she became eligible to participate in the pension plan for executive officers). The value of the base salary and target bonus corresponding to her position as President and CEO on the redemption date, indexed by 3% compounded annually between 2022 and the year of her 65<sup>th</sup> anniversary, is taken into consideration for this partially redeemed year. The amended agreements of Messrs. Bussi res and Lemay now provide that the retirement allowance for the years of service credited prior to November 1, 2021 is indexed only once by 3% for Mr. Bussi res and 1.63% for Mr. Lemay starting on the 13<sup>th</sup> payment. These amendments, which came into effect in February 2022, are not reflected in the table below.

### DEFINED CONTRIBUTION PLAN TABLE

To qualify for the Defined Contribution Plan offered to the officers of Transat in Canada, they must first participate in the Transat retirement plan for non-unionized employees, which includes an employee contribution paid to the RRSP and an employer contribution paid to the DPSP. For senior management positions, the contributions are two percent (2%) each, up to the maximum contributions allowed under the *Income Tax Act* (Canada).

Mr. Eustache's participation in the Defined Contribution Plan ceased on December 31, 2019 as he had reached the maximum age for RRSP/DPSP contributions. Although he no longer contributes to his RRSP, the value of the benefit payable and the Corporation's accrued benefit obligations are calculated as if Mr. Eustache were making a 2% contribution to his RRSP. The Corporation has also discontinued its contributions to the DPSP, which has the effect of increasing its obligations for the defined benefit portion of the pension plan. Mr. Simoneau was not eligible to participate in the pension plan for executive officers during his interim tenure.

Mr. Sol  was eligible for a capital accumulation plan equal to 10% of his base salary. This was not a registered defined contribution plan. For the period that he worked in Canada, the contributions were paid to him as salary. Then, following his relocation to the United States, and until December 31, 2018, the contributions were paid in an individual retirement account (IRA). From January 2019, a 401(k) plan was created. The fraction eventually exceeding the maximum allowable contributions was paid as salary. He ceased participating in this plan when he left the Corporation on August 31, 2021.

The following table sets out the changes in the sums accumulated in the defined contribution plan between November 1, 2020 and October 31, 2021, including the Corporation's contributions for fiscal year 2021.

Name of officer	Accumulated value as at November 1, 2020 (\$)	Compensatory amount <sup>(1)</sup> (\$)	Accumulated value at the end of FY 2021 (\$)
Annick Gu�rard <sup>(2)</sup>	392,027	11,071	490,217
Jacques Simoneau <sup>(3)</sup>	n/a	n/a	n/a
Jean-Fran�ois Lemay	142,300	8,857	178,078
Bernard Bussi�res	357,781	6,997	441,473
Jean-Marc Eustache	0	0	0
Denis P�trin <sup>(2)(4)</sup>	643,903	6,094	0

(1) Represents the employer contributions (equivalent to the employee contributions), namely two percent (2%) of the participant's base salary up to the income tax limits.

(2) For Mr. P trin and Ms. Gu rard, only the contributions to the RRSP and DPSP paid since they began participating in the pension plan for executive officers are subtracted from the value of the retirement benefits.

(3) Mr. Simoneau was not eligible to participate in the pension plan for executive officers in fiscal 2021.

(4) Mr. P trin retired when he left the Corporation on July 9, 2021. The amounts accumulated in the defined contribution plan were withdrawn at that time.

## Part 8 - TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS

### BENEFITS PROVIDED BY THE INDIVIDUAL AGREEMENTS IN CASE OF TERMINATION OF EMPLOYMENT

The Corporation has entered into an agreement with each of the NEOs in order to determine the applicable terms and conditions of employment of said individuals, specifically in the context of termination of employment. Each of these agreements was entered into in exchange for undertakings on the part of the NEOs, as hereinafter described.

The NEO undertakes not to solicit our customers or employees for a period of 12 to 36 months and not to enter into competition with us, namely not to operate or to participate in a business operating in the same sectors of activity, in any jurisdiction where Transat or one of its subsidiaries has a place of business, for a period of 12 to 24 months (except Mr. Solé who is not contemplated by this last consideration).

The agreements provide for payment of a termination allowance in case of involuntary departure (excluding cases of death, disability or dismissal for serious cause), increased for certain persons in the case of termination of employment following a change of control. No allowance will be payable in the event of a voluntary termination of employment. The allowance includes the base salary plus a bonus under the STIP or the hotel division bonus plan in the case of Mr. Solé, for a number of months determined as follows:

Officers	Involuntary departure termination allowance	Change of control (CofC) termination allowance
<b>Annick Guérard</b>	<ul style="list-style-type: none"> <li>24 months of base salary (taking into consideration her future salary as President and CEO)</li> <li>STIP on target for 12 months (taking into consideration her target as President and CEO)</li> </ul>	
<b>Jacques Simoneau <sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>N.A.</li> </ul>	
<b>Patrick Bui <sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>24 months of base salary and twice the average annual bonus paid as an annual bonus during the shortest period between the terms of his employment or the two most recently completed fiscal years</li> </ul>	
<b>Jean-François Lemay</b>	<ul style="list-style-type: none"> <li>24 months of base salary</li> <li>STIP based on the average of actual payments over the last two years for the duration of the allowance</li> </ul>	
<b>Bernard Bussi�res</b>	<ul style="list-style-type: none"> <li>12 months of base salary plus one month per year of service (maximum 18 months, which has been reached)</li> <li>STIP on target for the duration of the allowance</li> </ul>	<ul style="list-style-type: none"> <li>18 months of base salary plus one month per year of service (maximum 24 months, which has been reached)</li> <li>STIP on target for the duration of the allowance</li> </ul>

(1) The agreement entered into with Mr. Simoneau for his term as interim Chief Financial Officer did not provide a termination allowance.

(2) Mr. Bui began serving as Chief Financial Officer on November 15, 2021. Therefore, he was not a NEO in 2021, but will be in 2022.

The allowance is paid only if the Corporation terminates the officer's employment for a reason other than serious cause and if the executive officer resigns for "valid reasons," as described in the agreements. The "valid reasons" include, in particular, a material and adverse change of functions affecting the position; a significant reduction of compensation; relocation of the offices more than 100 kilometres away; and more generally, any constructive dismissal. With regard to Ms. Gu rard, these provisions only apply in the 12 months following a change of control. Mr. Lemay's employment contract does not contain such a clause.

In the case of Mr. Eustache, the "valid reasons" also included a material adverse change of duties affecting the positions of Chairman of the Board and/or Chief Executive Officer.

In the cases of Messrs. Eustache and P trin, the agreements also provided, in the event of a change of control, a period of 180 days to exercise any Option granted, regardless of whether it was vested. All unexercised Options became null and void at the end of this period.



The notion of change of control when relating to individual agreements entered into before January 13, 2016 is defined as follows:

- Acquisition or holding of 20% or more of the voting rights; except acquisition by the Corporation itself, a subsidiary or affiliate of the Corporation, or a company with the same shareholders;
- Non-reelection of the majority of the members of the Board at the time the agreement comes into force (or their successors approved by three-quarters of the Directors in office); and
- Sale of 50% of the assets, the majority of the voting rights to Air Transat or Transat Tours Canada, or almost all the assets of Air Transat or Transat Tours Canada.

The notion of change of control when relating to individual agreements entered into on January 13, 2016 or thereafter is defined as follows:

- Acquisition or holding of more than 50% of the voting rights by a person acting alone or in concert with other persons;
- Loss of the majority by the Directors in office;
- Sale of 50% of the assets or of a majority of the securities of Air Transat and TTC.

In addition to the NEOs, the other executive officers have indemnification clauses varying between 12 and 24 months, depending on seniority and circumstances (whether or not a change of control has occurred).

### BENEFITS PROVIDED BY THE TEXT OF THE PLANS

Apart from the agreements made with the NEOs and the similar agreements signed with certain other senior officers, the pension and long-term incentive plans contain provisions in case of termination of employment and change of control, which apply to all the members in these plans, including the NEOs. These provisions are summarized in the table below. No new grants or awards will be made after the trigger date.

