



Notice of Meeting and Management Proxy Circular in respect of the

2023 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**TO BE HELD on March 9, 2023, at 10:00 a.m. (Montréal time),
in a virtual-only format at**

<https://web.lumiagm.com/458823014>



**Transat A.T. Inc.
February 6, 2023**

Travel moves us

Glossary

Terms and abbreviations used in this Circular

ANI Adjusted net income,¹ 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
EBITDA Earnings before income tax, interest, depreciation and amortization
EY Ernst & Young LLP, Chartered Professional Accountants
HRCC Human Resources and Compensation Committee
LEEFF Large Employer Emergency Financing Facility
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 Compensation Consulting Inc.
President and CEO 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

¹ This is a non-IFRS financial measure. It is defined as the net income attributable to shareholders before net income from discontinued operations, change in the fair value of derivatives, gain (loss) on long-term debt modification, gain (loss) on business disposals, restructuring charge, asset impairment, foreign exchange gain (loss), reduction in the carrying amount of deferred tax assets and other significant unusual items, and including premiums related to derivatives that 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, 2023	Resolution approving the adoption of the resolution ratifying amendments to the 2023 Employee Share Purchase Plan	Advisory resolution regarding the Corporation's approach to executive compensation	Shareholder proposals

SUMMARY OF THE MANAGEMENT PROXY CIRCULAR

A strategic plan well underway and an encouraging outlook for 2023

We are pleased to invite you to participate in Transat's annual and special meeting next March 9 at 10:00 a.m. (EST). The meeting will be held virtually and can be streamed live via webcast and telephone conference. We hope this will allow for greater participation by shareholders and their proxyholders, who will be able to vote in real time (if they haven't done so already) and ask questions in an interactive manner.

A year of recovery

After operations came to a screeching halt in 2020 and hopes were dashed in 2021, 2022 was the year in which the travel industry truly started to rebound. As the pandemic lost steam and the sanitary constraints were eased, demand rallied in the spring. We responded by deploying 86% of the capacity reached in 2019, which resulted in load factors for the summer period reaching 82%. The recovery trend persisted throughout the rest of the year. At the close of the fiscal year ended last October 31, our sales were comparable to those of the pre-pandemic period. In late October, the wintertime load factors were already in excess of 55%, the same as in 2019. Fiscal year 2022 ended with a momentum that has yet to slow down. As we will see at the meeting from the overview of the first quarter of fiscal year 2023, hopes for a robust holiday season have become a reality. Transat and its travellers were also spared the delays and cancellations caused by the winter storms that struck Canada and the United States in late December. This favourable trend will allow us to deploy a capacity for 2023 equal to 90% of that in 2019. This level of activity is in line with IATA's projected rate of recovery.

Wanderlust

In 2022, consumers were looking forward to travelling again and, even better, considered travel expenses a priority. Demand levels did not flag despite the significant rise in airline ticket prices resulting from higher fuel costs and general inflation. This wanderlust is one of the key drivers of Transat's success and reinforces our ability to evolve in an economic and financial environment that remains filled with challenges.

While seizing opportunities in the travel industry, Transat also accelerated the implementation of its strategic plan. The Corporation reached several codesharing agreements and created a virtual interlining service, giving its customers access to over 300 destinations that can be reserved through Air Transat. These agreements help improve our network and favour (among other things) the optimal use of our fleet. This brings us to Transat's continued renewal of its aircraft. Over the course of the fiscal year, we received delivery of two Airbus A321LRs and announced long-term lease placements for four new Airbus A321XLRs that will be delivered in 2025 and 2026. If we include the aircraft that have been received or ordered, Transat now has 23 new generation aircraft. This renewal will simplify our fleet down to two types of aircraft, allowing for the better management of airline operations and substantial fuel savings, easier maintenance and lower costs.

Overview of results and financial position

In fiscal year 2022, Transat posted \$1,642.0 million in revenues, an increase of \$1,517.2 million compared to 2021. The adjusted operating loss stood at \$156.8 million, a \$57.1 million improvement over 2021. We regained some real momentum at fiscal year end and expect to achieve an adjusted operating income margin of approximately 4% to 6%, while drastically reducing our cash burn by the end of this fiscal year. In the meantime, a renegotiation of federal government funding is helping the business to recover from this unprecedented crisis. Transat has faith in the future – the business has the resources and liquidity it needs to pursue its recovery.

Governance

The fiscal year also saw the arrival of new talent. In 2022, Transat welcomed a new Chief Airline Operations Officer and a new Chief Financial Officer, and created a new Vice-Presidency, Corporate Responsibility. In the course of the fiscal year, the Board also welcomed four new members and wished a happy retirement to Mr. Philippe Sureau, a pillar and founding member of Transat. The year also marked the end of the last mandate of the current Chair of the Board (see personal note).

Finally, we warmly welcome the three new nominees for election as directors, namely Ms. Geneviève Brouillette, Mr. Robert Coallier and Mr. Bruno Matheu.

With the resumption of operations comes the return of employees. At fiscal year end, Transat had approximately 4,000 employees, or 75% of its pre-pandemic workforce. They picked up right where they left off, proud to honour the tradition of hospitality and service excellence that has made Transat an international household name.

We are moving forward, and a new value creation cycle is taking shape.

February 6, 2023



Annick Guérard
President and CEO



Raymond Bachand
Chairman of the Board

I would like to express my appreciation to all employees, officers and directors, partners and shareholders, that I have had the honour of working with over my years at Transat. This has been an exciting adventure, despite the turbulent times. In my eyes (and I trust in yours, dear shareholders), Transat will remain a Quebec flagship to be celebrated. The future is bright for Transat, its shareholders and its extraordinary team. RB

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

HIGHLIGHTS

Governance

- 11 nominees for election to the Board, 10 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 and that members are kept up to date on new trends in governance; since 2021 and by giving effect to this Meeting more than 70% of the members will have been renewed.
- The Corporation's Audit Committee, CGNC, HRCC and RMCRC are made up of independent members.
- The Corporation's Executive Committee is made up primarily of independent members.
- Amendment to majority voting guidelines for Directors.
- Complete orientation and education program for the Board.
- Code of Ethics for employees, officers and Directors.
- No class of multiple voting shares.
- Policy on Diversity includes 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%.
- Improvement of the annual process for evaluating the Board's members and operations by adding an interview to gather confidential and anonymous comments from each member conducted by an external firm and then reported to the Board Chair.
- 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 and addition of three new nominees for election this year to strengthen these competencies at the Board level.
- The mandatory retirement policy for Directors requires a director to 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.
- Registration of Air Transat A.T. Inc. with the Office québécois de la langue française (OQLF) while the Corporation, Transat Tours Canada Inc. and Transat Distribution Canada Inc. are already registered with the OQLF.

Compensation

- Although the trading blackout period in effect since 2019 was lifted in 2021 upon termination of the Arrangement with Air Canada, LTIP awards still cannot be granted in the usual way owing to the compensation restrictions imposed under the LEEFF loan.
- 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.
- Three-year vesting period for LTIP awards.
- Variable compensation clawback in place.
- Annual bonus caps and payout threshold.
- Requirements to hold Voting Shares of the Corporation by management and Directors.
- Use of external independent compensation advisors to review the compensation structure and comparison groups.
- The Options available in the reserve represented 1.26% of the Voting Shares outstanding as at October 31, 2022, 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 (46% to 52% depending on the NEO).
- Annual advisory vote on executive compensation.

AWARDS AND RECOGNITIONS

- North America'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.

Table of Contents

NOTICE OF THE 2023 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS AND NOTICE OF AVAILABILITY OF PROXY MATERIALS	9
INFORMATION ON VOTING	11
Part 1 – MATTERS TO BE BROUGHT BEFORE THE 2023 ANNUAL MEETING OF SHAREHOLDERS	20
Consideration of a shareholder proposal set out in Schedule D	24
Deadline to submit shareholder proposals.....	24
Part 2 - GENERAL CORPORATE GOVERNANCE PRACTICES	25
Ethics.....	26
Part 3 – ENVIRONMENTAL AND SOCIAL IMPACT	28
Sustainability framework.....	28
An increased focus on climate action	29
Diversity and the representation of women in the Corporation	30
Part 4 - GOVERNANCE AND NOMINATION OF CANDIDATES.....	33
Selection of candidates.....	33
Retirement of directors	33
Board chair.....	34
Proposed nominees.....	34
Majority voting Policy	46
Board interlocks.....	47
Shareholders Guidelines for Directors.....	47
Director Overboarding.....	47
Director Qualifications.....	48
Performance Assessment	49
Independence of Directors	50
Orientation and Continuing Education	50
Part 5 - DIRECTOR COMPENSATION	52
Total Compensation of External Directors.....	53
Details on the Compensation of External Directors	54
Table of Outstanding Option-Based and Share-Based Awards.....	55
Part 6 – BOARD COMMITTEE REPORTS	56
AUDIT COMMITTEE REPORT	56
RISK MANAGEMENT AND CORPORATE RESPONSIBILITY COMMITTEE REPORT	57
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE REPORT.....	58

HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT	59
Part 7 - EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS	61
Usual Compensation Approach and Objectives.....	61
Risks Relating to Compensation and Human Resources.....	63
Comparison Group.....	65
External advisors.....	66
Usual Total Compensation Components	66
Minimum Shareholding Requirement for the NEOs.....	83
Part 8 - NAMED EXECUTIVE OFFICERS	85
Part 9 - SUMMARY COMPENSATION TABLE	89
Part 10 - INCENTIVE PLANS	91
Table of Outstanding Option-Based and Share-Based Awards.....	91
Table of the Value Vested or Paid During the Fiscal Year	92
Part 11 – PENSION PLAN BENEFITS.....	93
Defined Contribution Plan Table	95
Part 12 - TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS	96
Benefits Provided by the Individual Agreements in Case of Termination of Employment.....	96
Benefits Provided by the Text of the Plans.....	97
Value of Benefits in the Event of Termination of Employment (Involuntary Departure) and Change of Control.....	100
Part 13 – PERFORMANCE GRAPHS.....	101
Part 14 – SUCCESSION PLANNING	102
Part 15 - SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS	103
Equity Securities	103
Part 16 - ADDITIONAL DISCLOSURE	105
SCHEDULE A – ADVANCE NOTICE BY-LAW	106
SCHEDULE B – 2023 EMPLOYEE SHARE PURCHASE PLAN	109
SCHEDULE C – APPROACH TO EXECUTIVE COMPENSATION	117
SCHEDULE D – SHAREHOLDER PROPOSAL.....	118

Notice of the 2023 Annual and Special Meeting of Shareholders and Notice of Availability of Proxy Materials

Montréal, Quebec, February 6, 2023.

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 **March 9, 2023, 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/458823014>. 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, 2022, and the external auditors’ report thereon;
2. **To elect** the Directors;
3. **To appoint** the external auditors for the fiscal year ending October 31, 2023, 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 2023 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 transact** such other business as may properly come before the Meeting or any adjournment thereof.

Notice-and-Access

This year the Corporation has decided to use notice-and-access for delivery to registered and non-registered shareholders as prescribed by the Canadian securities regulators. Under notice-and-access, instead of receiving a paper copy of the Management Proxy Circular, shareholders receive a copy of this Notice of Meeting and Notice of Availability of Proxy Materials (which explains how to access and obtain a paper copy of the proxy materials and sets forth the details of the Meeting), as well as a form of proxy or voting instruction form, as applicable.

As a shareholder of the Corporation, it is important that you read the Circular and other proxy materials carefully, as they contain important information about the voting of your shares and the matters to be dealt with at the Meeting. The Meeting materials will be available online at <https://www.meetingdocuments.com/TSXT/TRZ> and on SEDAR under the Corporation’s profile at www.sedar.com.

How to Request a Paper Copy of the Documents Related to the Meeting

Shareholders who wish to receive a paper copy of the Management Proxy Circular may do so by calling 1-888-433-6443 (toll-free within North America) or 1-416-682-3801 (from outside North America) or by sending an e-mail to tsxt-fulfilment@tmx.com. **Please note that we will not be mailing the form of proxy or voting instruction form, so please keep the one you received with this notice.**

Your request must be received by **February 28, 2023**, if you want to receive the Management Proxy Circular before the Meeting.

Attendance and Voting at the Meeting

The Corporation's Board of Directors has set the close of business on January 27, 2023, as the record date for determining which shareholders are entitled to receive notice of, and vote at, the Meeting. Only those persons whose names appear in the shareholder register on the close of business on that date, or their proxyholders, will be able to participate and vote at the Meeting.

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 have not duly appointed themselves as proxyholders may attend the Meeting as guests, 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 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 March 7, 2023 (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, 2022.

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 info.TMXIS@TMX.com.

Montréal, Quebec, February 6, 2023.

BY ORDER OF THE BOARD OF DIRECTORS
Transat A.T. Inc.



Bernard Bussières
Chief Legal and Government Relations Officer and Corporate Secretary

Information on voting

To ensure representation of your shares at the annual and special 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 January 27, 2023. 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 Meeting to be held on Thursday, March 9, 2023, at 10:00 a.m. (Montréal time), in a virtual-only format at <https://web.lumiagm.com/458823014>, 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/458823014>. 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/458823014>.

Step 2: Follow the applicable instructions below:

- **Registered Shareholders:** Click on “**I have a control number**” and enter your 13-digit control number and the password “transat2023” (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 “transat2023” (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 “transat2023” (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 13-digit 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/458823014>.

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 13-digit 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 complete the online form at <https://www.tsxtrust.com/control-number-request-en> by no later than 10:00 a.m. (Montréal time) on March 7, 2023. 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 13-digit 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 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, by fax at 1 416 368-2502 or by email at proxyvote@tmx.com (any of which must be received by TSX Trust by 10:00 a.m. (Montréal time) on March 7, 2023) **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 March 7, 2023, 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.