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other benefits
<b>Involuntary departure (termination WITHOUT cause)</b>	<ul style="list-style-type: none"> <li>▪ 6 months to exercise vested Options.</li> <li>▪ Unvested Options at the termination date are cancelled.</li> </ul>	<p><b>RSUs:</b> converted into cash based on the % of the last vesting cycle ended, prorated in accordance with the number of months worked in the cycle of each award, at the value of the Corporation's shares on the termination date.</p> <p><b>DSUs:</b> the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on the termination date by the value of the Corporation's shares on the termination date.</p>	<p><b>PSUs</b> vest based on the % of the last vesting cycle ended, pro rata to the months worked in the cycle of each award.</p>	<p>All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.</p>	<p>A certificate of the accrued benefits on the termination date is issued to the member.</p>	<p>Group insurance (basic life insurance, medical and dental care insurance for the employee and his dependents, as the case may be, as well as travel insurance for a maximum period of 14 consecutive days) will remain in effect, until the earlier of the following dates:</p> <ul style="list-style-type: none"> <li>(i) the effective date of a group insurance policy with a new employer; or</li> <li>(ii) 6 months after the termination of employment.</li> </ul>

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other benefits
<b>Involuntary departure (termination WITH cause)</b>	<ul style="list-style-type: none"> <li>The Options granted will become null and void as of the date of termination of employment.</li> </ul>	<p><b>RSUs:</b> no payment.</p> <p><b>DSUs:</b> the amount paid is calculated by multiplying the number of DSUs in the officer's account on termination date by the value of the Corporation's shares on the termination date.</p>	No payment.	All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.	<p>Vesting of the portion of the defined contributions.</p> <p>Cancellation of the right to benefits of the defined benefit plan.</p>	End of coverage.
<b>Resignation</b>	<ul style="list-style-type: none"> <li>3 months to exercise vested Options.</li> <li>Unvested Options at the termination date are cancelled.</li> </ul>	<p><b>RSUs:</b> No payment.</p> <p><b>DSUs:</b> the amount paid is calculated by multiplying the number of DSUs in the officer's account on his termination date by the value of the Corporation's shares on that date.</p>	No payment.	All the shares subscribed by the member, and all the vested shares become unrestricted. The unvested shares are lost.	A certificate of the accrued benefits on the termination date is issued to the member.	End of coverage.
<b>Retirement</b>	<ul style="list-style-type: none"> <li>6 months to exercise vested Options.</li> <li>Unvested Options at the termination date are cancelled.</li> </ul>	<p><b>RSUs:</b> vest <i>pro rata</i> to the months worked in the cycle of each award, subject to the determination of the vesting of the said RSUs at the end of the vesting period.</p> <p><b>DSUs:</b> the amount paid is calculated by multiplying the number of DSUs in the officer's account on the date of retirement by the value of the Corporation's shares on that date.</p>	<b>RSUs</b> are vested <i>pro rata</i> to the member's number of completed months of service during the review period. The number of RSUs obtained will vest according to the achievement of the performance criteria of the cycle just ended.	All the shares subscribed by the member and the shares awarded (vested or not) are released.	The payment is made pursuant to the terms of the pension plan agreement.	End of coverage.
<b>Change of control</b>	Any Option granted and not vested may be exercised, or the Board of the Corporation may force the exercise of any Option, whether vested or not, according to the terms and	<p><b>RSUs:</b> All the RSUs awarded and not vested vest on the date of change of control.</p> <p><b>DSUs:</b> the amount paid is calculated by multiplying the number of DSUs in the officer's account on the</p>	All PSUs awarded and not vested vest on the date of the change of control.	All the subscribed shares, unrestricted or not, and all the shares awarded automatically vest on the date of a change of control of the Corporation.	The trust agreement provides, in case of a change of control, for the immediate payment of the accrued value of the benefits under the plan.	Not applicable (refer to the provisions relating to breach of contract).

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other benefits
	conditions prescribed by the Board.	date of the change of control by the redemption value of the shares of the Corporation.				

On January 13, 2016, and December 13, 2017, the Corporation amended the plans in order to amend the change of control clauses. The following table summarizes the change of control clauses inserted in the plans and applicable to the various grants and awards made:

Application	Option Plan Share Purchase Plan/Transaction Program Defined Benefit Pension Plan <sup>(1)</sup> DSU Plan for Executive Officers <sup>(2)</sup> DSU Plan for Independent Directors <sup>(3)</sup>	RSU Plan	PSU Plan
<b>Grants and awards before January 13, 2016</b>	Unsolicited event or series of events (except for the events described in (iii) hereinafter) with one of the following results:  (i) acquisition or holding of 20% or more of the voting rights; (ii) non-reelection of the majority of the members of the Board; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC; (iv) loss of 10% or more of the assets or voting rights after an event, such as nationalization or imposition of a confiscatory tax or assessment.	N/A The last outstanding RSUs expired in January 2021. They had been granted in January 2018.	N/A The last outstanding PSUs expired in June 2021 following the lifting of the blackout period. They had been granted in 2017 and 2018.
<b>Grants and awards on or after January 13, 2016</b>	Event or series of events with one of the following results: (i) acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert; (ii) loss of majority by the Directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat and TTC <sup>(4)</sup> .		

(1) The change of control clause in force before January 13, 2016, will continue to apply to all the members before that date, namely the eight current executive officers participating in the plan, and the clause applicable on or after January 13, 2016, will apply to new members after that date.

(2) The DSU Plan for Executive Officers has not been amended. No grant was made under the plan since 2008.

(3) The DSU Plan for Independent Directors no longer has a change of control clause since June 13, 2018.

(4) For grants and awards made between January 13, 2016, and December 13, 2017, this clause stipulated: the majority of the securities of Air Transat or TTC.

## VALUE OF BENEFITS IN THE EVENT OF TERMINATION OF EMPLOYMENT (INVOLUNTARY DEPARTURE) AND CHANGE OF CONTROL

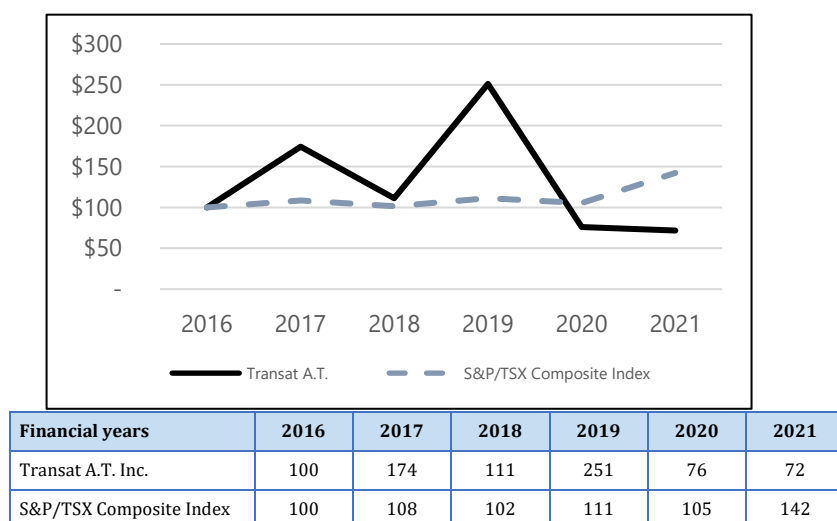
The following table reflects the monetary value of the termination allowance in the event of involuntary departure (ID) or a change of control (CofC) as well as the accelerated benefits payable to each NEO following a change of control, as provided in the various compensation plans and the individual agreements, if the event had occurred on October 31, 2021.

Name		Termination allowance (1)(2)	Options (2)(3)	RSUs (2)(4)	PSUs (2)(4)	Share Purchase Plan/Transaction Program(2)	2019 and 2020 LTIP Awards Replacement Bonuses(5)	Retirement Plan(6)
<b>Annick Guérard</b> <sup>(7)</sup>	ID	\$2,475,000	n/a	\$0	\$0	n/a	\$668,176	n/a
	CofC		\$0	\$0	\$0	\$1,698	\$404,061	
<b>Jacques Simoneau</b> <sup>(8)</sup>	ID	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	CofC		n/a	n/a	n/a	n/a	n/a	
<b>Jean-François Lemay</b>	ID	\$885,719	n/a	\$0	\$0	n/a	\$362,951	n/a
	CofC		\$0	\$0	\$0	\$1,359	\$220,951	
<b>Bernard Bussi�res</b>	ID	\$721,566	n/a	\$0	\$0	n/a	\$223,448	n/a
	CofC	\$962,088	\$0	\$0	\$0	\$1,067	\$135,428	n/a

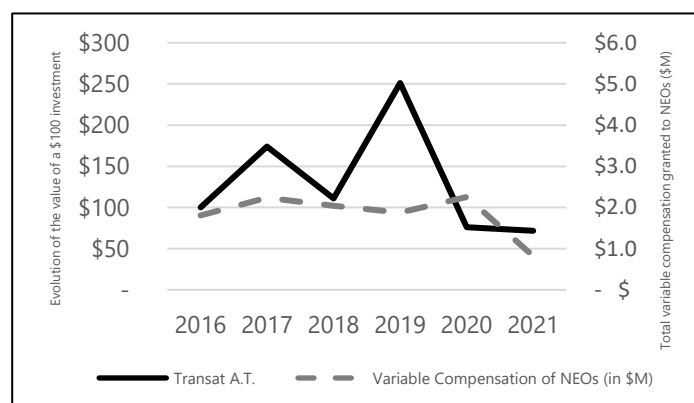
- (1) In the event of a change of control, the termination allowance would only be paid in the event of an involuntary departure or termination of employment following the change of control.
- (2) Accelerated vesting under these plans occurs at the time of the change of control, regardless of whether or not the NEO's employment is terminated. The termination allowance is not automatically payable upon the change of control.
- (3) No NEOs had Options that had not vested as at October 31, 2021. As a result, no value can be realized in the event of a change of control on October 31, 2021.
- (4) As of October 31, 2021, there were no RSUs or PSUs outstanding. As a result, no value can be realized in the event of a change of control on October 31, 2021.
- (5) The replacement bonuses for the 2019 and 2020 LTIP awards were attributed given the blackout period in effect. The 2019 LTIP bonus was payable three years after being awarded or on the closing of the Arrangement (change of control). In the event of an involuntary departure, part of these bonuses are prorated to the time worked between the time of grant and the departure and the period between grant and vesting.
- (6) A change of control does not result in any additional retirement benefits. However, the trust agreement provides for the immediate payment of the accrued value of the benefits under the plan. The obligations stemming from the defined pension benefits are guaranteed by an irrevocable letter of credit held by a third-party trustee and guaranteed by an equivalent reserve amount.
- (7) Ms. Gu rard's termination allowance takes into account the base salary and target bonus revised at the time of her promotion but currently not applied due to the compensation restrictions imposed by the LEEFF loan, namely \$825,000 and 100% respectively.
- (8) Mr. Simoneau was not eligible to a termination allowance while he was interim Chief Financial Officer.

## Part 9 – PERFORMANCE GRAPHS

The following performance graph indicates the cumulative total return over five (5) years, assuming a \$100 investment made on October 31, 2016, in Voting Shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



The following graph indicates the trend of the total variable compensation granted to the NEOs over the same 5-year period as the previous graph. It compares the sum of the total variable compensation granted to the NEOs (STIP bonuses paid, PSU awards, and Option grants) with the cumulative total return over five years, assuming a \$100 investment made on October 31, 2016, in Transat's Voting Shares. Regular LTIP plans are designed to align executive compensation with the value of the shares of the Corporation. Given the Arrangement and the compensation restrictions imposed by the LEEFF loan, the LTIP awards were replaced by a replacement cash bonus in 2019. The relationship between executive compensation and the value of the shares of the Corporation is therefore not as strong. The usual compensation plans will return as soon as circumstances permit, in particular when the restrictions imposed by the LEEFF have been lifted.



Fiscal years	2016	2017	2018	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>
Transat A.T. Inc.	79	138	88	199	60	72
Variable compensation of NEOs (in \$M)	1.811	2.235	2.044	1.880	2.255	0.822

- (1) For the 2018-2019, 2019-2020 and 2020-2021 fiscal years, no PSUs were awarded, nor Options granted. These awards and grants were replaced by a replacement bonus payable in cash, which is included in the compensation presented in the graph and table above. In 2020-2021, no STIP bonus or hotel division bonus was paid.

## Part 10 – SUCCESSION PLANNING

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The HRCC regularly reviews a progress report on development activities, management training initiatives and staff movements with regard to succession planning for executive officers, including the President and CEO. Moreover, under its normal work plan, the HRCC annually reviews the strategy on which the talent management process is based and monitors specifically the development of the succession candidates for the positions of President and CEO, and all other senior executive positions.

To concentrate on the organization's most important issues, management analyzes the organization's critical positions on an annual basis. The criticality of a position is evaluated based on its financial impact on Transat, its impact on the achievement of strategic objectives, the difficulty of recruiting for the position, and the risk of the individual's departure.

Overall, senior management succession candidates progress in a succession of positions, allowing them to develop their understanding of Transat's business model and to rapidly apply the leadership skills required in their next positions. This path is supplemented by psychometric evaluations, individual development plans and coaching by the President and CEO and by the VP, Human Resources and Public Affairs.

In this regard, with a view to Mr. Eustache's future retirement, Ms. Guérard had been identified in 2017 as the preferred candidate to prepare herself for future succession. Over recent years, Ms. Guérard's development has been specifically monitored by the HRCC, and she has been specifically trained by Mr. Eustache and an external coach. Ms. Guérard was appointed to the position of Chief Operating Officer in November 2017, thus taking charge of all the Corporation's operational activities, other than the development of the new hotel division. These new duties were the last step of her preparation as a replacement for Mr. Eustache.

## Part 11 - SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS

### EQUITY SECURITIES

The following table indicates the number of Voting Shares available for future issuance under the Option Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants or rights as at October 31, 2021	Weighted average exercise price of outstanding Options, warrants and rights as at October 31, 2021	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2021
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	1,108,262	\$7.55	779,093
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
<b>Total</b>	1,108,262	\$7.55	779,093

### 2009 AND 1995 OPTION PLANS

As indicated above, the current Option grants are carried out under the 2016 Option Plan. However, a number of Options from the 2009 and 1995 Plans are still outstanding. A majority of the terms and conditions of the 2009 and 1995 Plans are identical to those of the 2016 Option Plan. The differences (other than the definition of change of control that is explained in detail in the section entitled “**Termination of Employment and Change of Control Benefits**”) are as follows:

- In accordance with paragraph 3.4 of the 2016 Options Plan, all shares contemplated by Options that have expired or been cancelled before they were exercised (including those from the 1995 and 2009 Plans) become reserved shares provided that the reserve, namely the total of the outstanding Options and the Options available for future grants, is equal to five percent (5%) or less.
- The 1995 Plan provides that vesting of the Options is only subject to the passage of time. The 2009 Plan provides that vesting of the Options is subject to the passage of time and performance targets. The 2016 Plan provides that vesting of the Options is subject to the passage of time. However, the Board may determine other vesting provisions.
- The 1995 Plan does not provide for an annual maximum grant equal to two percent (2%) of the Corporation’s outstanding shares, while the 2009 and 2019 Plans do.

### Status of Outstanding Options

	Total as at October 31, 2021	Total as at October 31, 2020	Total as at October 31, 2019
Total number of Options granted during fiscal year	150,000	0	0
Including Options granted to NEOs <sup>(1)</sup> (A)	0	0	0
Weighted average number of securities outstanding for the fiscal year (B)	37,747,090	37,747,090	37,747,090
<b>Burn rate:</b> Options granted during the fiscal year as a % of the outstanding Voting Shares (A / B)	0.40%	0.00%	0.00%
Total number of outstanding Options (C)	1,108,262	1,738,570	1,748,570
Outstanding Options as a % of the total outstanding Voting Shares (C / B)	2.94%	4.61%	4.63%



	Total as at October 31, 2021	Total as at October 31, 2020	Total as at October 31, 2019
Balance available for future grants <sup>(2)</sup> <b>(D)</b>	779,093	829,196	829,196
Total potential dilution (E) <i>equals (C) + (D)</i>	1,887,355	2,567,766	2,577,766
<b>Total potential dilution</b> – Balance available for future grants as a % of the total outstanding Voting Shares <b>(F) equals (E) / (B)</b>	5.00%	2.20%	2.20%

- (1) No Options were granted to NEOs during fiscal 2021. Mr. Patrick Bui was granted 150,000 Options on October 21, 2021. He was not an NEO at that date, but he will be in 2022. He was appointed Chief Financial Officer on November 15, 2021.
- (2) According to the Corporation's internal guidelines, the expired or cancelled Options do not return in the reserve of Options available for future grants, as long as the sum of Options outstanding and Options available for future grants represent more than 5% of Transat's issued and outstanding Voting Shares. Therefore, 99,897 Options were returned in the reserve of Options available in 2021.

## EMPLOYEE SHARE PURCHASE PLAN

The maximum number of issuable shares under the Employee Share Purchase Plan is 691,780 voting shares. Of this number, 355,790 securities were available for future issue at October 31, 2021 (0.94% of issued shares). During the year ended October 31, 2021, no voting shares have been issued under the Plan.

## DSU PLAN

The awards of DSUs to executive officers were discontinued by the Corporation effective November 1, 2006. Dividend equivalents, when applicable, are converted into additional DSUs according to the terms and conditions of the plan for executive officers who held DSUs before the awards ceased.

## Part 12 - ADDITIONAL DISCLOSURE

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### CORPORATE DISCLOSURE POLICY

The Corporation follows a disclosure policy setting out the process by which it discloses its corporate information. The policy is implemented by the disclosure committee. Its members include most executive officers of the Corporation responsible for, among other things, earnings announcements, reviewing analyst reports, conference calls and meetings with analysts, selective disclosure of information, the use of forward-looking information, dealing with rumours and blackout periods. The policy provides for a disclosure compliance system and procedures to ensure that material information concerning Transat's affairs is brought to the attention of the disclosure committee members in a timely and accurate manner.

The disclosure policy is reviewed on a regular basis by the disclosure committee, in order to update it in relation to the Corporation's practices concerning disclosure within the Corporation.

### ADDITIONAL INFORMATION

More information on the Corporation is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or the Corporation's website at [www.transat.com](http://www.transat.com). Copies of our annual information form, management proxy circular, financial statements and MD&As may be obtained upon request made to our Corporate Secretary. We may charge a reasonable fee if the request is made by a person who is not a shareholder of Transat, unless we are in the course of a distribution of our securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge. Transat's financial information can be found in the comparative financial statements and MD&A for our last fiscal year.

Transat is a reporting issuer in the different Canadian provinces, and we must file our financial statements and management proxy circular with each of the Canadian securities administrators. We also file an annual information form with these same administrators.

### RELATIONSHIP WITH SHAREHOLDERS

The Corporation believes in the importance of a frank and constructive dialog with the shareholders. Between the annual meetings, the Corporation will provide the shareholders with a transparent process that will allow them to communicate with the Board, the Chair of the Board including the Board committee chairs. The Board has designated Patrick Bui, Chief Financial Officer, and alternatively Richard Bilodeau as the representatives responsible for receiving and examining the communications and requests for meetings addressed to the Board. Mr. Bui will decide if the purpose of the communication is the responsibility of the Board or if it is more appropriate to transfer the communication to management.