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

A: As at January 27, 2023, a total of 38,144,002 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 January 27, 2023, 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 January 27, 2023, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Voting Shares are:

- (i) **Fonds de solidarité FTQ**, which held 4,360,426 Class B voting shares, representing approximately 11.43% of all issued and outstanding Voting Shares; and
- (ii) **Letko Brosseau & Associates Inc.**, which held 4,020,969 Class B voting shares, representing approximately 10.54% 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

By mail, in the prepaid envelope provided for this purpose; or by personal delivery at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, Attention: Proxy Department, or at 1190 Canadiens-de-Montréal Avenue, Suite 1700, Montréal, Quebec, H3B 0G7, 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.

If you vote online via the TSX Trust website indicated above or by telephone, you will need your 13-digit 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 March 7, 2023 (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:

Election as Directors of each of the nominees listed under the heading “Governance and Nomination of Candidates” of this Circular	FOR
Appointment of EY as Transat’s external auditors	FOR
Adoption of the resolution ratifying amendments to the 2023 Employee Share Purchase Plan	FOR
Adoption of the non-binding advisory resolution regarding the Corporation’s approach to executive compensation	FOR

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 and notice of availability of proxy materials 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 Bussières, Chief Legal and Government Relations Officer and Corporate Secretary: Transat A.T. Inc., Place du Parc, 300 Léo-Pariseau Street, Suite 600, Montréal, Quebec, H2X 4C2, no later than two (2) business days before the Meeting, namely by March 7, 2023, at 10:00 a.m. (Montréal 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 13-digit 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 January 27, 2023.

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" (a "**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 three ways:

On the website: www.proxyvote.com.

By mail, in the prepaid envelope provided for this purpose; or by personal delivery at Data Processing Centre, P.O. Box 3700 Stn Industrial Park, Markham, Ontario, L3R 9Z9.

By using a touch-tone telephone to call **1 800-474-7493** (in English) or **1 800-474-7501** (in French) and following the prompts.

If you vote by telephone or online via the website indicated above, you will need your 16-digit “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 March 7, 2023 (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 info.TMXIS@TMX.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 info.TMXIS@TMX.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 WANT TO VOTE AT THE
MEETING, THE DEADLINE FOR VOTING IS 10:00 A.M.
(MONTRÉAL TIME) ON MARCH 7, 2023.**

PART 1 – MATTERS TO BE BROUGHT BEFORE THE 2023 ANNUAL MEETING OF SHAREHOLDERS

FINANCIAL STATEMENTS

The audited consolidated financial statements for the fiscal year ended October 31, 2022, 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. 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 ten Directors and, in accordance with a resolution adopted by the Board on February 6, 2023, the number of Directors to be elected at the Meeting was fixed at eleven. Mr. Raymond Bachand and Mr. Philippe Sureau 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 the Meeting.

However, since Mr. Raymond Bachand and Mr. Philippe Sureau 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, eleven Directors will be nominated for election to the Board, of which ten 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 vote against such proposed nominees 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 VOTE AGAINST 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 ELEVEN 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.

The table below represents the fees paid for fiscal 2022 and fiscal 2021.

	Audit Services	Audit-Related Services	Tax Services	Total
2022	\$1,535,000	\$365,000	\$147,000	\$2,047,000
2021	\$1,135,000	\$496,000	\$145,000	\$1,776,000

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 and, since November 1, 2021, the fees related to the review of the condensed consolidated interim financial statements. 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.

Review of the Quality of the External Auditors' Work

The Audit Committee annually reviews the qualifications, performance and independence of the external auditors and ensures that they are registered with the Canadian Public Accountability Board as compliant participants.

The Audit Committee also meets with key members of the Corporation's dedicated audit team that worked on the audit. The Audit Committee actively sees to the rotation, every seven years, of the lead audit partner, to his or her replacement and to the qualifications of the team's key members. The Audit Committee also ensures that the audit team has the relevant knowledge for the purposes of the audit, that they have access to specialists within their firm, and that they demonstrate professional skepticism.

Every year, the Audit Committee also reviews the quality of the work performed by the external auditors in order to make an informed recommendation concerning the appointment of the audit firm that will act as the external auditors of the Corporation.

When determining the quality of the external auditors' work during its evaluation, the Audit Committee will usually consider, *inter alia*, the following elements:

- (i) the quality of their annual audit plan and their team;
- (ii) the extent of their knowledge of the air transportation industry as well as their experience handling complex accounting issues;
- (iii) the quality of their quarterly reviews and annual audit, and of their evaluation of the internal controls in place;
- (iv) the quality and efficiency of their communications with management;

- (v) the professionalism they demonstrated in the course of the audit review process; and
- (vi) the reasonableness of their audit fees and non-audit fees.

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 Employee Share Purchase Plan**”) to ratify the amended and restated Employee Share Purchase Plan for the benefit of all employees or executives of the Corporation (the “2023 Employee Share Purchase Plan”).

The 2023 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, December 2017 and February 2022.

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 2023 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.

Last year, the Corporation increased the number of shares in its reserve based on historical experience, assumptions and the number of employees at that date. Since then, the Corporation has called back to work the vast majority of its employees who had been laid off due to the pandemic. More employees than estimated decided to participate in the Corporation’s Share Purchase Plan, which significantly reduced its share reserve. In order to maintain the level of participation in the 2023 Employee Stock Purchase Plan for future years, the Corporation wishes to further increase its reserve.

On February 6, 2023, the Board approved the allocation of an additional reserve representing a total of 900,000 shares that may be issued in addition to the remaining balance at January 31, 2023 of 673,878 shares to be issued in the context of the 2023 Employee Share Purchase Plan. In order for the new reserve provided for in the 2023 Employee Share Purchase Plan to come into force, the adoption of the Resolution regarding the Ratification of the Amendments to the 2023 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 2023 Employee Share Purchase Plan

Amendments made to the existing 2023 Employee Share Purchase Plan essentially provide for an additional reserve of shares that may be issued to employees over the next two 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 2023 Employee Share Purchase Plan is set forth in Schedule B to this Circular, and a summary of the material terms of the 2023 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 2023 Employee Share Purchase Plan is provided in the section entitled “Executive Compensation Discussion and Analysis” of this Circular.

Before deciding to approve the amendments to the 2023 Employee Share Purchase Plan, the Board took into consideration that, as at January 31, 2023, there were only 673,878 reserved shares that could be issued, which represented 1.77% of the total number of Transat’s outstanding Voting Shares.

Adding 900,000 additional reserved shares for future issuance under the 2023 Employee Share Purchase Plan, which represents an increase of 2.36% of the total number of outstanding Voting Shares, would bring the total number of these reserved shares to 1,573,878, namely 4.13% of the total number of outstanding Voting Shares as at January 31, 2023.

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 2023 EMPLOYEE SHARE PURCHASE PLAN.

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

“**WHEREAS**, at its Meeting held February 6, 2023, 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 2023 Employee Share Purchase Plan.

BE IT RESOLVED:

THAT the Corporation be, and it is, hereby authorized to allocate an additional reserve of 900,000 issuable shares in addition to the 673,878 reserved shares remaining as at January 31, 2023, thus bringing the total of reserved shares to 1,573,878, and to amend the text of the 2023 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 2023 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 2023 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.

4 APPROACH TO EXECUTIVE COMPENSATION

The section entitled “**Executive Officer 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 2022, this resolution received 11,673,164 votes for (95.72%) and 522,034 votes against (4.28%).

5 SHAREHOLDER PROPOSAL

CONSIDERATION OF A SHAREHOLDER PROPOSAL SET OUT IN SCHEDULE D

The Corporation received a proposal and a question from the Mouvement d'éducation et de défense des actionnaires ("MÉDAC").

At the request of MÉDAC, the text of this proposal and MÉDAC's arguments in support thereof as well as the Board's response are presented in Schedule D to this Circular. After discussion with the Corporation, MÉDAC agreed to withdraw the proposal ("Proposal A-1"). Therefore, the proposal will not be submitted to a shareholder vote.

MÉDAC's question was a request for information rather than a issue on which the Corporation needed to take action. By mutual agreement with MÉDAC, the text of this question, including the Board's response, is presented in Schedule D. The question and response need not be submitted to a shareholder vote.

DEADLINE TO SUBMIT SHAREHOLDER PROPOSALS

Proposals relating to any matter that the persons entitled to vote at the 2024 shareholder meeting wish to submit at that meeting must be received by the Corporation between **October 11, 2023**, and **December 10, 2023**.

Part 2 - GENERAL CORPORATE GOVERNANCE PRACTICES

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.

In November 2021, the Board decided to split the Risk Management and Corporate Governance Committee (the former Risk Committee) into two separate committees to better define the mandate of each committee:

- The first committee, the former 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 as well as overseeing the renewal and succession planning process for Directors.

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 re-assess 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 mitigation 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 48 risks, rated in order of importance: red for the 16 high-priority risks, orange for the 7 priority risks, yellow for the 5 moderate risks and green for the 20 low risks. These risks include, among others, the

Corporation's ability to continue as a going concern, COVID-19 and the environment, 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 2022, the update of all 48 risks was presented to the RMCRC along with presentations specific to the environmental, financial, aviation, cyber-attack and legal risks facing the Corporation's Directors. 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 and is also filed on SEDAR (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, the Code of Ethics throughout the Corporation and its subsidiaries. In this respect, the CGNC receives from our Chief Legal and Government Relations Officer 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

The 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.

Part 3 – ENVIRONMENTAL AND SOCIAL IMPACT

Transat is committed to conducting its business in a sustainable manner, with the goal of reducing its environmental impact and creating a positive impact for its customers, employees, and communities, both here and at its destinations. Transat recognizes that environmental, social and governance (“ESG”) issues touch all parts of its business and is dedicated to embedding sustainability into its decision-making process.

In fiscal 2022, the Corporation created a new Vice President, Corporate Responsibility role to lead and strengthen its corporate responsibility strategy and oversee the ESG efforts of the corporation and to keep senior management informed regarding ESG performance through the Corporate Responsibility Steering Committee.

ESG matters are regularly discussed at the Board level as well as within each of the Corporation’s committees, which have oversight over the ESG factors relevant to their respective areas of responsibility as indicated below:

- The RMCRC monitors and evaluates progress on overall ESG efforts. In addition, the RMCRC reviews the effectiveness of the Corporation’s overall risk management framework which includes ESG factors, including climate-related issues. It reviews the Corporation’s sustainability practices in these matters and provides quarterly updates to the Board.
- The CGN is responsible for developing, reviewing, and enhancing corporate governance standards, including Board diversity. The CGN is also responsible for establishing criteria to be considered for the choice of board candidates as well as assessing, developing, recommending, and implementing corporate governance policies and guidelines.
- The HRCC oversees the establishment and administration of compensation philosophy and policies, major compensation programs, succession plans, key talent management strategies and practices. The Committee also oversees the development and deployment of the diversity, equity and inclusion strategy.

SUSTAINABILITY FRAMEWORK

Management presented a new sustainability framework to the RMCRC in December 2022, which was subsequently approved by the Board.

The sustainability framework supports the UN Sustainability Development Goals (SDGs) and focuses on three ambitions: protecting our planet, caring for our people and communities and integrating responsible business practices throughout our organization.

INTEGRATING SUSTAINABILITY IN OUR PRACTICES	
Collaborate and communicate with our stakeholders to integrate and accelerate the deployment of high-impact responsible business practices.	
<p>Priorities:</p> <ul style="list-style-type: none"> ▪ Strong governance and ESG disclosure practice ▪ Integrating ESG across the value chain ▪ Compliance and risk management <p>Highlights:</p> <ul style="list-style-type: none"> ▪ Implementation of decarbonization and sustainable tourism committees. ▪ Second annual Climate Disclosure Report issued May 2022 ▪ Travelife certification renewed in 2022 	<p>Targets:</p> <ul style="list-style-type: none"> ▪ Publish 3rd Climate Disclosure report in 2023 ▪ Publish sustainability report by the end of 2023 

PROTECTING THE ENVIRONMENT

Transat put in place considerable effort to reduce the environmental impact of its operations throughout its value chain and has identified climate change as a critical issue for its business. Our focus is on establishing a resilient climate action plan to align with industry's commitment to net-zero emissions by 2050.

Priorities:

- Decarbonization targets and roadmap with focus on fleet transformation and sustainable aviation fuel
- Responsible consumption and waste reduction

Targets:

- Set 2030 emission reduction target
- Net-zero emissions by 2050
- Aspirational target of 10% SAF by 2030

Highlights:

- Total of 19 A321LR delivered or ordered, each of which emit 15% fewer emissions than equivalent aircraft.
- Offtake agreement for 90% of the SAF produced at the first SAF+ plant in Quebec during its first 15 years of operation.

CARING FOR OUR PEOPLE

Transat is committed to fostering a work environment where everyone can reach their full potential and is committed to making a positive difference in the lives of our employees, our customers, and our communities.

Priorities:

- Diversity, equity & inclusion
- Community engagement
- Health & safety

Targets:

- Maintain gender parity of the board (between 45% and 55%)
- 40% women in management positions

Highlights:

- Positions held by women at the board and management levels.
- Partnership with 4Ukraine has helped more than 300 Ukrainians travel to Canada.
- Since 2004, more than \$7.5 M has been donated to SOS Children's Village, United-Way/Centraide and the Children's Wish Foundation of Canada.



The United Nations Sustainable Development Objectives supported by our strategy

AN INCREASED FOCUS ON CLIMATE ACTION

Transat is committed to reducing greenhouse gas emissions and has been taking concrete measures to reduce its carbon footprint through initiatives such as its robust fuel efficiency program, fleet renewal strategy and investments in sustainable aviation fuel technology.

Transat is also committed to providing transparent and regular reporting on its carbon footprint as well as its risks and opportunities, as they relate to climate change, including providing further insight into its decarbonization strategy. Its second annual climate disclosure report, published in 2022, adheres to the Recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD").

In addition, Transat reports its annual CO₂ emissions to Transport Canada for the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), applicable to certain international flights with the objective to achieve the aviation industry carbon neutral growth target. As a signatory, through the National Airlines Council of Canada, to the Canadian Action Plan to Reduce Greenhouse Gas Emissions from Aviation, Transat collaborates actively with the Government and industry stakeholders to address emissions from the aviation industry. Transat is also engaged in numerous industry committees and working groups, such as the C-SAF and SAF+, to support the development of a Canadian Sustainable Aviation Fuel action plan.

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. In addition, 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.

Hence, the Corporation considers that diversity is 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 executive officers (the "**Diversity Policy**") that emphasizes gender diversity and which was amended on March 9, 2022, 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 executive officers to 40%.



IN MARCH 2022, THE CORPORATION AMENDED ITS DIVERSITY POLICY TO INCLUDE THE OBJECTIVE OF ACHIEVING GENDER PARITY ON THE BOARD OF DIRECTORS AND INCREASING ITS TARGET FOR WOMEN EXECUTIVE OFFICERS TO 40%

No policy, target or specific proportion on the representation of Indigenous persons (First Nations, Inuit and Métis), persons with disabilities and members of minorities (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.

The Corporation is continuing to reflect on how it can expand the scope of its Diversity Policy beyond gender diversity exclusively. In addition to the Diversity Policy, the Corporation aims to be truly committed to and embody the concepts of diversity, equality and inclusion in all of its workforce practices. In this regard, a new role of Vice-President, Organizational Development was created in 2022 to better articulate the Corporation's guiding principles and implement its diversity, equality and inclusion strategy with circumspection, in order to increase the percentage of women and Designated Persons in professional positions and at all levels of management. The Corporation is committed over the next year to (i) review the positions held by women in its organization and make appropriate changes; (ii) increase awareness of the benefits of diversity and inclusion through training and communication with a focus on unconscious bias; and (iii) ensure that its programs and policies support diversity and inclusion principles and objectives.

For fiscal year 2023, the focus will be on deploying a self-identification survey across the organization to ensure that the Corporation measures and communicates its progress over time. In addition, to strengthen its commitment and awareness, the Corporation will develop a diversity, equity and inclusion training program in 2023.

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. As of the date hereof, five of the 10 Directors sitting on the Board are 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.

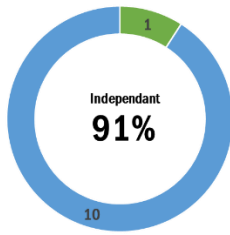
The following table presents a picture of women’s representation throughout Transat A.T. Inc. and its subsidiaries as of the date hereof:

	Representation of women within the Corporation	
	Number of positions held by women	Percentage
Board of Directors	5 out of 10	50%
Management¹	63 out of 157	40.1%

¹ From senior manager to President and CEO.

The representation of Designated Persons on the Board and in management positions will be consolidated through a self-identification questionnaire in 2023 and disclosed in a report summarizing our ESG priorities and actions.

DIRECTORS



INDEPENDENCE

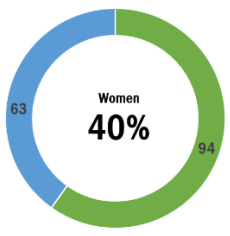
Ms. Guérard is the only director who is not independent.



MANDATE

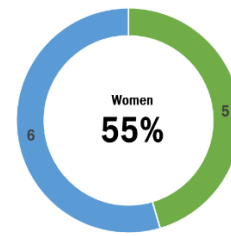
Since fiscal 2021, eight new directors have joined the Corporation, including the three nominees for election this year.

GENDER DIVERSITY



AMONGST MANAGEMENT

As mentioned above, the Corporation intends to further develop its diversity, equality and inclusion strategy



ON THE BOARD

For the year 2022, 50% of the directors of the Corporation were women.

However, for 2023, this percentage will be increased to 55%.

Part 4 - GOVERNANCE AND NOMINATION OF CANDIDATES

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 the corporate strategy and overseeing 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 is responsible for identifying the main risks related to the Corporation's operations and the appropriate systems to be implemented to manage 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 the Transat website at www.transat.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 found in this Circular as well as in the Committee's charter, which is also filed on the Transat website at www.transat.com. The committee has mandated the Board Chair as well as the President and CEO to lead this process, in collaboration with 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. Philippe Sureau benefited from this exemption last year, but it was agreed that he would not seek re-election this year.

BOARD CHAIR

Mr. Raymond Bachand, Board Chair, is not standing for re-election as a director of the Corporation this year. A selection process was initiated by the CGNC to replace him and also to appoint a new Board Chair. The CGNC will make a recommendation from the newly elected members of the Board at the first Board meeting immediately following the Meeting. The recommendation of the nominee will take into account experience in governance, management style and values, strategic business management, stakeholder engagement and fluency in French.

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 CEO of the Corporation
Montréal, Quebec, Canada

Non-Independent – Executive Officer ⁽¹⁾

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 this 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: 52

Mandatory retirement: n/a

Languages mastered:

- French
- English
- Spanish

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	15 out of 15	100%	▪ None
Executive Committee ⁽³⁾	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (3 X base salary) 5-year objective

In May 2022, the HRCC decided to suspend the shareholding guidelines until the Corporation was able to resume granting long-term share-based or Option-based incentives, as provided for in the usual programs.

2022 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of Votes Withheld
	11,986,997	98.27%	211,001	1.73%



GENEVIÈVE BROUILLETTE

Chief Financial Officer, Aldo Group
Montréal, Quebec, Canada

Independent ⁽¹⁾

Ms. Geneviève Brouillette has been Chief Financial Officer of Aldo since 2019, a global fashion retailer operating under three brands: Aldo, Call It Spring and GLOBO. With over 30 years' experience in finance and general management, she has contributed to the growth of many renowned companies, such as Keurig Dr Pepper, St-Hubert, Reader's Digest and Kraft Foods, which has helped her gain a reputation that transcends borders. In 2022, she received the title of Fellow by the Québec CPA Order.

Ms. Brouillette has also served for nearly 25 years on the board of directors of various organizations, including a Crown corporation, private businesses and non-profit organizations.

She has been a member of the Board of Directors and Chair of the Audit Committee of Previa since 2022, and has been a member of the Board of Directors, Chair of the Audit Committee and a member of the Human Resources Committee of Hydro-Québec since 2017. She also served on the Board of Directors of the Multiple Sclerosis Society of Canada from 2001 to 2010.

Ms. Brouillette obtained a Bachelor of Accounting Science from the Université du Québec à Montréal in 1987 and a Bachelor of Commerce, with distinction, from McGill University in 1986.

Areas of Expertise:

- Senior management and operations
- Finance
- Risk management

New Candidate submitted for election at the 2023 Annual Shareholders' Meeting

Age: 58

Mandatory retirement: 2035

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	-	-	▪ None
	-	-	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁶⁾
As at October 31, 2022	-	-	-	-	-
(She is not a director of the Corporation yet)					

2022 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
n/a	n/a	n/a	n/a	



LUCIE CHABOT

Corporate Director
Montréal, Quebec, Canada

Independent ⁽¹⁾

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. From May 2019 to May 2022, she was a director as well as the chair of the Audit Committee and a member of the 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 Vinearius 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. She was a co-shareholder of Strator Consulting Group Inc., a consulting firm in the retail, distribution and services field. 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: 63

Mandatory retirement: 2028

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	15 out of 15	100%	▪ Richelieu Hardware Ltd
Executive Committee ⁽³⁾	-	-	
Audit Committee	7 out of 7	100%	
RMCRC	2 out of 2	100%	
CGNC	6 out of 6	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$235,833) 5-year objective ⁽⁵⁾⁽⁶⁾
As at October 31, 2022	6,290	28,155	34,445	\$238,846	Yes (101.3%)

2022 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of Votes Withheld
	11,989,451	98.29%	208,547	1.71%



VALÉRIE CHORT

Corporate Director
Toronto, Ontario, Canada

Independent ⁽¹⁾

Ms. Valérie Chort is a corporate director. From 2015 until her departure in January 2023, she was Vice President, Corporate Citizenship and Sustainability for RBC and Executive Director of the RBC Foundation where she was 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.

Over the course of her career, Ms. Chort has held senior consulting, industry and government roles. Most recently she was Americas Leader for Sustainability & Climate Change with Deloitte, and Partner with Deloitte's Enterprise Risk Services as well as Vice-President of Environment, Health and Product Safety with Husky IMS.

Ms. Chort serves on the Boards of North West Rubber Ltd, 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)

Director since: April 2022

Age: 59

Mandatory retirement: 2035

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	7 out of 7	100%	▪ None
RMCR	4 out of 4	100%	
CGNC	2 out of 2	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁵⁾
As at October 31, 2022	0	9,366	9,366	\$26,595	In progress 13.3%

2022 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of Votes Withheld
	11,988,982	98.29%	209,016	1.71%



ROBERT COALLIER

Corporate Director
Montréal, Quebec, Canada

Independent ⁽¹⁾

Mr. Robert Coallier is a corporate director. Mr. Coallier was Chief Executive Officer of Agropur Cooperative, a dairy processor, from 2012 to 2019. He has over 30 years’ experience in, among other things, creating and managing businesses, organizational development, human resources management, business and financial turnaround and the development of customized IT and technology solutions.

Mr. Coallier also held senior management positions, including Vice-President and Chief Financial Officer, at Dollarama L.P. from 2005 to 2010, at Molson Coors from 2000 to 2005, at C-MAC Industries Inc. from 1996 to 2000 and at Caisse de dépôt et placement du Québec from 1988 to 1996.

Mr. Coallier has been a member and the Chair of the Board of Sanimax since 2020, and has been serving on the Board of Stella-Jones and acting as a member of the Audit Committee and the Human Resources Committee since 2020. Previously, he served as a member of the Board of Directors, Chair of the Human Resources Committee, Chair of the Special Committee appointing the new Chief Executive Officer and member of the Audit Committee and member of the Corporate Governance Committee of Industrial Alliance from 2008 to 2019.

Mr. Coallier graduated from McGill University in 1982 with a Bachelor of Arts degree in Economics and also holds an MBA from Concordia University.

Areas of Expertise:

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

New Candidate submitted for election at the 2023 Annual Shareholders’ Meeting

Age: 62

Mandatory retirement: 2035

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	-	-	<ul style="list-style-type: none"> ▪ Stella Jones ▪ Industrial Alliance (2008-2019)

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁵⁾
As at October 31, 2022	-	-	-	-	-

(He is not a director of the Corporation yet.)

2022 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 ⁽¹⁾

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 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.

Areas of Expertise:

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

Director since: January 2022

Age: 67

Mandatory retirement: 2031

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	12 out of 12	100%	▪ Noranda Income Fund
Executive Committee	-	-	
Audit Committee	6 out of 6	100%	
RMCRC	5 out of 5	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁵⁾
As at October 31, 2022	5,500	13,878	19,378	\$71,043	In progress (35.5%)

2022 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of Votes Withheld
	12,006,787	98.46%	188,411	1.54%



SUSAN KUDZMAN

Corporate Director
Montréal, Quebec, Canada

Independent ⁽¹⁾

Ms. Susan Kudzman is a corporate director and actuary. She was Executive Vice President and Chief Risk Officer and Corporate Affairs of the Laurentian Bank of Canada from 2015 to 2018. Previously, she was Executive Vice-President and Chief Risk Officer at Caisse de dépôt et placement du Québec from 2005 to 2010.

Ms. Kudzman is currently chair of the Board of Directors of Yellow Pages, and has served on the Board since November 2014. In 2020, she was appointed to the Board of Directors of PSP Investments, a Canadian Crown corporation that invests funds for the pension plans of the federal public service. Since 2018, she has also been a member of the Board of Directors of Medavie, an organization operating in the areas of insurance (Blue Cross) and health.

She has also been a member of various organizations and associations including Les Grands Ballets Canadiens de Montréal (2000-2015) and Montreal's International District (2006-2013). She was Vice-Chair of the Board of Directors of the Montreal Heart Institute Foundation from 2012 to 2020. 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: 60

Mandatory retirement: 2026

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	14 out of 15 ¹	93.3%	▪ Yellow Pages ▪ Nomad Royalty Company Ltd
Executive Committee	-	-	
HRCC	6 out of 6	100%	
RMCRC	6 out of 6	100%	
CGNC	3 out of 4 ¹	75%	

Securities Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$247,500) 5-year objective ⁽⁵⁾⁽⁶⁾
As at October 31, 2022	0	62,245	62,245	\$401,438	Yes (162.2%)

2022 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of Votes Withheld
11,973,014	98.16%	224,984	1.84%

¹ The Corporation moved the CGNC meeting of December 6, 2021, and Ms. Kudzman was, therefore, unable to attend due to a scheduling conflict. Ms. Kudzman was unable to attend the special meeting of the Board of Directors on May 27, 2022, as she was travelling for business.



STÉPHANE LEFEBVRE

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

Independent ⁽¹⁾

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

Director since: April 2022

Age: 55

Mandatory retirement: 2035

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	6 out of 7 ²	85.7%	▪ None
Audit Committee	4 out of 4	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁵⁾
As at October 31, 2022	0	7,207	7,207	\$19,817	In progress (9.9%)

2022 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of Votes Withheld
	12,015,036	98.50%	182,962	1.50%

² Mr. Lefebvre was unable to attend the special meeting of the Board of Directors on May 27, 2022, as he was travelling for business.



BRUNO MATHEU

President and founder of BLM Consulting
Paris, France

Independent ⁽¹⁾

Since 2017, Mr. Bruno Matheu has been the President and founder of BLM Consulting, a corporation providing business advice and other management advice in various industries, including the transportation and aviation industries.

From 2014 to 2017, Mr. Matheu was Chief Executive Officer, Airline Equity Partners for Etihad Aviation Group (UAE), a global aviation and travel group. Between 1992 and 2014, he also held various senior management positions for Air France and Air France-KLM, such as Chief Officer Long-Haul Business Unit, Chief Commercial Officer for Air France or Executive Vice President Marketing, Revenue Management & Network for Air France KLM. He was a member of the Executive Committees of Air France and Air-France - KLM for 16 years.