The shareholders may formulate requests for information, observations or suggestions verbally or send them by email to [relationsinvestisseurs@transat.com](mailto:relationsinvestisseurs@transat.com) or by mail (indicating "Confidential" on the envelope) to the attention of the corporate secretary of the Corporation at 300 Léo-Pariseau Street, Suite 500, Montréal, Quebec H2X 4C2.

### APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

The content and the sending of this Circular have been approved by the Board.

**Montréal, Quebec, March 31, 2022**

**BY ORDER OF THE BOARD OF DIRECTORS**

**TRANSAT A.T. INC.**



Bernard Bussi res  
Vice President, General Counsel and Corporate Secretary

# SCHEDULE A – ADVANCE NOTICE BY-LAW

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## INTRODUCTION

The purpose of this Advance Notice By-Law (the “**By-law**”) is to establish the conditions and framework under which holders of record of Class A Variable Voting Shares and Class B voting shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders. In addition, the By-law sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be considered a written notice having been properly and validly given.

It is the position of the Corporation that this By-law is beneficial to shareholders and other stakeholders.

## NOMINATION OF DIRECTORS

### 1. Nomination Procedures

Subject only to the *Canada Business Corporations Act* (the “**Act**”) and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation (the “**Board**”) may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called is the election of Directors. Such nominations may be made in the following manner:

- a. by or at the direction of the Board, including pursuant to a notice of meeting;
- b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a notice of the shareholders made in accordance with the provisions of the Act; or
- c. by any person (a Nominating Shareholder):
  - i. who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
  - ii. who complies with the notice procedures set forth below in this By-law.

### 2. Timely Notice

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the head office of the Corporation.

### 3. Manner of Timely Notice

To be timely, a Nominating Shareholder’s notice to the Secretary of the Corporation must be made:

- a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

- b. in the case of a special meeting (which is also not an annual meeting) of shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

#### **4. Proper Form of Timely Notice**

To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
  - i. the name, age, business address and residential address of the person;
  - ii. the principal occupation or employment of the person;
  - iii. the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
  - iv. any other information relating to the person that would be required to be disclosed in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- b. as to the Nominating Shareholder proposing a nomination and giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to provide such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent Director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

#### **5. Eligibility for Nomination as a Director**

No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such non-compliant nomination shall be disregarded.

## 6. Definitions

For the purpose of this By-law, the terms below shall have the following meaning:

- a. **“public announcement”** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- b. **“Applicable Securities Laws”** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

## 7. Delivery of Notice

Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is delivered by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Eastern time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

## 8. Board Discretion

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement set forth in this By-law.

## **SCHEDULE B – 2018 EMPLOYEE SHARE PURCHASE PLAN**

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**SHARE PURCHASE PLAN FOR THE BENEFIT OF ALL EMPLOYEES OR EXECUTIVES –  
RESTATED AS AT JANUARY 1, 2018  
AND AMENDED AS AT FEBRUARY 24, 2022**



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## **SHARE PURCHASE PLAN (SPP)**

### **FOR THE BENEFIT OF ALL EMPLOYEES OR EXECUTIVES OF**

#### **TRANSAT A.T. INC.**

#### **1. INTERPRETATION**

In this Share Purchase Plan, the following terms shall have the meanings ascribed to them hereinafter, depending on the context:

- 1.1.** "Board of Directors" means the Board of Directors of Transat A.T. Inc.;
- 1.2.** "Committee" means the Human Resources and Compensation Committee of the Board of Directors;
- 1.3.** "Company" means Transat A.T. Inc. and any Canadian subsidiary in which it holds, directly or indirectly, more than 50% of the issued share capital entailing the right to vote in all circumstances;
- 1.4.** "Employee or Executive" means all the regular Employees or Executives domiciled in Canada and holding a permanent position with the Company;
- 1.5.** "Enrolment Form" means the form, which must be completed and signed by the Employee or Executive to be able to join the Share Purchase Plan;
- 1.6.** "Enrolment Period" means the period between November 1 and no later than December 31 of each calendar year;
- 1.7.** "Member" means any Employee or Executive who will have been designated as eligible for the Share Purchase Plan in accordance with subsection 3.1 and who will have subscribed for Shares of the Company in accordance with subsections 3.2 and 5.2 hereof;
- 1.8.** "Unrestricted Shares" means the transfer of the subscribed shares to the Member, giving the Member the right to trade them;
- 1.9.** "Salary" means the base annual salary of the Employee or Executive, excluding commissions, bonuses, overtime pay, perquisites, travel expenses and any special payment for extraordinary services;
- 1.10.** "Share Purchase Plan" means this "Share Purchase Plan for the Benefit of All Employees or Executives" or the "SPP," such as it may be amended from time to time;
- 1.11.** "Shares or Voting Shares" means the shares of Transat A.T. Inc., currently listed as "TRZ.TO" on the Toronto Stock Exchange, including any fraction of a Share, subscribed and then held by the Trustee on behalf of each Member under this Share Purchase Plan;
- 1.12.** "Share Subscription" means the issuance of shares by the Company from its share capital in consideration of a Member's payroll deduction;

- 1.13. “Termination” means that the Employee or Executive has permanently left the Company’s employ and does not include permanent layoff, rotating or voluntary layoff, or temporary layoff;
- 1.14. “Transat” means Transat A.T. Inc.;
- 1.15. “Trustee” means any financial institution or corporation which may be appointed by Transat from time to time under this Share Purchase Plan.

## **2. “SPP” STRUCTURE**

### **2.1. “SPP” Effective Date and Duration**

The Share Purchase Plan, as amended herein, replaces, effective February 24, 2022, the Share Purchase Plan which came into force on January 12, 1989, as amended thereafter.

### **2.2. Description of Shares Issuable/Subscribed under the “SPP”**

The Shares eligible to be subscribed under this Share Purchase Plan shall constitute treasury Shares of Transat’s share capital.

The maximum number of Shares issuable starting April 27, 2022, under this Share Purchase Plan, including the related plans, in particular Transcapital and Transaction, is **1,052,553**, subject to any adjustment under subsection 5.6.

The maximum number of Shares issuable to a single person under this Share Purchase Plan and any other share purchase plan or stock option plan of the Company shall not represent more than five percent (5%) of the outstanding shares in any Enrolment Period.

The number of Shares collectively issuable to the Company’s insiders under this Share Purchase Plan and any other related share purchase plan shall at all times be less than the majority of the Shares issuable under this Share Purchase Plan.

The number of Shares issuable to insiders, at any time, under this Share Purchase Plan and all of the other share-based compensation plans of the Company, cannot exceed ten percent (10%) of the issued and outstanding shares of the Company, and the number of Shares issued to insiders, within any one-year period, under this Share Purchase Plan and all of the other share-based compensation plans of the Company, cannot exceed ten percent (10%) of the issued and outstanding shares of the Company.

The notion of “insider” is as defined in the *Securities Act* (Ontario).

## **3. “SPP” ELIGIBILITY AND MEMBERSHIP**

### **3.1. Eligibility**

Eligibility for the Share Purchase Plan extends to all Employees or Executives designated by the Company or by the Committee, as the case may be, who have no less than three (3) months of continuous service at the last day of each Enrolment Period.

### **3.2. Membership**

Membership in the Share Purchase Plan is completely optional and begins on January 1st of the calendar year following the Member’s enrolment to the Share Purchase Plan.

An eligible Employee or Executive shall become a Member of this Share Purchase Plan only if he joins the SPP by completing the Enrolment Form, and if he subscribes, subject to any other decision of the Board of Directors or the Committee, for a number of Shares whose aggregate subscription price shall equal between 1% and 10%, in multiples of 1%, of the Member’s annual base Salary except for Executives who are Members of the Transcapital or Transaction Plans, as the case may be, for whom the rules of membership are defined in each of these Plans.

A Member may terminate his membership to the Plan at all times, by completing the Membership termination form. Following his termination to the Plan, the employee will not be able to re-enroll in the Plan until the next enrolment period.

### **3.3. Not to be Likened to a Contract of Employment**

Membership shall in no case be considered a contract of employment with the Company or become a consideration or a condition of employment. It shall not affect the Company's right to dismiss, terminate, reprimand or lay off the Member at any time, regardless of the consequences that such an act might have on his membership in the "SPP."

## **4. "SPP" RESPONSIBILITY AND MANAGEMENT**

### **4.1. Responsibility**

- 4.1.1. The Board of Directors bears full and complete responsibility with regard to the Share Purchase Plan, which includes, but not limited to, the power and authority to adopt, amend, suspend or terminate the Share Purchase Plan, as it deems necessary or desirable. Any such adoption, amendment, suspension or termination is subject to the rules set forth by the regulatory authorities.
- 4.1.2. Subject to subsection 4.1.3, shareholder approval is not required for amendments to the Share Purchase Plan.
- 4.1.3. Approval by a majority of the voting shareholders present at a duly called shareholder meeting is required for (i) any increase to the maximum number of Shares issuable under the Share Purchase Plan, other than for standard anti-dilution purposes, (ii) any increase in the discount percentage or (iii) amendment to Transat contribution under this Plan.
- 4.1.4. No amendment of the Share Purchase Plan may contravene the requirements of any competent regulatory authority to which the Share Purchase Plan or Transat is now or may hereafter be subject to.
- 4.1.5. The shareholders' approval of an amendment may be given by way of confirmation at the next meeting of shareholders after the amendment is made, provided that no Shares are issued pursuant to the amended terms.