Mr. Matheu has considerable expertise in the aviation industry and has an outstanding track record in developing top line, optimizing resources, driving synergies, building and implementing comprehensive transformation plans for multiple airlines of various sizes across all continents.

Mr. Matheu is a graduate of the École Centrale de Paris and was named Chevalier de la Légion d'Honneur and Chevalier de l'Ordre National du Mérite, two French honours awarded in recognition of civilian or military service.

Areas of Expertise:

- Senior management and operations
- Air transportation
- Technology and digital
- Human resources and compensation

New Candidate submitted for election at the 2023 Annual Shareholders' Meeting

Age: 59

Mandatory retirement: 2035

Languages mastered:

- French
- English
- German

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
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Board of Directors	-	-	▪ Virgin Australia Holdings (2015 to 2017)
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Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁵⁾

As at October 31, 2022

(He is not a director of the Corporation yet.)

-	-	-	-	-	-
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2022 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	

n/a	n/a	n/a	n/a	
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IAN RAE

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

Independent ⁽¹⁾

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 Coradiant 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 startups 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: 51

Mandatory retirement: 2031

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	15 out of 15	100%	▪ None
HRCC	3 out of 3	100%	
RMCRC	6 out of 6	100%	
CGNC	4 out of 4	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$202,500) 5-year objective ⁽⁵⁾⁽⁶⁾
As at October 31, 2022	0	18,667	18,667	\$72,296	In progress (35.7%)

2022 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of Votes Withheld	
11,984,010	98.25%	213,988	1.75%	



JULIE TREMBLAY

Corporate Director
Montréal, Quebec, Canada

Independent ⁽¹⁾

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 practised 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 has been a director, member of the Nominating and Governance Committee and 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: 63

Mandatory retirement: 2034

Languages mastered:

- French
- English

Meeting Attendance ⁽²⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	12 out of 12	100%	▪ TVA Group Inc. (2014 to 2017)
HRCC	5 out of 5	100%	▪ Haivision Systems Inc.
CGNC	3 out of 3	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Value of Shares and DSUs ⁽⁴⁾	Compliance with minimum Share or DSU ownership requirement (\$200,000) 5-year objective ⁽⁵⁾
As at October 31, 2022	0	12,836	12,836	\$42,743	In progress (21.4%)

2022 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of Votes Withheld
	11,975,612	98.18%	222,386	1.82%

- 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, 2021, to October 31, 2022, 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 President and CEO and each of the other Committee Chairs.
- 4) 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 31, 2022, namely \$2.60, multiplied by the number of voting shares and DSUs held on such date, whichever is the greater of the two.
- 5) 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. While the annual cash retainer is usually \$50,000 a year, the restrictions imposed by the LEEFF loan currently limit this amount to \$40,000. 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. To reflect the blackout period and the restrictions imposed by the LEEFF loan, the value of shares or DSUs held was adjusted to be proportional to the number of months during which each director received \$50,000 or \$40,000.
- 6) 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, Ms. Chabot has until May 22, 2023, and Mr. Rae has until April 25, 2026, to comply with the minimum shareholding requirement.

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 the following directors:

- Mr. 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.
- Ms. Geneviève Brouillette, Chief Financial Officer of Aldo Group, a Corporation that filed for protection under *the Companies' Creditors Arrangement Act* ("CCAA") in Canada on May 7, 2020, and recognition of such proceedings in the United States on May 8, 2020, also due to the impact of the COVID-19 pandemic. The Swiss subsidiary obtained protection under Swiss law on May 11, 2020. The restructuring process in Canada and the United States was successfully completed on July 12, 2022, with a plan of arrangement duly approved by the creditors, approved by the Court and duly implemented. The Swiss proceedings were also successfully completed on June 1, 2022, as an arrangement was reached with the creditors, approved by the Swiss Court and implemented.
- Mr. Bruno Matheu, who was a director of Darwin Arline SA, a Swiss corporation, from June 2016 to June 2017. Subsequently, on July 20, 2017, 99.1% of the Corporation was acquired by Luxembourg fund 4K Invest, owner of Adria Airways. On November 27, 2017, it filed a composition application with the bankruptcy judge due to financial difficulties following several unfavourable market events, including the loss of aircraft charter contracts. It was declared bankrupt on December 13, 2017, under the *Loi fédérale sur la poursuite pour dettes et la faillite (LP)*.

MAJORITY VOTING POLICY

The *Canada Business Corporations Act* ("CBCA") was amended on August 31, 2022, to allow shareholders of a public corporation governed by the CBCA to vote "for" or "against" a candidate nominated for director at annual meetings of shareholders. This is a change from the "for" and "withhold" options previously offered to shareholders and, as a result, in December 2022, the Board amended its majority voting policy to comply with the CBCA.

The Corporation's majority voting policy provides that in an uncontested Director election, a candidate nominated for election as Director who receives more votes "against" than "for" will not be elected as a Director. Notwithstanding the

foregoing, an incumbent Director who was a candidate and who was not elected during the election may continue in office until the earlier of: (i) the 90th day after the day of the election; and (ii) the day on which their successor is appointed or elected.

In addition, the Board may appoint the incumbent Director who was a candidate and who was not elected during the election to ensure that the Board is composed of the required number of (i) Canadian residents; and (ii) Directors who are not officers or employees of the Corporation.

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 CGNC 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. Under these guidelines, after having served five years as Director, each Director must hold a number of Class A voting shares, 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.

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 as a result of the Arrangement. The amounts usually payable in the form of DSUs have been paid in cash during this period. The target date for each Director has been revised to reflect the trading blackout period.

In addition, while the annual cash retainer is usually \$50,000 a year, the restrictions imposed under the LEEFF loan currently limit this amount to \$40,000. To reflect the restrictions imposed under the LEEFF loan, the value of shares or DSUs held was adjusted to be proportional to the number of months during which each director received \$50,000 or \$40,000.

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 CGNC'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 CGNC's main goal is to propose a nominee to the Board who sits on the following maximum number of boards of directors: five boards of public corporations, including the Board; or only one board of a public corporation other than 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, languages mastered and personal qualities desired in eventual new Board members.

	Profile								Core qualifications ⁽¹⁾									
	Languages mastered			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)
	French	English	Others			45-55	56-65	66-75										
Geneviève Brouillette	√	√		Y	2023		√		F	√		√					√	
Lucie Chabot	√	√		Y	2015		√		F			√		√			√	√
Valérie Chort	√	√		Y	2022		√		F	√				√			√	√
Robert Coallier	√	√		Y	2023		√		M	√		√				√	√	
Daniel Desjardins	√	√		Y	2022			√	M	√		√		√			√	
Annick Guérard	√	√	√	N	2021	√			F	√	√					√	√	
Susan Kudzman	√	√		Y	2014		√		F	√						√	√	
Stéphane Lefebvre	√	√		Y	2022	√			M	√		√	√				√	
Bruno Matheu	√	√	√	Y	2023		√		M	√	√		√			√		
Ian Rae	√	√		Y	2018	√			M	√	√		√					
Julie Tremblay	√	√		Y	2022		√		F	√						√	√	√

⁽¹⁾ 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 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 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 CGNC 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			√ ⁽¹⁾	√ ⁽²⁾
Performance of the Committee Chairs			Committee members	
Performance of each Director	√	√	√	

(1) Evaluation as Director

(2) 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 at October 31, 2022, 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, 2022, a total of 41 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. The Board Chair has the power, which he may exercise, to call a meeting of the Board on his own.

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 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 Board Chair, 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. 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 receive detailed presentation documents before each meeting and are given the opportunity to ask the presenters questions. At the end of the integration process, the new Directors meet with the CGNC Chair to share their experience with the integration process, and are invited to provide the CGNC Chair 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 is a member of the Institute of Corporate Directors ("ICD"). 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 2022:

Continuing Education for Directors in 2022		
Topic	Presented by	Directors attending
Presentation on the modernization of the information systems and navigation display of A330 aircraft	Transat A.T. Inc.	All Directors
General presentation on the various types of partnerships in the airline industry	Transat A.T. Inc.	All Directors
Presentation on short- and long-term incentive plans with the restrictions imposed by the LEEFF loan	PCI	Members of the HRCC and all Directors via the report from the Chair and the minutes
Presentation on the risks associated with compensation policies and practices	PCI	Members of the HRCC and all Directors via the report from the Chair and the minutes
Presentation on compensation and challenges of the LEEFF program	PCI Transat A.T. Inc.	Members of the HRCC and all Directors via the report from the Chair and the minutes
Presentation – governance trends	Norton Rose Fulbright	Members of the CGNC and all Directors via the report from the Chair 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 Chair and the minutes
Presentation on climate disclosure	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the Chair and the minutes
Presentation on the decarbonization strategy	Transat A.T. Inc.	Members of the RMCRC and all Directors via the report from the Chair and the minutes

Part 5 - DIRECTOR COMPENSATION

During the year ended October 31, 2022, 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 agreed to temporarily reduce their compensation and attendance fees by 20% between April 1, 2020, and February 15, 2021. These reductions were imposed once again starting on April 29, 2021, when the Corporation entered into an arrangement with the Government of Canada under the LEEFF. The arrangement’s restrictions provide that director compensation cannot be higher than that in effect as at May 8, 2020.

For fiscal 2022, the terms indicated in the last column of the following table 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, 2022
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⁽¹⁾	\$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 ⁽²⁾	\$1,000 in cash	\$800 in cash

(1) Following Mr. Eustache’s retirement in 2021, Mr. Bachand was appointed Chairman of the Board. 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.

(2) The value of the director’s attendance fees for meetings attended using electronic means is the same as that for conference calls.

External Directors can choose to have between 0%, 25%, 50%, 75% or 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 names are redeemed in cash by Transat based on the market price of the issued and outstanding shares of the Corporation at that time. A Director may request that payment of credited DSUs be deferred up to December 1st of the first calendar year beginning after the calendar year in which the Director ceased being a Board member.

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, 2022.

Director	Fees (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Raymond Bachand ⁽⁴⁾	46,100	87,071	-	-	-	2,128	135,299
Louis-Marie Beaulieu ⁽⁵⁾	7,978	8,620	-	-	-	-	16,598
Lucie Chabot	91,303	28,000	-	-	-	608	119,911
Valérie Chort	25,870	26,584	-	-	-	608	53,062
Daniel Desjardins ⁽⁵⁾	44,085	45,843	-	-	-	-	89,928
W. Brian Edwards ⁽⁶⁾	33,859	13,764	-	-	-	851	48,473
Susan Kudzman	62,996	50,696	-	-	-	756	114,448
Jean-Yves Leblanc ⁽⁵⁾	14,609	4,641	-	-	-	-	19,250
Stéphane Lefebvre	27,794	19,815	-	-	-	-	47,609
Ian Rae	60,800	40,000	-	-	-	-	100,800
Jacques Simoneau ⁽⁶⁾	34,938	11,786	-	-	-	-	46,724
Louise St-Pierre ⁽⁶⁾	12,000	37,349	-	-	-	378	49,727
Philippe Sureau ⁽⁴⁾	62,011	28,000	-	-	-	756	90,767
Julie Tremblay ⁽⁵⁾	37,776	42,734	-	-	-	-	80,510

DETAILS ON THE COMPENSATION OF EXTERNAL DIRECTORS

Name	Paid in dollars (\$)		Paid in DSUs (\$)	
	Base annual retainer ⁽¹⁾	Attendance fees	Optional conversion ⁽²⁾	Basic awards ⁽³⁾
Raymond Bachand ⁽⁴⁾	19,700	26,400	59,071	28,000
Louis-Marie Beaulieu ⁽⁵⁾	3,978	4,000	3,978	4,641
Lucie Chabot	63,303	28,000	-	28,000
Valérie Chort ⁽⁶⁾	12,270	13,600	12,270	14,315
Daniel Desjardins ⁽⁵⁾	22,485	21,600	22,485	23,359
W. Brian Edwards ⁽⁶⁾	24,259	9,600	-	13,764
Susan Kudzman	37,396	25,600	22,696	28,000
Jean-Yves Leblanc ⁽⁵⁾	10,609	4,000	-	4,641
Stéphane Lefebvre ⁽⁶⁾	16,994	10,800	5,500	14,315
Ian Rae	36,000	24,800	12,000	28,000
Jacques Simoneau ⁽⁶⁾	26,938	8,000	-	11,786
Louise St-Pierre ⁽⁶⁾	-	12,000	23,585	13,764
Philippe Sureau ⁽⁴⁾	44,011	18,000	-	28,000
Julie Tremblay ⁽⁵⁾	19,376	18,400	19,376	23,359

(1) Includes the base annual retainer and the additional retainer as a committee member, paid in cash.

(2) Represents the value of the base annual retainer and the additional retainer as a committee member that the Director chose to convert into DSUs upon payment.

(3) Represents the value of the base annual retainer payable in DSUs.

(4) Messrs. Raymond Bachand and Philippe Sureau will not stand for re-election to the Board at the annual Meeting.

(5) Ms. Julie Tremblay and Mr. Daniel Desjardins were appointed as Directors as of January 1, 2022, after Messrs. Louis-Marie Beaulieu and Jean-Yves Leblanc stepped down from the Board on December 31, 2021.

(6) Ms. Valérie Chort and Mr. Stéphane Lefebvre were appointed as Directors after Messrs. W. Brian Edwards and Jacques Simoneau, and Ms. Louise St-Pierre, stepped down from the Board on April 27, 2022, date of the last annual 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 2022 (at a price of \$2.60 per share).