### **4.2. Management**

The Board of Directors mandates the Committee to manage and administer the Share Purchase Plan, which confers full and complete authority on the Committee to interpret and adopt rules and by-laws and any other provisions necessary or desirable for the administration of the "SPP."

The responsibility for maintaining the list of Members and their membership records shall be entrusted to a Trustee acting as administrator of the "SPP" for the benefit and on behalf of the Members. A Member's record shall contain each subscription of Shares he will have made and the Number of Shares Subscribed which become unrestricted. The Trustee shall also be responsible for proceeding, on each date where the Shares become unrestricted, with the transfer of the unrestricted Shares to the Member; at the Member's request and except as otherwise provided in subsection 6.1 or 6.2, the Trustee may also proceed with the delivery of the share certificates for the Shares subscribed during a Plan Year or proceed with the sale at the market price of the same subscribed Shares, at the earliest after the Shares become fully unrestricted.

All of the Trustee's fees in relation with the management of the "SPP" shall be borne by the Company, except for the fees for delivery of share certificates or sale of Shares, including the brokerage fees upon the sale of the Shares at the Member's request, which shall be at the Member's expense.

## **5. "SPP" PRINCIPLES AND OPERATION**

### **5.1. Principle**

The principle is to encourage Employees or Executives to join the Share Purchase Plan in order to subscribe monthly, by payroll deductions, for the Shares of the Company, varying in number according to the Member's Monthly Contribution (hereinafter the "Member's Monthly Contribution"). The Member's Monthly Contribution shall be equal to 2/26 or 3/26 (depending on whether 2 or 3 payroll deductions will have been deducted during the month, in view of the number of pays (2 or 3) made in that same month) of between 1% and 10%, in multiples of 1%, of the Member's annual base Salary, at his option. The incentive comes from the 10% discount granted on the subscription price of each Share subscribed, subject to the Member remaining the owner of the Share as long as it is restricted.

## **5.2. Share Subscription Mechanisms**

The principle set out in subsection 5.1 shall be applied as follows: an eligible Employee or Executive shall become a Member of the Share Purchase Plan by subscribing monthly by payroll deductions for a number of Shares (the "Number of Shares Subscribed") whose aggregate price shall equal 2/26 or 3/26 (depending on the month) of between 1% and 10% of his annual base Salary (in multiples of 1%), the number of which shall be obtained by the formula:

$$\{ [2/26 \text{ or } 3/26 \times 1\% \text{ to } 10\% \times \text{annual Salary}] \div [0.90 \times \text{subscription price}] \}$$

where the subscription price under the Plan is equal to the weighted average closing price on the Toronto Stock Exchange (TSX) for the five (5) trading days preceding subscription of the Shares.

## **5.3. Restriction Mechanisms**

The Shares subscribed by a Member shall be escrowed; these Shares are initially restricted and they shall only become unrestricted in accordance with the following conditions: 100% of the Number of Shares Subscribed with respect to a calendar year shall become unrestricted on the July 1st following the end of the Plan Year with respect to which they were subscribed.

## **5.4. Issue of the Subscribed Shares**

The Number of Shares Subscribed monthly shall be subscribed from the Company's treasury within ten (10) days from the end of the month by the Trustee on behalf of the Member utilizing the Member's monthly contributions (payroll deductions).

## **5.5. Shareholders' Rights**

The Shares subscribed by a Member in accordance with and subject to the provisions of sections 5 and 6 confer on the said Member, upon their subscription, the voting rights, the rights to receive dividends (paid automatically by reinvestment by the Trustee within ten (10) days from the end of the month, in the form of additional unrestricted Shares at a price per share equal to the weighted average closing price on the Toronto Stock Exchange (TSX) for the five (5) trading days preceding the date of reinvestment of the dividends), the rights to receive the financial statements and all the other rights usually inherent to a shareholder.

## **5.6. Change in the Share Capital**

In the event of a change in the share capital of the Company, such as would occur following a stock split, consolidation, stock dividend, etc., the Number of Shares Subscribed by a Member shall be adjusted in the same manner as for all other shares, subject to any other determination by the Committee as a result of the change made to the Company's share capital and subject to the required approvals, if any.

# **6. PROVISIONS IN CASE OF TERMINATION, RETIREMENT, DEATH, ETC. OR CHANGE OF CONTROL**

## **6.1. Termination**

When a Member voluntarily terminates his employment or when the Member's employment is terminated due to his dismissal (with or without cause), all the Shares subscribed by the Member, regardless of whether or not they became unrestricted before Termination, shall become unrestricted automatically. The Member may then ask the Trustee to provide him with a certificate issued for all the Shares subscribed; he may also ask the Trustee to sell all or part of the aforesaid Shares at the market price. If the Member gives no instructions to the Trustee within ninety (90) days from his Termination date, the Trustee shall send him a share certificate at the address shown in its books.

## **6.2. Retirement, Death or Permanent Disability**

In the event that the Member retires (de facto, but after age 55), dies or becomes totally and permanently disabled (qualifying for Transat's long-term disability plan), the Member or the beneficiary, as the case may be, may ask the Trustee to provide him with a certificate issued for all the Shares subscribed, regardless of whether or not they previously became unrestricted, because they will then become unrestricted automatically. The Member or the beneficiary, as the case may be, may also ask the Trustee to sell all or part of all the aforesaid Shares at the market price. If the Member gives no instructions to the Trustee within ninety (90) days

from his retirement or disability date, the Trustee shall send him a share certificate at the address shown in its books; in case of death, the Trustee shall act in accordance with the beneficiary's instructions, if applicable.

### **6.3. Change of Control**

In the event of a change of control of the Company, as defined in Schedule "A," the Member shall have the same rights as in the foregoing subsection 6.2.

### **6.4. Payroll Deductions Not Yet Used for Subscription of Shares**

In the event that on the occurrence of one of the contingencies described in subsections 6.1, 6.2 and 6.3, the Member's Monthly Contributions (payroll deductions) have not yet been used by the Trustee to subscribe for Shares, these amounts shall be remitted by Transat to the Member or his beneficiary.

## **7. GENERAL PROVISIONS**

The rights and privileges conferred on a Member under the provisions of this Share Purchase Plan are non-transferable.

The provisions of this Share Purchase Plan shall be governed and interpreted in accordance with the Laws of the Province of Quebec, and the applicable Laws of Canada.

## **SCHEDULE “A” TO THE SPP**

### **CHANGE OF CONTROL**

For the purposes of the Share Purchase Plan for the benefit of All Employees or Executives of Transat known as “SPP” (the “Share Purchase Plan”), a “Change of Control” occurs when an event results in a Change of Control of the Company. “Change of Control of the Company” means a situation that creates a de facto control of the Company, whether directly or indirectly, by ownership of the Company’s securities, whether by agreement or in any other manner. Without limiting the generality of the foregoing, the following events will be considered a Change of Control:

- (a) if a person or several persons acting jointly or in concert, proceeding by takeover bid in accordance with the applicable provisions of the Securities Act (Quebec), become the beneficial owners, directly or indirectly, of a certain number of securities of the Company conferring more than 50% or more of the voting rights for the election of the Company’s directors;
- (b) if a person or several persons acting jointly or in concert, proceeding by stock market trading, by over-the-counter sale, or in any other manner whatsoever, become the beneficial owners, directly or indirectly, of a certain number of securities of the Company conferring more than 50% or more of the voting rights allowing them to elect the Company’s directors; however, the acquisition of securities by the Company itself, by one of its subsidiaries or affiliates, or by an employee benefit plan of the Company or one of its subsidiaries or affiliates (or by the Trustee of such a plan), or by a company or other legal entity of which, after acquisition, almost all of the voting securities are beneficially owned, directly or indirectly, by the persons who, prior to acquisition, were the owners of the securities of the Company which were acquired by the said company or other legal entity, in proportions substantially similar to those of their previous holding of the securities of the Company, shall not constitute a change of control;
- (c) if the individuals constituting the Board of Directors of the Company cease, for any reason whatsoever, in the course of the same shareholder meeting or following the execution of a shareholder resolution, to constitute a majority of the members of the Board of Directors without the Board of Directors, as it was constituted immediately prior to the said meeting or resolution, having approved the said change;
- (d) if assets of the Company representing 50% or more of the book value of all assets of the Company as determined on the date of the last audited financial statements of the Company, are sold, liquidated or otherwise assigned; or
- (e) if a majority of the voting securities for the election of the directors of Air Transat A.T. Inc. and Transat Tours Canada Inc. are sold or assigned.

Effective as of January 1, 2015 as amended on January 13, 2016, December 13, 2017 and February 24, 2022.

## SCHEDULE C – APPROACH TO EXECUTIVE COMPENSATION

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The section entitled “**Executive Officer Compensation Discussion and Analysis**” explains in detail the Corporation’s approach to executive compensation which is based on three (3) founding principles, namely to be based on the Corporation’s performance, to be competitive with the market and to be aligned with the best interests of the shareholders.