Name of Director	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	Number of Shares or units of Shares that have not vested	Market or payout value of Share-based awards that have not vested	Market or payout value of vested Share-based awards not paid out or distributed
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Raymond Bachand ⁽¹⁾	n/a	n/a	n/a	n/a	n/a	n/a	191,740
Louis-Marie Beaulieu ⁽²⁾	n/a	n/a	n/a	n/a	n/a	n/a	90,558
Lucie Chabot	n/a	n/a	n/a	n/a	n/a	n/a	73,203
Valérie Chort ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a	24,352
Daniel Desjardins ⁽²⁾	n/a	n/a	n/a	n/a	n/a	n/a	36,083
W. Brian Edwards	n/a	n/a	n/a	n/a	n/a	n/a	138,549
Susan Kudzman	n/a	n/a	n/a	n/a	n/a	n/a	161,837
Jean-Yves Leblanc ⁽²⁾	n/a	n/a	n/a	n/a	n/a	n/a	84,503
Stéphane Lefebvre ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a	18,738
Ian Rae	n/a	n/a	n/a	n/a	n/a	n/a	48,534
Jacques Simoneau	n/a	n/a	n/a	n/a	n/a	n/a	63,050
Louise St-Pierre ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a	52,408
Philippe Sureau ⁽¹⁾	n/a	n/a	n/a	n/a	n/a	n/a	92,417
Julie Tremblay ⁽²⁾	n/a	n/a	n/a	n/a	n/a	n/a	33,374

(1) Messrs. Raymond Bachand and Philippe Sureau will not be standing for re-election to the Board at the Meeting.

(2) Ms. Julie Tremblay and Mr. Daniel Desjardins were appointed as Directors as of January 1, 2022, after Messrs. Louis-Marie Beaulieu and Jean-Yves Leblanc stepped down from the Board on December 31, 2021.

(3) Ms. Valérie Chort and Mr. Stéphane Lefebvre were appointed as Directors after Messrs. W. Brian Edwards and Jacques Simoneau, and Ms. Louise St-Pierre, stepped down from the Board on April 27, 2022, date of the last annual meeting.

Part 6 – BOARD COMMITTEE REPORTS

Audit Committee Report



Lucie Chabot
Committee Chair

Members:

Raymond Bachand (is not standing for re-election)

Lucie Chabot

Daniel Desjardins

Stéphane Lefebvre

The Audit Committee helps the Board discharge some of its oversight responsibilities towards shareholders, employees, and all interested parties. This is done by overseeing and monitoring the financial statements of the Corporation and internal control systems, identifying the risks (in collaboration with the RMCRC), performing the statutory audit of the annual financial statements and complying 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 2022 available at www.transat.com.

The four members of the committee are Independent Directors and financially literate within the meaning of the law.

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

In 2022, the Audit Committee held seven meetings, with an attendance rate of 100%.

2022 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 2023;
- Review of the quarterly financial statements and audit of the 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, aviation and directors' insurance plans;
- Review and recommendation of the refinancing;
- Review and recommendation of the hedging strategy policy for fuel and currencies;
- Review of the committee's charter and annual work plan.

Risk Management and Corporate Responsibility Committee Report



Daniel Desjardins
Committee Chair

Members:

Valérie Chort
Daniel Desjardins
Susan Kudzman
Ian Rae

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 Transat's website at www.transat.com.

The four current committee members are Independent Directors.

It should be noted that Ms. Annick Guérard and Mr. Bachand attend the meetings of the Committee upon invitation only.

In 2022, the RMCRC held six meetings, with an attendance rate of 100%.

2022 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, as well as information technology and cybersecurity risks;
- Review of corporate, aviation and directors' insurance plans;
- Review of the financial commitments policy;
- Review of the 2022 climate disclosure report;
- Review and recommendation of the decarbonisation strategy;
- Review of the directors' and officers' liability risks;
- Review of the committee's charter and annual work plan.

Corporate Governance and Nomination Committee Report



Raymond Bachand
Committee Chair

Members:

Raymond Bachand (is not standing for re-election)
Lucie Chabot
Valérie Chort
Julie Tremblay

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 Transat's website at www.transat.com.

The four committee members are currently Independent Directors.

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

In 2022, the CGNC held seven meetings, with an attendance rate of 96.4%.

2022 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;
- Review of the ongoing Board renewal process and the recruitment, for this Meeting, of three 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%;
- Review of the compliance and competition program;
- Adoption of a directors' fee and expense reimbursement policy;
- Review of the Code of Ethics.

Human Resources and Compensation Committee Report



Susan Kudzman
Committee Chair

Members:

Susan Kudzman
Ian Rae
Philippe Sureau
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 promptly provided upon written request and is available on Transat's website at www.transat.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 and Mr. Bachand attend the meetings of the HRCC upon invitation only. Ms. Guérard withdraws from the meeting upon request or if matters relating to her are discussed.

In 2022, the HRCC held six meetings, with an attendance rate of 100%.

2022 HIGHLIGHTS

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

- Approval of a budget to increase salaries and adjust salary ranges, and an annual bonus formula (STIP);
- 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 reactivation of the Employee Share Purchase Plan and of the Transcapital and Transaction programs on January 1, 2022, following the lifting of the trading blackout period;
- Examination of the executive compensation restrictions imposed by the LEEFF loan and analysis of impacts and risks;
- Approval of a new retirement agreement for Annick Guérard and amendments to her current agreement, as well as amendments to the retirement agreements of Bernard Bussières and Jean-François Lemay;
- Definition of the executive officers' objectives for the next year;
- Examination of the performance of the President and CEO, and recommendation of the terms of her compensation to the Independent Directors of the Board for approval;
- Examination, with the President and CEO, of the performance of the other executive officers and recommendations as to their compensation;
- 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;
- 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;

- Preparation and approval of the disclosure content regarding the compensation paid to the NEOs 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;
- 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 7 - 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 eight executive officers on October 31, 2022, namely: Annick Guérard, Joseph Adamo, Michèle Barre, Patrick Bui, Bernard Bussièrès, Christophe Hennebelle, Bruno Leclair and Marc Lumpé.

The term “**Named Executive Officers**” or “**NEOs**” refers to the persons who held the positions of President and CEO and Chief Financial Officer in fiscal 2022, and the three other most highly compensated executive officers of the Corporation and its subsidiaries. For fiscal 2022, the Named Executive Officers are Annick Guérard, Patrick Bui, Jacques Simoneau, Bernard Bussièrès, Jean-François Lemay and Marc Lumpé.

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 guiding principles for the usual 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"> ▪ the Voting Share-based awards; and ▪ the long-term programs linked to the value created for all shareholders. <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. Due to the trading blackout period in effect, 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.

Large Employer Emergency Financing Facility (LEEFF)

On April 29, 2021, the Corporation entered into an Arrangement with the Canada Enterprise Emergency Funding Corporation (CEEFC), a federal Crown corporation, 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 the cash bonus or incentive programs and share- or option-based awards. As the trading blackout period was in effect due to the potential transaction with Air Canada, the Corporation was not authorized to, and did not, award any share units or Options in fiscal 2019. A table showing the Corporation's compliance with the compensation restrictions is presented below.

Compliance with LEEFF compensation restrictions

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

Name	Salary	Short-term incentive program compensation	Long-term incentive program compensation, payable in cash	Share-based awards	Other compensation	Total compensation for 2022	Maximum authorized compensation ⁽¹⁾
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Annick Guérard	555,703	8,210	0	55,357	59,594	678,865	678,865
Patrick Bui⁽²⁾	427,665	20,314	0	44,436	38,490	530,906	1,000,000
Jacques Simoneau⁽³⁾	39,078	0	0		46,724 ⁽⁶⁾	85,802	1,000,000
Bernard Bussières	359,914	0	90,834	0	42,047	492,795	492,795
Jean-François Lemay⁽⁴⁾	296,375	0	220,951	0	34,339	551,665	554,070
Marc Lumpé⁽⁵⁾	188,654	8,961		30,427	16,979	245,021	1,000,000

(1) 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.

(2) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021.

(3) 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.

(4) Mr. Lemay left the Corporation on June 30, 2022.

- (5) Mr. Lumpé was appointed Chief Airline Operations Officer of the Corporation on June 1, 2022. As an incentive to join the Corporation and to offset the compensation he was relinquishing at his former job, he received an exceptional grant of 150,000 Options on June 13, 2022. The fair value of these Options, namely \$322,515, is obtained by multiplying the number of Options granted by their value established using the Black-Scholes model. The value of this grant is included in the total compensation used to determine the NEOs but is not included in the total compensation for the purposes of the LEEFF loan.
- (6) Represents the compensation that Mr. Simoneau received as a Director of the Corporation, as detailed in the section entitled “Total Compensation of External Directors.”

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 Transat has made all necessary efforts to minimize the impacts of the LEEFF loan on its employees’ compensation and therefore aims to strengthen the retention of its key employees thanks to 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 mitigated to the greatest extent possible.

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.

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 presents 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 and 2023 STIPs and the 2021, 2022 and 2023 LTIPs contribute to this objective while ensuring that the variable at-risk compensation that is subject to the satisfaction of non-financial criteria remains relatively modest. Lastly, the link between the Corporation’s performance and compensation of NEOs does not raise any particular concern, given the very specific context in which the Corporation has been operating since 2019.

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 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 18 corporations. No longer a public company, Great Canadian Gaming Corp. was removed from the comparison group in fiscal year 2022.

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 Group 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
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's impact on the aviation and tourism industries in general, and on Transat in particular, Transat's data from the last two years is not representative, which makes it difficult to compare it against the comparison group.

In millions of \$	Revenues	EBITDA	Market Capital	Employees
Transat – as at October 31, 2022	1,642	(157)	99	3,900
Transat – as at October 31, 2021	125	(214)	166	2,100
Comparison Group ⁽¹⁾	2,772	317	1,654	7,700

(1) Data was collected in 2022.

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 2022, PCI performed work concerning executive officer compensation, more specifically concerning their compensation in the context of the compensation restrictions imposed under the LEEFF loan. PCI also assisted the Corporation in its assessment of the risks relating to its compensation policies and programs. Finally, PCI was entrusted with a pay equity mandate, which explains the fees charged to Management. The mandate was assigned to a separate team of professionals than the one advising the HRCC.

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 2021 and 2022 are as follows:

	HRCC	RMCRC	CGNC ⁽¹⁾	Management	Total
2022	\$126,426	n/a	\$33,240	\$88,871	\$248,537
2021	\$103,892	\$5,728	n/a	\$0	\$109,620

(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 corporations 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 operational and financial 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"> Recognize the level of responsibility, competencies and contribution to the Corporation’s results Attract, retain and motivate 	Ongoing	Level of the position, competencies, individual contribution and reference market
	Benefits (group insurance)	<ul style="list-style-type: none"> Cover the executive and his family adequately (illness, dental, disability, death) 	Ongoing	According to the competitive market data; some projections directly related to salary

Usual compensation components		Objectives	Compensation period	Criteria
	Perquisites	<ul style="list-style-type: none"> Facilitate access to certain services to favour prioritization of the Corporation's business 	Ongoing	Level of the position
	Retirement plans: <ul style="list-style-type: none"> Defined Contribution Plan (DC) Executives defined benefit pension plan (DB) 	<ul style="list-style-type: none"> Encourage long-term commitment of the executive by contributing to retirement income 	Ongoing	Level of the position
VARIABLE	Short-term incentive opportunity <ul style="list-style-type: none"> Short-term incentive plan ("STIP") 	<ul style="list-style-type: none"> Achieve and exceed annual corporate financial and strategic goals 	1 year	Transat ANI Strategic cost control and reduction objectives related to the business plan
	Special Bonus for Executive Officers	<ul style="list-style-type: none"> Achieve and sustain exceptional performance 	Payment spread over 3 years	Transat ANI
	Mid- to long-term incentive opportunity <ul style="list-style-type: none"> Permanent stock ownership incentive plan (Transaction program) 	<ul style="list-style-type: none"> Support the achievement of shareholding guidelines 	3 years	Individual level of investment
	PSUs ⁽¹⁾	<ul style="list-style-type: none"> Increase share price Encourage share ownership Achieve the Corporation's medium-term financial goals Promote retention through vesting conditions (3 years) 	3 years	Transat ANI Total shareholder return
	Options ⁽¹⁾	<ul style="list-style-type: none"> Encourage share ownership Increase share price Promote retention through vesting conditions (3 years) 	7 years	Transat share price

⁽¹⁾ The 2019, 2020, 2021 and 2022 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 and 2022, all LTIP bonuses are linked to performance criteria for NEOs and other executive officers. For the other eligible employees, 25% is variable in 2021, 50% in 2022 and 75% in 2023.

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, only Mr. Bussières' base salary was increased by 3%. On January 1, 2023, the base salaries of Messrs. Bui, Bussières and Lumpé were increased by 4%. The following table summarizes the situation.

	Salary	Revision as at January 1, 2022		Revision as at January 1, 2023	
	(Nov. 1, 2021) ⁽¹⁾	(%)	Revised Salary	(%)	Revised Salary
Annick Guérard ⁽²⁾	\$553,574	0%	\$553,574	0%	\$553,574

	Salary	Revision as at January 1, 2022		Revision as at January 1, 2023	
	(Nov. 1, 2021) ⁽¹⁾	(%)	Revised Salary	(%)	Revised Salary
Patrick Bui ⁽³⁾	n/a	n/a	\$443,000	+4.0%	\$460,720
Jacques Simoneau ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a
Bernard Bussières	\$349,850	+ 3.0%	\$360,345	+ 4.0%	\$374,759
Jean-François Lemay ⁽⁵⁾	\$442,860	0%	\$442,860	n/a	n/a
Marc Lumpé ⁽⁶⁾	n/a	n/a	\$450,000	+ 4.0%	\$468,000

(1) No NEOs received a salary increase on January 1, 2021.

(2) At the time of her appointment as President and CEO, Ms. Guérard's base salary was set at \$825,000, but was never paid to her owing to the compensation restrictions imposed under the LEEFF loan. On January 1, 2023, Ms. Guérard's salary was revised to \$858,000, but this revised salary cannot be 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.

(3) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021.

(4) 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, which agreement terminated on November 14, 2021.

(5) Mr. Lemay left the Corporation on June 30, 2022.

(6) Mr. Lumpé was appointed Chief Airline Operations Officer of the Corporation on June 1, 2022.

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 all employees, including 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 2022.

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 2022.