Upon recommendation of the Human Resources and Compensation Committee, the Board recommends that the shareholders vote in favour of the following non-binding advisory resolution.

**“BE IT RESOLVED:**

THAT on an advisory basis and without limiting the role and responsibilities of the Board, the shareholders accept the approach to executive compensation set out in the Management Proxy Circular attached hereto.

Although it is an advisory vote and the results will not be binding upon the Board, the members of the Board and of the Human Resources and Compensation Committee will review and analyze the results of the vote. In 2021, this resolution received 18,209,404 votes in favour (97.01%) and 561,665 votes against (2.99%).

**Unless it is indicated that the shareholder wishes to abstain from voting, the shares represented by the form of proxy will be voted FOR of the Corporation’s approach to executive compensation.**



## SCHEDULE D – SHAREHOLDER PROPOSALS

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The following proposals were presented to the management of the Corporation by the *Mouvement d'éducation et de défense des actionnaires* ("MÉDAC"), which has a place of business at 82 Sherbrooke Street West, Montréal, Quebec H2X 1X3.

On the date its proposals were filed and based on the public information available, MÉDAC held, as at February 18, 2022, 320 Class B Voting Shares and Class A Variable Voting Shares of the Corporation, representing 0.001% of all issued and outstanding Voting Shares.

### **PROPOSAL NO. 1 – Becoming a "benefit" company**

*It is proposed that the Corporation analyze the possibility of becoming a benefit company and report thereon to the shareholders at the next annual meeting.*

### **MÉDAC's argument**

For quite some time now, corporations have been required to report on their contributions to society, not only as regards their economic performance but their social and environmental performance as well. Today, corporations must deepen their commitment towards an inclusive, ecological and sustainable prosperity by analyzing the possibility of becoming a benefit company, as the Business Development Bank of Canada (BDC) has already done, by adjusting its by-laws. "Introduced in the State of Maryland in 2010, and now adopted in 36 U.S. states,"<sup>1</sup> in British Columbia<sup>2</sup> and provided for in Bill 797,<sup>3</sup> benefit companies are characterized by the following elements, among others:<sup>4</sup>

1. The purpose of the company shall include [...] the creation of a positive impact on society and the environment, taken as a whole, from the business and operations of the Company [...].
2. The directors shall, when deciding what is in the best interests of the company, consider the short-term and the long-term interests of the company and the interests of the corporation's shareholders, employees, suppliers, creditors and consumers, as well as the government, the environment, and the community and society in which the corporation operates (the "Stakeholders"), to inform their decisions.
3. In discharging his or her duties, and in determining what is in the best interests of the company, each director shall consider all of the Stakeholders (defined above) but shall not be required to regard the interests of any particular Stakeholder as determinative. [... 4... 5.]

Professor Henry Mintzberg (McGill) says that "[s]uccessful corporate social responsibility initiatives will never match or remedy the effects of corporate social irresponsibility."<sup>5</sup> A benefit company is able to enshrine, in its articles, its commitment to operate in the general public interest and to be accountable for the impact of its actions on all stakeholders.

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<sup>1</sup> OSLER, HOSKIN & HARCOURT, "B.C.'s new legislation on benefit companies," *Osler, Hoskin & Harcourt LLP* (June 17, 2020) (<https://www.osler.com/en/resources/regulations/2020/b-c-s-new-legislation-on-benefit-companies>)

<sup>2</sup> "Bill M 209 – 2019: Business Corporations Amendment Act (No. 2), 2019" (May 15, 2019) (<https://www.bclaws.gov.bc.ca/civix/document/id/bills/billsprevious/4th41st:m209-3>)

<sup>3</sup> "Bill 797, An Act to amend the Business Corporations Act to include benefit corporations – National Assembly of Québec" [assnat.qc.ca/en/travaux-parlementaires/projets-loi/projet-loi-797-42-1.html](https://assnat.qc.ca/en/travaux-parlementaires/projets-loi/projet-loi-797-42-1.html)

<sup>4</sup> "Canada - Corporation - No | Certified B Corporation" <https://bcorporation.net/canada-corporation-no>

<sup>5</sup> Craig RYAN, "How B Corps are transforming corporate social responsibility," *BDC.ca* (September 13, 2020) (<https://www.bdc.ca/en/articles-tools/blog/future-is-here-how-b-corps-transforming-corporate-social-responsibility>)

### **Corporation's position**

Social and environmental responsibility, sound governance and the proper conduct of business are of great importance to the Corporation and all of its personnel and are values that are intrinsically linked to and form a part of Transat's business culture.

In June of 2021, Transat was ranked 21<sup>st</sup> among the Best 50 Corporate Citizens in Canada by the research firm Corporate Knights. It was the only business in its sector to be recognized in this category, which recognizes organizations that have produced exceptional results in terms of social commitment, environmental management and corporate governance.

Around fifteen years ago, the Corporation undertook a structured approach to sustainable development, relying, among other things, on policies, systems and certifications to guide its actions. Transat officially adopted a sustainable tourism policy in 2008 that gave rise to other environmental protection and responsible procurement policies. In 2018, Transat became the first major international tour operator to be Travelife Certified for all its activities.

Transat supports philanthropic or humanitarian causes, often with the enthusiastic support of its personnel. This support can either take on the form of cash donations or the commitment of equipment and human resources. For example:

- Starting in 2008, Transat committed itself to the fight against the sexual exploitation of children in its sustainable tourism policy and joined Beyond Borders ECPAT Canada. The Corporation raises awareness among its personnel, customers and partners of the importance of this social issue to the travel and tourism industry.
- Since 2009, Transat supports Centraide / United Way (Canada only) and SOS Children's Villages, and has launched a communications campaign inviting its employees to give generously each year. In the fall of 2020 and 2021, despite a difficult context, the Corporation decided to launch its annual fund-raising campaign, asking its personnel to give to these organizations, knowing that vulnerable people, especially children, were particularly affected by the pandemic.
- Each year, Air Transat transports tons of humanitarian aid – mostly food and clothing – to communities in need. Air Transat also participated in efforts to repatriate Canadian citizens in the early days of the COVID-19 pandemic (the "Pandemic").
- The Corporation gave over 44,000 masks and 301,000 gloves to Quebec's department of health and social services to help support the fight against the Pandemic. The Corporation also deployed many health measures through its "Traveller Care" program to ensure passenger and employee safety during the Pandemic.
- Transat has a program that supports employees who volunteer for humanitarian missions, and provides short-term assistance and support to countless other causes and organizations, such as Mano a Mano, Accueil Bonneau, SOS Children's Village and Cats & Dogs International.

Corporate responsibility is a central aspect of the Corporation's 2022-2026 strategic plan, with its particular focus on the environment, as demonstrated by the recent offtake agreement with the SAF+ consortium for a large portion of its production from its first sustainable fuel plant.

Transat also intends to deploy a global corporate responsibility strategy, set concrete objectives for decarbonizing its business and create a vice-presidency position for the purposes of coordinating the Corporation's environmental, social and governance (ESG) efforts and initiatives.

The Corporation is therefore of the opinion that its commitment to operating in a sustainable and responsible manner will continue to drive its future development and does not need to be provided for in its articles.

**For these reasons, the Board of Directors and the management of the Corporation recommend that shareholders vote AGAINST MÉDAC's Proposal No.1.**

## **PROPOSAL No 2 – French, the official language**

*It is proposed that the Corporation's language be French, notably the working language in Quebec, including the language used at annual meetings. Its official status must be formally recorded, in writing, in the Corporation's articles.*

### **MÉDAC's arguments**

The Corporation's head office is in Quebec, a French-speaking state.

The state of Quebec has existed for over 400 years, and its official language is French.

The state of Quebec is the only French-speaking state in America.

A people's language is their most essential, fundamental and existential attribute.

Global diversity can in no way be reduced strictly to questions of human biology or the arbitration of individual privileges.

Global diversity is first and foremost a collective issue essentially based on the culture of the world's peoples.

The people of Quebec, through their territorial state and public institutions, beginning with their National Assembly, constitution and charters, ensure the protection of global linguistic diversity by rigorously protecting the collective and public nature of their language. The spirit of the law is clear,<sup>6</sup> as is the spirit of the federal<sup>7</sup> and Quebec<sup>8</sup> legislative reforms.

Respecting and promoting this feature of global diversity is, among other things, the social responsibility of all businesses.

This is in the interests of all stakeholders, starting with all members of the community, regardless of their origins.

Sustainable development and long-term returns are otherwise inconceivable.

It is society's duty to scrupulously comply with these sacred principles.