Retirement Plans

<p>Defined Benefit Plan (for NEOs residing in Canada)</p>	<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 “Pension Plan Benefits.”</p>
<p>Defined Contribution Plan (for NEOs residing in Canada)</p>	<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 “Pension Plan Benefits” for more details on the retirement plan provisions.</p>

Short-Term Incentive Plan (“STIP”)

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 STIP 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; and
- The total STIP payment amount may not be higher than 50% of the available ANI.

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

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

(1) The total bonus payments cannot be higher than 50% of the available ANI.

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.

About the Short-term Incentive Plan (“STIP”) since Fiscal Year 2022

Faced with the difficulty of setting realistic 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, changes were made to the STIP in 2022.

The following table presents the STIP's structure since 2022 as well as the performance criteria used for the STIPs in 2022 and 2023.

	Target bonus between 0% and 3% of base salary	Target bonus over 3% and up to 10% of base salary	Target bonus over 10% of base salary
Component	Retention	Operational	Financial
Description	This component seeks to retain personnel and is paid automatically	This component is based on the achievement of operational objectives	This component is based on the achievement of financial objectives
Performance criteria for fiscal year 2022	Be in office at the time of the STIP payment	Customer satisfaction (CSAT)	Based on the achievement of financial objectives for the resumption period (i.e. summer of 2022) linked, inter alia, to the ANI
	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.		
Performance criteria for fiscal year 2023	Be in office at the time of the STIP payment	Customer satisfaction (CSAT)	Based on the achievement of two financial objectives
	The maximum bonus will only be paid out if the ANI available to shareholders (after the bonuses are paid out) is at least equal to the amounts paid to the employees.		

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	0%	100%	200%
A. Guérard ⁽¹⁾	0%	50%	100%
P. Bui ⁽²⁾	0%	50%	100%
J. Simoneau ⁽³⁾	n/a	n/a	n/a
B. Bussi�eres	0%	37.5%	75%
J.-F. Lemay ⁽⁴⁾	0%	50%	100%
M. Lump�e ⁽⁵⁾	0%	50%	100%

(1) Ms. Gu erard 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.

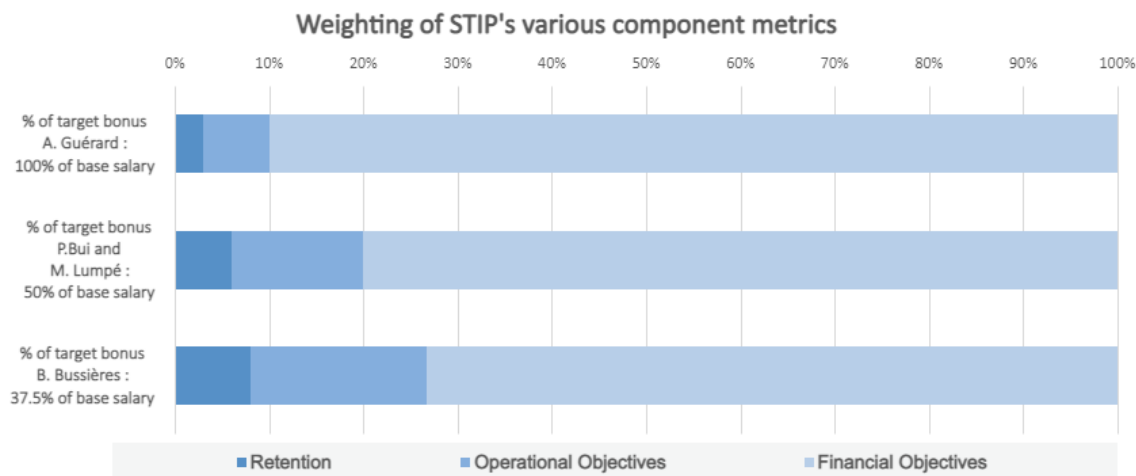
(2) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021.

(3) Following Mr. P etrin's departure in 2021, 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.

(4) Mr. Lemay left the Corporation on June 30, 2022.

(5) Mr. Lump e was appointed Chief Airline Operations Officer of the Corporation on June 1, 2022.

The following graph illustrates the weighting of the three component metrics of the 2022 and 2023 STIPs based on the target bonus percentage for each eligible NEO.



Short-Term Incentive Compensation Paid in Fiscal Year 2022

For the fiscal year ended October 31, 2022, the maximum bonus payable was set at 4.75% of the salary, which corresponds to payment of the retention component (3%) and 25% of the operational component (1.75%). As for the financial objectives, they were not met.

In order for payment of the operational component’s 25% target to be triggered, customer satisfaction levels (CSAT) needed to reach 80%.

Given that our industry was buffeted by a chaotic business resumption and that certain factors beyond our control moved us further away from our target, the decision was made just this once to exclude from the STIP for all personnel a brief period for the measurement of our performance. Thanks to our teams’ colossal efforts and the customer satisfaction results that reached the threshold during the period of regular operations, payment of this portion was triggered at the threshold, representing 1.75% of the NEOs’ base salary, namely 25% of 7%.

Only Messrs. Bui and Lumpé were able to receive the entire bonus owing to them under the STIP, i.e. \$20,314 and \$8,961, respectively. Given the compensation restrictions imposed under the LEEFF loan, Mr. Bussières was unable to receive his \$17,096 bonus, while Ms. Guérard only received \$8,210 of the \$26,396 owing to her. Mr. Lemay did not receive any payment, having left the organization on June 30, 2022.

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 2022.

Long-Term Incentive Program

2022 LTIP highlights:

- No Options vested during 2022.
- Given the trading blackout period in effect, no RSUs, PSUs and Options have been granted since 2018.
- Grants made in the 2018-2021 cycle (2019 grant) and the 2019-2022 cycle (2020 grant) 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 bonuses granted for the 2018-2021 and 2019-2022 cycles were paid in February 2022 and January 2023, respectively, 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 that were required for the closing of the Arrangement.
- The 2021 grant was not awarded 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 target value attributed can vary between 0% and 100% at the time of payment based on the extent to which strategic objectives are met, and the other 50% can vary between 0% and 150% based on the extent to which the financial performance criteria are met. If the LEEFF loan is still not repaid at the time this bonus is owing, all or part of that payment may become incompatible with the compensation restrictions imposed under the LEEFF loan for NEOs and certain executive officers who might become NEOs in the event such a bonus were paid. For the other eligible employees, 75% of the target value attributed is fixed and not subject to performance criteria, and 25% of that target value attributed may vary between 0% and 150% at the time of payment based on the extent to which the financial performance criteria are met.
- The 2022 granting is similar to that of 2021 for executive officers, including NEOs. This bonus is also subject 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 target value attributed is fixed and not subject to performance criteria, and 50% of the target value attributed may vary between 0% and 150% based on the extent to which the financial performance criteria are met.
- 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 agreement relating to the Arrangement was executed. The employer's contribution was replaced by a cash payment that ended on December 31, 2021, given that the programs were reactivated 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 (“Transaction program”)	<ul style="list-style-type: none"> Support the achievement of shareholding guidelines 	<ul style="list-style-type: none"> 1/3 of the shares vest on January 10 of the 1st, 2nd and 3rd years following the award year On condition of participation in the share purchase plan
PSUs ⁽¹⁾	<ul style="list-style-type: none"> Increase share price Encourage share ownership Motivate achievement of the Corporation’s medium-term financial goals Promote retention through vesting conditions 	<ul style="list-style-type: none"> PSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle
Stock options	<ul style="list-style-type: none"> Increase share price Promote retention through vesting conditions 	<ul style="list-style-type: none"> 1/3 of the Options vest after 1 year, 1/3 after 2 years, 1/3 after 3 years Expected lifetime of 7 years
RSUs ⁽²⁾	<ul style="list-style-type: none"> Increase share price Maintain achievement of the Corporation’s financial objectives over a 3-year cycle Promote retention through vesting conditions 	<ul style="list-style-type: none"> RSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle

(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 programs 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 percent (5%) of the number of issued and outstanding 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 the Employee Share Purchase Plan and any other related share purchase plan must at all times be less than the majority of the shares issuable under the Employee Share Purchase Plan.

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

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.

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 Employee Share Purchase Plan and for a more detailed explanation of a Change of Control, we refer you to the full text of the amended plan set out in Schedule B hereto.

The 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 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 Employee Share Purchase Plan;
- (ii) Corrections to the provisions of the Employee 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 Employee Share Purchase Plan.

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

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.

During the fiscal year ended October 31, 2022, we issued a total of 265,054 Voting Shares under this plan. As at October 31, 2022, the maximum number of shares available for future issuance under the Employee Share Purchase Plan is 805,736 Voting Shares (namely 2.12% of the issued shares).

Beginning on February 1, 2019, and depending on the date on which an employee became an insider under the Arrangement, the plan was suspended for that employee. The plan was finally suspended on June 27, 2019, for all other employees. Finally, the plan was reactivated 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 who subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat’s treasury under the Share Purchase Plan to benefit from an additional contribution from the Corporation in 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 as at October 31, 2022:

Maximum number of Issuable Shares	The maximum number of issuable shares under the Share Purchase Plan is 1,052,533, which number was approved by the shareholders. Of these shares, 805,736 are available for future issuance.
Eligible Members	Designated executive officers of the Corporation.

Participation Level	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.
Subscription Price	The subscription price under the Share Purchase Plan 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 subscribed for out of the officers' contribution.
Contribution of the Corporation	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.
Market Price	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.
Vesting Terms	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.
Payment Terms	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.

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 reactivated on January 1, 2022. Consequently, for the November 1, 2020, to December 31, 2021, period, no share was awarded to the executive officers under the Transaction program.

During the fiscal year ended October 31, 2022, a total of 45,652 shares valued at approximately \$155,645 (\$0 in 2021) was awarded under the Transaction program.

Since January 1, 2022, all NEOs, with the exception of Messrs. Bussières and Lemay, participate in the plan at a rate of 10% of their base salary. Mr. Bussières already holds his targeted number of shares, while Mr. Lemay chose not to participate in the plan due to his imminent departure from the Corporation.

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 who subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat's treasury under the Share Purchase Plan to benefit from an additional contribution from the Corporation made from shares it purchases on the secondary market.

The following table presents the principal terms of the Transcapital program as at October 31, 2022:

Maximum Number of Issuable Shares	The maximum number of issuable shares is 1,052,533 under the Share Purchase Plan, which number was approved by the shareholders. Of these shares, 805,736 are available for future issuance.
Eligible Members	The eligible employees must have completed six months of continuous service and must not participate in the Transaction program.
Participation Level	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.
Subscription Price	The subscription price under the Share Purchase Plan 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 subscribed for out of the employees' contribution.
Contribution of the Corporation	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.
Market Price	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.
Vesting Terms	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.
Payment Terms	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.

Beginning on February 1, 2019, and based on the date on which an employee became an insider under 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 ended on December 31, 2021, as the program was reactivated on January 1, 2022.

During the fiscal year ended October 31, 2022, a total of 97,844 shares valued at approximately \$340,708 (\$0 in 2021) were awarded under the Transcapital program.

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 2022. The value of the bonus represents the LTIP target value normally granted.⁽²⁾

Name	Annual long-term incentive opportunity ⁽¹⁾		
	PSU Awards	Option Grants	Transaction program- Share grants ⁽³⁾⁽⁴⁾
	Par value = [# of PSUs x price per share on date of grant ⁽²⁾] / salary	Notional par value = [# of Options x price per share on date of grant ⁽²⁾] / salary	Par value = [# of shares x price per share on date of grant] / salary
Annick Guérard ⁽⁵⁾	65.0%	60.0%	10.0%
Patrick Bui ⁽⁶⁾	45.0%	37.5%	10.0%
Jacques Simoneau ⁽⁷⁾	n/a	n/a	n/a

Name	Annual long-term incentive opportunity ⁽¹⁾		
	PSU Awards	Option Grants	Transaction program-Share grants ⁽³⁾⁽⁴⁾
	Par value = [# of PSUs x price per share on date of grant ⁽²⁾] /salary	Notional par value = [# of Options x price per share on date of grant ⁽²⁾] /salary	Par value = [# of shares x price per share on date of grant] / salary
Bernard Bussières	35.0%	30.0%	10.0% ⁽⁸⁾
Jean-François Lemay ⁽⁹⁾	45.0%	37.5%	10.0% ⁽⁸⁾
Marc Lumpé ⁽¹⁰⁾	45.0%	37.5%	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. This rule, one of the objectives of which is to limit stock dilutions, was not applied to the calculation used to determine the value of the Options replaced by a cash bonus, as this bonus is not dilutive and presents a limited potential for appreciation.
- (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. Guérard 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) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021.
- (7) 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 LTIP.
- (8) Messrs. Bussières and Lemay chose not to participate therein starting January 1, 2022. Mr. Bussières already holds the target number of shares.
- (9) Mr. Lemay left the Corporation on June 30, 2022.
- (10) Mr. Lumpé was appointed Chief Airline Operations Officer on June 1, 2022.

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.

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.

Eligible Participants	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.
Grant Price	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.
Release Price	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.
Vesting Terms	All of the PSUs granted vest (or do not vest) at the end of a 3-year financial cycle.
Performance Criteria	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.
Payment Terms	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 in 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.
Termination of Employment	Please refer to the section “ Benefits Provided by the Text of the Plans. ”

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 be made, where appropriate, (a) without obtaining the required approvals from regulatory authorities; (b) without obtaining the consent of the participant, if this has the effect of modifying or compromising the rights pertaining to the PSUs already granted. 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 2022

No PSU vested during fiscal year 2022. Currently, there are no awarded but unvested PSUs outstanding.

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.

Eligible Participants	The executives and other eligible employees of the Corporation.
Fair Market Value	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.
Vesting Terms	All RSUs granted vest (or do not vest) at the end of a three-year financial cycle.
Performance Criterion	Vesting is conditional on the achievement of the ANI target as a % of average revenues for the three fiscal years.
Payment Terms	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.
Termination of Employment	Please refer to the section “ Benefits Provided by the Text of the Plans. ”

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 2022

No RSUs vested during fiscal year 2022. There are no awarded but unvested RSUs outstanding.