It is absolutely possible to do business throughout the world with a head office that operates in the language of the state where it is established.<sup>9</sup>

For example, the annual shareholder meeting of Samsung<sup>10</sup> (Suwon) is held in Korean, Heineken<sup>11</sup> (Amsterdam) in Dutch, Nissan<sup>12</sup> (Yokohama) in Japanese, Foxconn<sup>13</sup> (Taiwan) in Mandarin, Volkswagen<sup>14</sup> (Wolfsburg) in German, and L'Oréal<sup>15</sup>

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<sup>6</sup> La Charte de la langue française : une entrave [...] <http://hdl.handle.net/11143/10216>

<sup>7</sup> Bill C-32 <https://parl.ca/DocumentViewer/en/43-2/bill/C-32/first-reading>  
English and French: Towards a substantive equality [...] <https://www.canada.ca/en/canadian-heritage/corporate/publications/general-publications/equality-official-languages.html>

<sup>8</sup> Bill 96 <http://assnat.qc.ca/en/travaux-parlementaires/projets-loi/projet-loi-96-42-1.html>

<sup>9</sup> Comment se conclut un « deal » en français? [...] <http://collections.banq.qc.ca/ark:/52327/1832243>

<sup>10</sup> Samsung 2021 ASM <https://www.youtube.com/watch?v=v8l9iOOv58A>

<sup>11</sup> Heineken 2021 ASM

<https://www.theheinekencompany.com/sites/theheinekencompany/files/Downloads/PDF/AGM%202021/20210609%20Heineken%20N.V.%20Notulen%20AvA.pdf>

<sup>12</sup> Nissan 2021 ASM <https://www.youtube.com/watch?v=QS9Sm3Rgt9k>

<sup>13</sup> Foxconn 2021 ASM <https://www.youtube.com/watch?v=pPNj37Rt3Q0>

<sup>14</sup> Volkswagen 2021 ASM <https://www.volkswagenag.com/de/InvestorRelations/annual-general-meeting.html>

<sup>15</sup> L'ORÉAL 2021 ASM <https://www.loreal-finance.com/fr/assemblee-generale-2021>

(Clichy), Danone<sup>16</sup> (Paris), Christian Dior<sup>17</sup> (Paris) and LVMH<sup>18</sup> (Paris) in French. The content is translated into other languages. The principle is clear and simple.

The French language is not a choice. It is a collective instrument used for communicating. Besides, foreign languages can be translated, whether or not simultaneously.

French is our language.

It is an issue of social equity, justice and dignity. It is a national issue.

### **Corporation's position**

Founded in Quebec over 35 years ago, Transat has always attached great importance to the French language and the use thereof in its commercial activities. To this day, the head office of the Corporation is still located in Montréal, and Transat is currently led by Board members and executive officers who are all able to express themselves appropriately in French, as close attention is paid to French fluency during the recruiting process.

The Corporation is proud of the fact that it is always able to serve its clients in French, whether on board flights, in its travel agencies, or through the customer service centre that is also located in Montreal. Transat is also aware of the applicable language legislation and makes it a point to prioritize French in its advertising campaigns and corporate communications in Quebec.

In October of 2021, following an analysis performed by the *Office québécois de la langue française*, Transat once again obtained confirmation that it complies with the standards established by the *Charter of the French Language* (the “**Charter**”) and is therefore participating in the collective effort to help make French the normal and usual workplace language in Quebec. And just like all businesses with 100 employees or more that carry on their activities in Quebec, Transat has formed a francization committee (the “**Committee**”). The Committee, whose members come from various departments, is responsible for developing the projects and internal policies needed to encourage use of the French language throughout the entire corporation.

Transat is a globally recognized leader in leisure travel, especially its airline (Air Transat, which offers flights to over 26 countries), its outgoing tour operator (through its subsidiary, Transat Tours Canada Inc.), and its European subsidiaries. Transat also operates a network of travel agencies across Canada under the Club Voyages, Marlin Travel/Voyages Marlin, Voyages en Liberté, Transat Travel/Voyages Transat and TravelPlus banners or affiliation programs.

Given the extra-territorial nature of its commercial activities, the Corporation employs a diversified staff and caters to a national, international and multi-lingual clientele. Transat also entertains close business ties with suppliers, merchants and government entities located in each of the destinations served by its subsidiaries.

Our employees’ ability to serve clients in various languages and to work with trade partners from various cultures is a valuable component to the Corporation that cannot be overlooked. Besides, the use of languages other than French is often indispensable, pilots being one good example of this, as they must communicate with airline controllers in English internationally for safety reasons. However, despite the indispensable multi-lingualism of its personnel, Transat remains a proud ambassador of the French language in each country where it does business.

Finally, the Corporation usually holds all of its annual meetings, Board meetings and management committee meetings in Montreal and in French. However, given the diversity of the Corporation’s shareholders, a simultaneous English translation is provided for the annual meetings so as to give all shareholders access to the information they need to make informed decisions.

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<sup>16</sup> DANONE 2021 ASM <https://www.danone.com/fr/investor-relations/shareholders/shareholders-meeting.html>

<sup>17</sup> Christian DIOR 2021 ASM [https://voda.akamaized.net/dior/1520614\\_605ded3e38389/](https://voda.akamaized.net/dior/1520614_605ded3e38389/)

<sup>18</sup> LVMH 2021 ASM <https://www.lvmh.fr/actionnaires/agenda/assemblee-generale-2021/>

For all of these reasons, Transat must ensure that it is able to communicate effectively with all of its stakeholders, such as employees outside Quebec, its trade partners and its shareholders.

As the Corporation remains determined to promote use of the French language, it will continue to comply with language laws and to promote the use of French as the working language in Quebec, without there being any need to include a provision to that end in its articles.

**For these reasons, the Board of Directors and the management of the Corporation recommend that shareholders vote AGAINST MÉDAC's Proposal No. 2.**

#### **PROPOSAL NOT SUBMITTED TO A SHAREHOLDER VOTE:**

***Following discussions between the Corporation and MÉDAC, it was agreed that the following proposal would not be submitted to a shareholder vote. At MÉDAC's request, the proposal and the Corporation's response are set out below.***

#### **Formal employee representation in the strategic decision-making process**

*It is proposed that the Board of Directors evaluate ways to increase employee participation in the Board decision-making process. It is suggested that the findings of this thought process be documented in a report at the next annual meeting in 2023.*

#### **MÉDAC's arguments**

The health and economic crisis has reminded us of the importance of the health and well-being of the organizations' employees. Some of the benefits are obvious: a higher degree of satisfaction with their employment, a greater sense of belonging, a better engagement rate, increased productivity, reduced absenteeism, lower insurance costs as well as fewer risks of industrial accidents and occupational diseases. Over the next few years, boards of directors will be faced with several challenges related to talent management and development.

In the past few years, boards of directors have committed themselves to enhancing the quality of their decision-making process by tapping into the experience and skills of as many people as possible from the full range of gender, ages, origins and religions. Although our boards of directors are made up primarily of independent directors, they lack the vision of employees who might have a different perspective of the organization's operational and strategic issues, provide better oversight of senior executive decisions and, since employees tend to prioritize the long term, help achieve a better balance of short- and long-term decisions.<sup>19</sup>

The most recent edition (2018) of the U.K. Corporate Governance Code<sup>20</sup> invited corporations to consider various initiatives to increase employee participation in organizations' highly strategic decisions, including the following: the creation of a statutory workforce advisory panel, the designation of a board member to liaise with workers, or the appointment of at least one employee other than the CEO as a board member.

Utterly convinced of the great value that employees' direct and formal contribution would bring to the strategic decision-making process, especially where talent management and development aspects are concerned, we are tabling this proposal fully confident that the Corporation will be able to propose means at the next annual meeting in 2023 that will ensure employee participation and the taking into account of their views.

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<sup>19</sup> Andreas KOKKINIS and Konstantinos SERGAKIS, "A flexible model for efficient employee participation in UK companies," (2020) 20-2 J. Corp. Law Stud. 453-493, DOI: 10.1080/14735970.2020.1735161

<sup>20</sup> Financial Reporting Council - 2018 - The UK Corporate Governance Code <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF>

### **Corporation's Position**

To ensure its sustainability, the Corporation must be able to guarantee the well-being and satisfaction of its employees. This is why Transat is determined to implement programs that mobilize and support employees while allowing them to move up within the business. To help employees who want to further develop their skills and grow within the Corporation, Transat will continue offering most of its talent and performance management programs in 2022 and focus more specifically on the development of its personnel.

It is thanks in large part to these programs that Forbes consistently ranks the Corporation as one of the best employers in Canada and in the world.

The extraordinary situation of the past few years has prompted the Corporation to revise its hiring and personnel development priorities. Emphasis has been placed on communicating with employees and keeping them informed of the situation by such means as regular videoconferences between senior management and all personnel. All employees are invited to participate in this forum and ask questions on matters they are concerned about, regardless of their position within the Corporation's hierarchy. Answers are provided on the spot.

Communication being a key element in the decision-making process, these videoconferences and question and answer periods with senior management and all of the personnel have helped better identify the personal, ethical and professional considerations of all employees and focus attention on their concerns and the consequences that management's decisions and actions will have on them.

Transat also recognizes that its ability to successfully carry out its strategic plan is dependent on the experience of its key employees, who have in-depth knowledge of the tourism and airline industries. The contribution of these employees is therefore solicited and taken into consideration before decisions are made.

Finally, it is important to bear in mind that the Corporation must make strategic decisions that are in its general interest. It is therefore crucial that executive officers and the Board make sure that the decisions made are advantageous not only to the employees, but also to all stakeholders, including shareholders, creditors, consumers and governments.

The Corporation therefore believes that, at this time, the interests of its employees are sufficiently taken into consideration in the development of its internal policies, and that employees already actively participate in strategic decision-making.

However, the Board will assess the means for increasing employee participation in its decision-making process and the findings of this thought process will be presented in a report prior to the 2025 annual meeting.