RSUs ARE NO LONGER PART OF THE CORPORATION'S CURRENT EXECUTIVE COMPENSATION POLICY, BUT ARE USUALLY USED IN THE COMPENSATION PROGRAMS FOR OTHER POSITIONS.

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.

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

Maximum Number of Securities Issuable as at October 31, 2022	Reserve: 1,406,508 and outstanding Options: 480,847 Total: 1,887,355 (4.97% of the issued and outstanding Voting Shares)
Reserve	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.
Eligible Members	Executives and other eligible employees of the Corporation and its subsidiaries. ⁽¹⁾ The options granted under the 2016 Option Plan are non-transferrable.
Exercise Price	Weighted average trading price of the shares of the Corporation on the TSX for the five trading days preceding the grant.
Vesting Terms	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.
Performance Criterion	Vesting of the Options is not subject to the achievement of any performance rule.
Payment Terms	When the Options are exercised, the member acquires the shares of the Corporation.

Term	Generally, the Options have a lifespan of seven years. If the expiry date of an Option falls within a blackout period (or within 10 business days after the end of a blackout period), the expiry date will be postponed to the 10 th day after the end of the trading blackout period.
Participation	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 that 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.
Termination of Employment	Please refer to the section " Benefits Provided by the Text of the Plans. "

(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.

This rule, one of the objectives of which is to limit stock dilutions, was not applied to the calculation used to determine the value of the Options replaced by a cash bonus in 2022, as this bonus is not dilutive and presents a limited potential for appreciation.

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 during Fiscal Year 2022

No Options vested in 2022.

About the 2022 LTIP Grants

In light of the compensation restrictions imposed under the LEEFF loan, no RSUs, PSUs or Options were granted during fiscal year 2022 in the context of usual annual grants.

These grants 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 February 2022. The effective date is that on which the granting would normally have been made in January of 2022.

For executive officers:

- 50% of the target value attributed can vary between 0% and 100% at the time of payment based on the extent to which digitization initiatives and the strategic objectives tied to the environment, diversity, equity and inclusion are met, each of these two areas being given the same weighting, and
- 50% of the target value attributed can vary between 0% and 150% at the time of payment 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, all or part of that payment may become incompatible with the compensation restrictions imposed under the LEEFF loan for NEOs and certain executive officers who might become NEOs in the event such a bonus were paid.

For all other eligible employees, 50% of the target value attributed is fixed and not subject to performance criteria, and 50% of the target value attributed may vary between 0% and 150% at the time of payment based on the extent to which the financial performance criteria are met.

The target values attributed are equal to the target compensation 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 ⁽¹⁾	Target – Options (in % of base salary)	Amount attributed in replacement of Options⁽²⁾	Total amount attributed –LTIP bonus (2021-2024 cycle)
Annick Guérard⁽³⁾	65%	\$359,823	60%	\$168,497	\$528,320
Patrick Bui⁽⁴⁾	45%	\$199,350	37.5%	\$84,275	\$283,535
Jacques Simoneau⁽⁵⁾	n/a	n/a	n/a	n/a	n/a
Bernard Bussières	35%	\$126,121	30%	\$54,841	\$180,962
Jean-François Lemay	45%	\$199,287	37.5%	\$84,248	\$283,535
Marc Lumpé⁽⁶⁾	45%	\$175,525	37.5%	\$74,203	\$249,728

(1) The cash bonuses were awarded to NEOs in 2022. The amount awarded was determined using the parameters in effect on the normal PSU grant date, January 6, 2022, and is payable three years after that date. The base salaries and position levels on that date were taken into account.

(2) The cash bonuses were awarded to the NEOs in 2022. The amount awarded was determined using the parameters in effect on the normal Option grant date, January 6, 2022, 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. The rule providing that the value of \$12 must be used if the weighted average price of the Corporation's Voting Shares on the TSX over the five trading days preceding the grant date is lower than that figure was not applied to the calculation used to determine the value of the Options replaced by a cash bonus in 2022, as this bonus is not dilutive and presents a limited potential for appreciation.

(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) Mr. Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021.

(5) 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.

(6) In 2022, Mr. Lumpé was granted a proportional LTIP award to reflect the fact that he was not working for Transat when the 2022 bonus was awarded. He was appointed Chief Airline Operations Officer on June 1, 2022.

An exceptional grant of 150,000 Options at an exercise price of \$4.18 was awarded to Mr. Lumpé on June 13, 2022, as an incentive to join the Corporation as Chief Airline Operations 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 June 13, 2029. RSUs are no longer part of the Corporation's current executive compensation policy, but are used in the compensation programs for other positions.

About the 2023 LTIP Grants

The 2023 grants 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 target value attributed can vary between 0% and 100% at the time of payment based on the extent to which the strategic objectives tied to digitization and the environment, diversity, equity and inclusion have been met, each of these two areas being given the same weighting. The other 50% of the target value attributed can vary between 0% and 150% at the time of payment based on the extent to which the financial performance criteria have been met, 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, all or part of that payment may become incompatible with the compensation restrictions imposed under the LEEFF loan for NEOs and certain executive officers who might become NEOs in the event such a bonus were paid.

For the other eligible employees, 25% of the target value attributed is fixed and not subject to performance criteria, 25% of the target value attributed may vary between 0% and 100% at the time of payment based on the extent to which the same strategic objectives as those applicable to executive officers have been met, and 50% of the target value attributed may vary between 0% and 150% at the time of payment based on the extent to which the same financial objectives as those applicable to executive officers have been met.

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 that 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 ⁽¹⁾	3.0 times the annual salary
Chief Operating Officer Chief Financial Officer Chief Airline Operations Officer	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 or she 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 CGNC decides otherwise.

The status of the NEOs as regards the achievement of their shareholding requirements could usually be found in the section entitled “**Named Executive Officers**” in their individual profiles. In light of the compensation restrictions imposed under the LEEFF loan for NEOs, the HRCC decided to suspend the shareholding requirements for executive officers, including NEOs, for such time as it is not possible for the Corporation to resume its usual long-term incentive awards.



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

Part 8 - NAMED EXECUTIVE OFFICERS



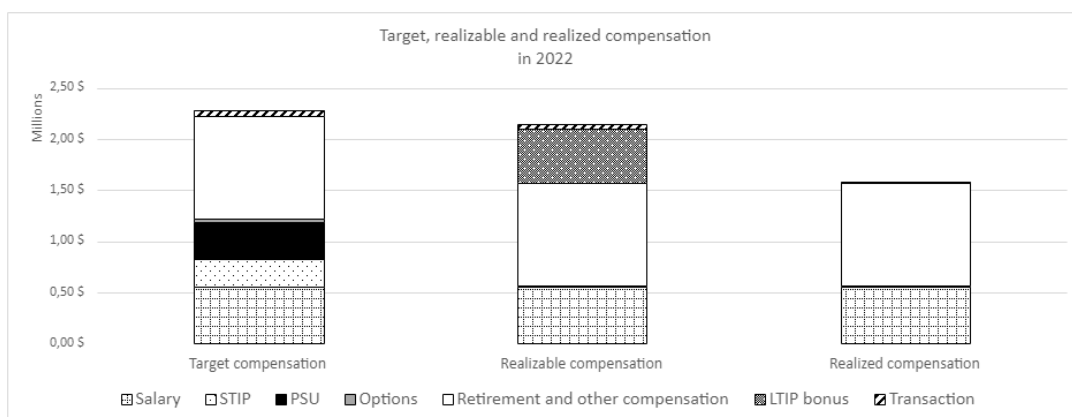
ANNICK GUÉRARD

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 hotel subsidiary), including the operations of the Air Transat airline.

As principal executive officer of the Corporation, she controls and oversees 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.

- Of the \$26,396 owing to Ms. Guérard under the STIP for fiscal year 2022, she only received \$8,210 owing to the compensation restrictions imposed under the LEEFF loan.
- Ms. Guérard was unable to collect the \$394,061 bonus owed to her as cash payment for the bonus replacing the 2019 LTIP awards owing to the compensation restrictions imposed under the LEEFF loan.
- No Options were awarded or PSUs granted in 2022. An LTIP cash bonus payable in 2025 subject to the achievement of objectives was awarded in replacement of these awards and subject to the compensation restrictions imposed under the LEEFF loan.
- Normally, 57% of Ms. Guérard's total direct compensation target is variable and linked to the performance of the business. In 2022, the STIP paid, LTIP bonus awarded and Transaction program, which represent 49% of the total direct compensation granted, are linked to the performance of the business. Bear in mind that direct compensation means the sum of: the base salary, target STIP, target LTIP and target value of the shares awarded under the Transaction program.
- The following graph shows the total target compensation awarded and realized in 2022 (as defined at the bottom of the graph).



Total target compensation represents the sum of: the base salary, target STIP, estimated value of the Options and PSUs upon the target's achievement, pension plan, other compensation (which includes perquisites) and target value of shares usually awarded under the Transaction program.

Total realizable compensation represents the sum of: the base salary, STIP paid for fiscal year 2022, pension plan and other compensation (which includes perquisites and cash payments made following the Transaction program's suspension in November and December 2021), share value attributed under the Transaction program following its reactivation and the value of the LTIP cash bonus awarded in 2022 and payable in 2025 if the objectives are met.

Total realized compensation represents the sum of: the base salary, STIP paid for fiscal year 2022, pension plan and other compensation (which includes perquisites and cash payments made following the Transaction program's suspension in November and December 2021) and value of vested shares (Transaction program).

Shareholding guidelines

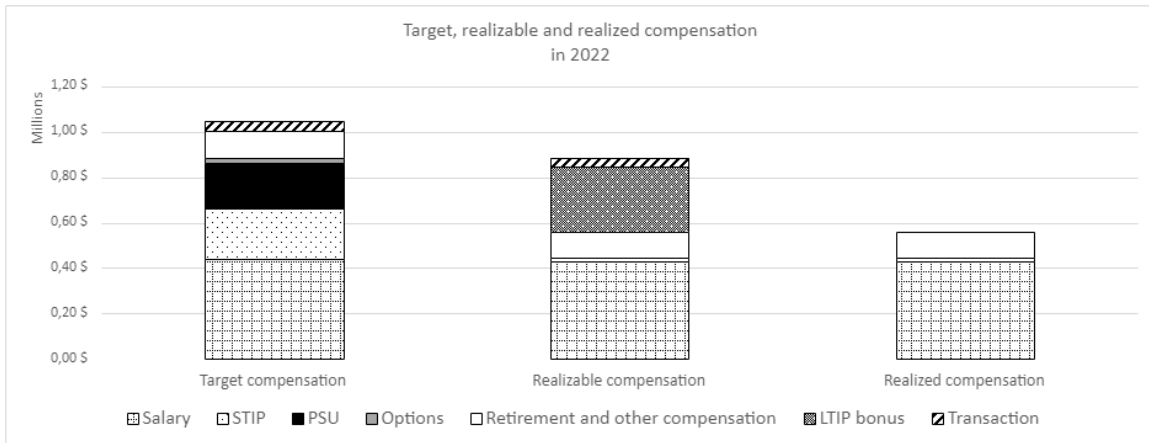
In May 2022, the HRCC decided to suspend the shareholding guidelines until the Corporation was able to resume granting long-term share-based or Option-based incentives, as provided for in the usual programs.



PATRICK BUI
Chief Financial Officer, Transat A.T. Inc.

Patrick Bui was appointed Chief Financial Officer of Transat on November 15, 2021. As such, he contributes to the strategic development and financial sustainability of the Corporation. Mr. Bui coordinates and supervises accounting matters, the treasury as well as capital and risk management. He is also responsible for investor relations and supply management. Finally, he ensures sound financial management over the short, medium and long term.

- \$20,314 was paid to Mr. Bui under the STIP for fiscal year 2022.
- No Options were awarded or PSUs granted in 2022. An LTIP cash bonus payable in 2025 subject to the achievement of objectives was awarded in replacement of these awards.
- Normally, 52% of Mr. Bui’s total direct compensation target is variable and linked to the performance of the business. In 2022, the STIP paid, LTIP bonus awarded and Transaction program, which represent 42% of the total direct compensation granted, are linked to the performance of the business. Bear in mind that direct compensation means the sum of: the base salary, target STIP, target LTIP and target value of the shares awarded under the Transaction program.
- The following graph shows the total target compensation awarded and realized in 2022 (as defined at the bottom of the graph).



Total target compensation represents the sum of: the base salary, target STIP, estimated value of the Options and PSUs upon the target’s achievement, pension plan, other compensation (which includes perquisites) and target value of shares usually awarded under the Transaction program.

Total realizable compensation represents the sum of: the base salary, STIP paid for fiscal year 2022, pension plan and other compensation (which includes perquisites), share value attributed under the Transaction program following its reactivation and value of the LTIP cash bonus awarded in 2022 and payable in 2025 if the objectives are met.

Total realized compensation represents the sum of: the base salary, STIP paid for fiscal year 2022, pension plan and other compensation (which includes perquisites).

Shareholding guidelines

In May 2022, the HRCC decided to suspend the shareholding guidelines until the Corporation was able to resume granting long-term share-based or Option-based incentives, as provided for in the usual programs.

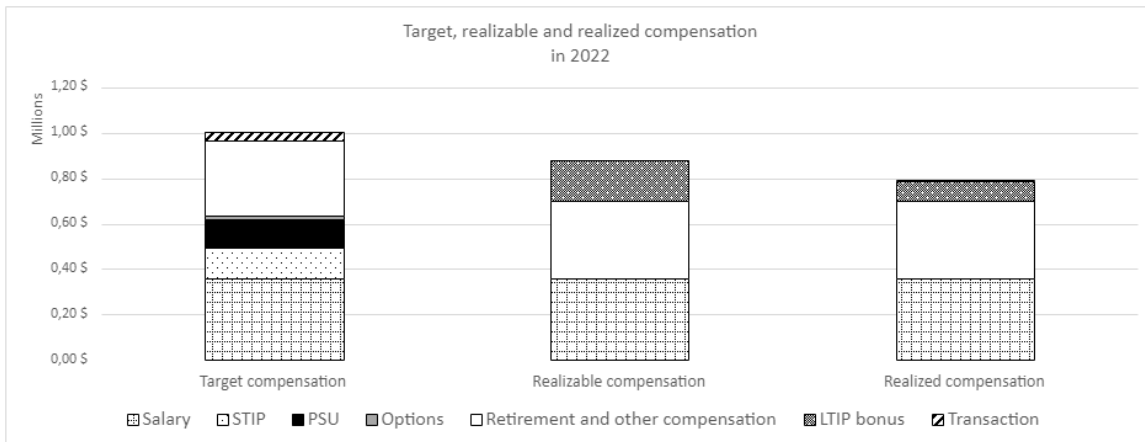


BERNARD BUSSIÈRES

Chief Legal and Government Relations Officer and Corporate Secretary, Transat A.T. Inc.