### **PROPOSAL NOT SUBMITTED TO A SHAREHOLDER VOTE:**

***Following discussions between the Corporation and MÉDAC, it was agreed that the following proposal would not be submitted to a shareholder vote. At MÉDAC's request, the proposal and the Corporation's response are set out below.***

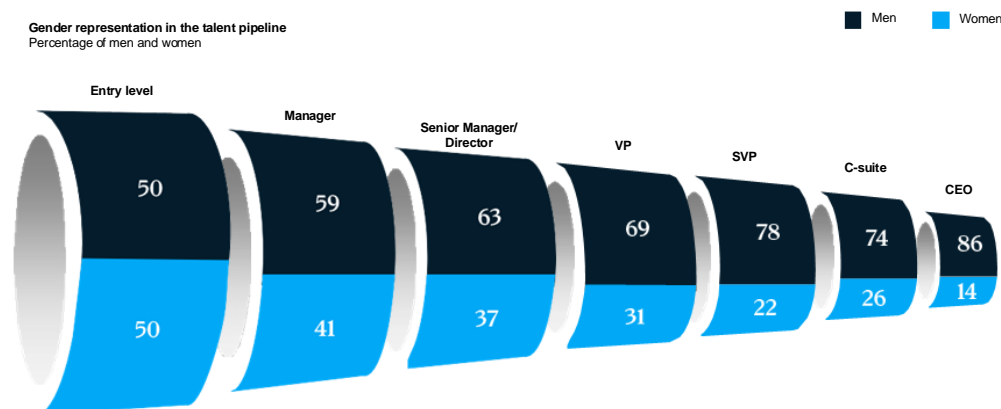
#### **Women managers: promotions and advancement**

*It is proposed that the Corporation publish annually, in whatever format it may see fit, a report on the representation of women in all levels of management, from entry level to C-Suite (immediately below the CEO).*

#### **MÉDAC's arguments**

The pandemic has completely upended our economy and our various work environments. The crisis hit women especially hard, with millions of them either having left their jobs, opted for part-time work or simply been laid off, owing to the nature of their jobs or the economic sector in which they worked. Businesses therefore wound up with far fewer women in management or on the management track. This will only accentuate a situation that already existed. Based on the study

conducted by McKinsey,<sup>21</sup> while women made up 50% of entry-level employees of the organizations surveyed, they only represented 31% of the vice-presidential positions and 14% of CEO positions, as this graph clearly indicates.



More specifically, while measures exist “to help women lessen the career and financial impacts of unpaid parental leave and part-time work,”<sup>22</sup> women today are still more likely than men to experience this type of professional situation that continues to limit their advancement.

Businesses cannot run the risk of losing even more women in management positions. The report being proposed here will help paint a picture of the situation within these various levels, encourage senior executives to set gender diversity objectives for each of them and inform all stakeholders of the strategies that will be deployed to ensure a vigorous economic recovery, especially after the public health crisis.

### **Corporation’s position**

In 2021, despite the difficult context of the pandemic, Forbes once again ranked Transat as one of the best employers in Canada and the world, and one of the world’s top female-friendly employers.

Transat has long been aware of the unique and concrete contribution that can result from several points of view, experiences, concerns and perceptions in a world of diversified customers and personnel. Consequently, the Corporation considers diversity to be a commercial, social and ethical imperative.

Furthermore, as Air Transat falls under federal jurisdiction, it is now subject to the federal *Pay Equity Act*, which has been in force since August 31, 2021. This subsidiary of the Corporation will therefore have to comply with the requirements of the act by adopting a proactive pay equity regime within the prescribed three-year timeframe and, where applicable, by remedying any gender-based compensation differences. The Corporation’s subsidiaries that are subject to provincial laws already comply with these requirements.

The Corporation is currently led by Annick Guérard, President and CEO, and 64 of the 156 management positions within the Corporation (from management to President and CEO) are filled by women, representing a proportion of 41%.

The Corporation also ensures that directors and officers have a profile offering a vast range of perspectives, experience and expertise that are fundamental to efficient stewardship and management.

<sup>21</sup> The present and future of women at work in Canada  
<https://www.mckinsey.com/featured-insights/gender-equality/the-present-and-future-of-women-at-work-in-canada>.

<sup>22</sup> Ibid., see the program *Shared Care*, by the Australian firm Aurizon, among others, for more examples.



Consequently, the Corporation implemented a written policy on September 9, 2015 regarding the representation of women on the Board of Directors (the “**Board**”) and in management. In that regard, the Corporate Governance and Nomination Committee as well as the Human Resources and Compensation Committee of the Corporation ensure that the objectives relating to this policy are achieved, or are in the process of being achieved, and consider the level of women’s representation in positions when making appointments.

On December 13, 2017, the Board also raised the target number of women on the Board from 25% to 30%. On March 9, 2022, the diversity policy was amended to include an objective to achieve parity on the Board, parity being achieved once the proportion between men and women varies between 45% and 55%, with a minimum of 40% of Directors per gender. As at the date hereof, the Board meets this target, seeing as five of the 11 Directors sitting on the Board are women, thus representing a proportion of 45.45%. Transat views such diversity as being a core asset of an efficient management team and a critical step towards creating a working environment that is inclusive and diversified for all of the Corporation’s employees.

Inclusion and diversity within Transat is and will remain a priority in the years to come and is one of the pillars of the Corporation’s 2022-2026 strategic plan. Furthermore, a female Director, Talent and Culture, was hired in September 2021 to develop the initiatives that were already being carried out and to deploy a global diversity management strategy within the Corporation.

The Corporation will pursue the efforts to achieve the established gender diversity targets and ensure compliance with employment equity legislation across Canada. The outcome of these measures will continue to be addressed in specific sections of the Corporation’s Annual Information Form as well as in the Notice of Meeting and Management Proxy Circular.

The Corporation also intends to provide an annual report on the representation of women at all levels of its management, from entry level to CEO, although the form of that report remains to be determined.

#### **PROPOSAL NOT SUBMITTED TO A SHAREHOLDER VOTE:**

***Following discussions between the Corporation and MÉDAC, it was agreed that the following proposal would not be submitted to a shareholder vote. At MÉDAC’s request, the proposal and the Corporation’s response are set out below.***

#### **Disclosure of the Corporation’s carbon neutrality guidance**

*It is proposed that the Corporation disclose the objectives it intends to pursue to achieve carbon neutrality in the near future and account for its actions each year by specifying, in its strategy, what impact its initiatives to reduce its GHG emissions at the source and to purchase carbon offset credits will have.*

#### **MÉDAC’s argument**

In terms of corporate responsibility, you declare that you have a duty to act in that regard seeing as the tourism industry is responsible for 5% of global GHG emissions.

To meet the challenges that will arise over the next few years, the goal of this proposal is to ensure that carbon neutrality objectives will be included in your business strategy, and will include specific annual objectives and an appropriate rendering of accounts.

It is difficult for shareholders, investors and stakeholders to appreciate the scope of the efforts businesses make to achieve carbon neutrality if they never know the business’s annual objectives, its realizations and how it intends to achieve them, whether by source-reduction initiatives or the purchase of carbon offset credits.



### **Corporation's position**

Transat constantly strives to reduce the negative environmental impact of its activities and has, for a good number of years now, taken steps to reduce its air carbon emissions. These environmental initiatives are described annually in the Corporation's Annual Information Form and include, among other things:

- The fuel management program, introduced in 2003, which helps improve fuel efficiency and reduce the GHG emissions of flight operations;
- The fleet's renewal with Airbus A321neoLR, which have the lowest fuel consumption and GHG emissions (CO<sub>2</sub> and NO<sub>x</sub>) and smallest noise footprint in its class;
- The installation of a solar wall to reduce the CO<sub>2</sub> emissions generated by heating its primary maintenance hangar;
- The creation of a partnership with the SAF+ Consortium to secure a supply of synthetic kerosene whose carbon footprint is 80% lower than the fossil kerosene normally used by airline carriers.

In its 2022-2026 strategic planning, the Corporation identified three key priorities, which include the high-priority issue of managing carbon emissions. Indeed, Transat is committed to reducing its current and future carbon emissions. The goal was to achieve carbon-neutral growth starting in 2019 and become net zero in 2050. The Corporation is a party to the first phase of the implementation of CORSIA, in which Canada is a voluntary participant, and is subject to the regulatory requirements of the European Union Emissions Trading System.

To show how the Corporation will contribute to achieving Canada's climate change commitments, Transat has also agreed to provide transparent and regular sustainable development strategies and performance reports (the "Reports"). In May of 2021, the Corporation published its first climate-related disclosure report, available online, that clearly presents Transat's climate strategy and initiatives. This report also presents the short- and long-term aircraft emissions objectives, and the Corporation intends to establish a 2030 goal for the next climate-related disclosure report.

The Corporation is of the opinion that these Reports, combined with the information provided each year in the Annual Information Form, will allow all stakeholders to adequately assess the scope of the efforts deployed by Transat to achieve carbon neutrality and, as such, constitute more than sufficient disclosure on the subject.

## Questions?

For any question or additional information on the annual and special meeting of the shareholders of Transat, please contact our proxy solicitation agent:



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