As Chief Legal and Government Relations Officer and Corporate Secretary of Transat A.T. Inc., Bernard Bussières is head of the Corporation’s legal services department and government relations.

- Of the \$17,096 to which Mr. Bussières was entitled under the STIP for fiscal year 2022, no amount was paid to him owing to the compensation restrictions imposed under the LEEFF loan.
- Mr. Bussières only received \$90,834 of the \$135,428 cash payment to which he was entitled in replacement of the 2019 LTIP awards owing to the compensation restrictions imposed under the LEEFF loan.
- No Options were awarded or PSUs granted in 2022. An LTIP cash bonus payable in 2025 subject to the achievement of objectives was awarded in replacement of these awards and subject to the compensation restrictions imposed under the LEEFF loan.
- The following graph shows the total target compensation awarded and realized in 2022 (as defined at the bottom of the graph).



Total target compensation represents the sum of: the base salary, target STIP, estimated value of the Options and PSUs upon the target’s achievement, pension plan, other compensation (which includes perquisites) and target value of shares usually awarded under the Transaction program.

Total realizable compensation represents the sum of: the base salary, pension plan and other compensation (which includes perquisites and cash payments made following the Transaction program’s suspension in November and December 2021) and value of the LTIP cash bonus awarded in 2022 and payable in 2025 if the objectives are met.

Total realized compensation represents the sum of: the base salary, pension plan and other compensation (which includes perquisites and cash payments made following the Transaction program’s suspension in November and December 2021), value of vested shares (Transaction program) and value of the LTIP cash bonus awarded in 2019 and paid in 2022.

Shareholding Guidelines

In May 2022, the HRCC decided to suspend the shareholding guidelines until the Corporation was able to resume granting long-term share-based or Option-based incentives, as provided for in the usual programs.

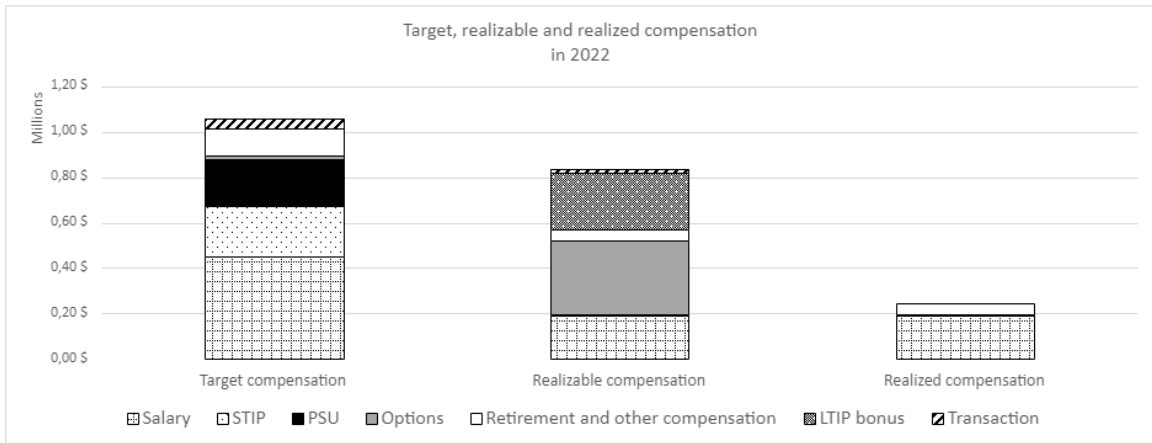


MARC LUMPÉ

Chief Airline Operations Officer, Transat A.T. Inc.

Marc-Philippe Lumpé joined Transat as Chief Airline Operations Officer on June 1, 2022. As such, he is responsible for all of the Corporation’s airline operations. Mr. Lumpé tends to the fleet’s optimization, operational performance as well as compliance with safety, quality and security regulations. He also coordinates and supervises the control teams, air operations and technical operations, which extends to aircraft maintenance, airport operations and in-flight service, including passenger experience and crew hiring, planning and training.

- \$8,961 was paid to Mr. Lumpé under the STIP for fiscal year 2022.
- No Options were awarded or PSUs granted in 2022. An LTIP cash bonus payable in 2025 subject to the achievement of objectives was awarded in replacement of these awards.
- The following graph shows the total target compensation awarded and realized in 2022 (as defined at the bottom of the graph).



Total target compensation represents the sum of: the base salary, target STIP, estimated value of the Options and PSUs upon the target’s achievement, pension plan, other compensation (which includes perquisites) and target value of shares usually awarded under the Transaction program.

Total realizable compensation represents the sum of: the base salary, STIP paid for fiscal year 2022, pension plan and other compensation (which includes perquisites), share value attributed under the Transaction program, Option value attributed at the time of hiring and value of the LTIP cash bonus awarded in 2022 and payable in 2025 if the objectives are met.

Total realized compensation represents the sum of: the base salary, STIP paid for fiscal year 2022, pension plan and other compensation (which includes perquisites).

Shareholding Guidelines

In May 2022, the HRCC decided to suspend the shareholding guidelines until the Corporation was able to resume granting long-term share-based or Option-based incentives, as provided for in the usual programs.

Part 9 - 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 ⁽⁶⁾ (\$)	Share-based awards		Option-based awards ⁽⁷⁾⁽⁸⁾ (\$)	Incentive plan compensation		Retirement plan value ⁽¹¹⁾ (\$)	All other compensation ⁽¹²⁾ (\$)	Total compensation (\$)
			PSUs ⁽⁵⁾ (\$)	Transaction Program ⁽⁶⁾ (\$)		Short term ⁽⁹⁾ (\$)	Long term ⁽¹⁰⁾ (\$)			
Annick Guérard President and CEO, Transat A.T. Inc. (since May 27, 2021)	2022	555,703	0	45,989	0	8,210	0	945,383	59,594	1,614,880
	2021	540,132	0	0	0	0	0	597,234	138,733	1,276,099
	2020	502,459	0	0	0	0	0	192,446	104,743	799,648
Patrick Bui ⁽¹⁾ Chief Financial Officer, Transat A.T. Inc. (since November 15, 2021)	2022	427,665	0	36,803	0	20,314	0	75,450	38,490	598,723
Jacques Simoneau ⁽²⁾ Vice-President, Finance and Administration and Interim Chief Financial Officer, Transat A.T. Inc. (from July 10, 2021 to November 14, 2021)	2022	39,078	0	0	0	0	0	0	46,724	85,802
	2021	179,105	0	0	0	0	0	0	192,089	371,194
	2020	-	-	-	-	-	-	-	202,853	202,853
Bernard Bussièrès Chief Legal and Government Relations Officer and Corporate Secretary, Transat A.T. Inc.	2022	359,914	0	0	0	0	90,834	295,782	42,047	788,577
	2021	340,969	0	0	0	0	0	121,421,	151,826	614,216
	2020	317,217	0	0	0	0	0	122,325	69,624	509,166
Jean-François Lemay ⁽³⁾ President and General Manager, Air Transat A.T. inc.	2022	296,375	0	0	0	0	220,951	128,655	1,258,639	1,904,621
	2021	431,618	0	0	0	0	0	167,360	122,461	721,439
	2020	401,967	0	0	0	0	0	161,156	83,795	646,918
Marc Lumpé ⁽⁴⁾ Chief Airline Operations Officer, Transat A.T. inc. (since June 1, 2022)	2022	188,654	0	19,212	322,515	8,961	0	32,340	16,979	588,661

(1) Mr. Patrick Bui was appointed Chief Financial Officer of the Corporation on November 15, 2021.

(2) Mr. Jacques Simoneau acted as interim Chief Financial Officer from July 10, 2021, up to November 14, 2021.

(3) Mr. Jean-François Lemay stepped down as President and General Manager of Air Transat A.T. Inc. on June 30, 2022.

(4) Mr. Marc Lumpé was appointed Chief Airline Operations Officer, Transat, A.T. Inc. on June 1, 2022.

(5) No PSUs were granted in 2020, 2021 and 2022 due to the trading blackout period in effect and the compensation restrictions imposed under the LEEFF loan. These grantings were replaced with the granting of an LTIP bonus as detailed above. Mr. Simoneau was not eligible to participate in the PSU plan.

(6) 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 the program was reactivated on January 1, 2022. The value of these payments in cash is presented in the “All other compensation” column. Mr. Simoneau was not eligible to participate in the Transaction program. Messrs. Bussièrès and Lemay decided not to participate in the Transaction program.

(7) None of the usual Options were granted in 2020, 2021 and 2022 due to the trading blackout period in effect and the compensation restrictions imposed under the LEEFF loan. These grantings were replaced by the awarding of an LTIP bonus, as detailed above. The value of the bonuses attributed take into account the following assumptions:

	2022	2021	2020 (No grant of Options in 2020)
Exercise price	\$4.08	\$5.49	\$16.13
Risk-free rate	1.18%	1.18%	1.69%
Dividends	-	-	-
Volatility (60 months)	66.70%	67.20%	52.50%
Expected lifetime	4 years	4 years	4 years
Fair value per Option	\$2.07	\$2.80	\$6.78

Mr. Simoneau was not eligible to participate in the Option Plan.

- (8) As an incentive to join the Corporation as Chief Airline Operations Officer and to offset the compensation at his former job that he was relinquishing, Mr. Lumpé received an exceptional grant of 150,000 Options on June 13, 2022. These Options will become fully vested on the third anniversary of their grant date and will expire on June 12, 2029. This granting takes into account the following assumptions:

	2022
Exercise price	\$4.18
Risk-free rate	3.09%
Dividends	-
Volatility (60 months)	64.70%
Expected lifetime	4 years
Fair value per Option	\$2.15

- (9) The NEOs are eligible to participate in the STIP, with the exception of Mr. Simoneau. Ms. Guérard only received \$8,210 of the \$26,396 owing to her, while Mr. Bussièrès did not receive any of the \$17,096 owing to him due to the compensation restrictions imposed under the LEEFF loan.
- (10) Represents payment of the cash bonus replacing the STIP grantings in 2019. Ms. Guérard was unable to receive the \$394,061 bonus owing to her, and Mr. Bussièrès only received \$90,834 of the \$135,428 owing to him due to the compensation restrictions imposed under the LEEFF loan. The other NEOs were not eligible to receive this bonus.
- (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 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, 2020, 2021 and 2022, respectively, in accordance with generally accepted accounting principles. Mr. Simoneau was not eligible to participate in the pension plan.
- (12) For Ms. Guérard and Messrs. Bui, Bussièrès, Lemay and Lumpé:
- For 2020, it includes the value of the perquisites paid under the perquisites program (allowance): 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: 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): 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: Ms. Guérard: \$55,357; Mr. Lemay: \$44,286; Mr. Bussièrès: \$34,985. Furthermore, this amount includes 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: Ms. Guérard: \$33,554; Mr. Lemay: \$38,318 and Mr. Bussièrès: \$81,856.
 - For 2022, it includes the value of the perquisites paid under the perquisites program (allowances): Ms. Guérard: \$50,013; Mr. Bui: \$38,490; Mr. Bussièrès: \$35,991; Mr. Lemay: \$26,674; Mr. Lumpé: \$16,979, as well as the value of the cash payments made following the suspension of the Transaction program: Ms. Guérard: \$9,581; Mr. Bussièrès: \$6,055; Mr. Lemay: \$7,665. In Mr. Lemay’s case, this also includes amounts owing that are linked to his employment termination, namely, \$885,720 in severance pay, \$116,591 in vacation time earned but not taken, and \$221,989 for the value of LTIP awards that were payable to him at the time of his departure.

For Mr. Simoneau:

- This amount represents the compensation he received in fees as a Board member of the Corporation, namely \$202,853 in 2020, \$192,089 in 2021 and \$46,724 in 2022.

Part 10 - 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 as at October 31, 2022.

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 ⁽¹⁾		Number of shares or share units that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based awards (not paid out or distributed) ⁽⁴⁾ (\$)
				Vested (\$)	Not vested (\$)			
Annick Guérard	14,362	6.01	January 9, 2023	0	n/a	10,523	27,361	n/a
	11,875	8.97	September 18, 2024	0	n/a			
	26,500	10.94	January 11, 2025	0	n/a			
Patrick Bui	150,000	4.61	October 20, 2028	n/a	0	8,421	21,896	n/a
Jacques Simoneau	n/a	n/a	n/a	n/a	n/a	n/a	n/a	63,050
Bernard Bussières	35,326	6.01	January 9, 2023	0	n/a	n/a	n/a	2,857
	8,325	10.94	January 14, 2025	0	n/a			
	7,619	8.97	September 18, 2024	0	n/a			
Jean-François Lemay ⁽⁵⁾	11,875	8.97	September 18, 2024	0	n/a	n/a	n/a	n/a
	13,250	10.94	January 11, 2025	0	n/a			
Marc Lumpé	150,000	4.18	June 12, 2029	n/a	0	4,507	11,718	n/a

- (1) The monetary value was calculated using the difference between the trading price of Transat's Voting Shares on the TSX on October 31, 2022, namely \$2.60, 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 31, 2022, namely \$2.60.
- (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 31, 2022, namely \$2.60.
- (5) The Options expire six months after their employment termination date, namely December 30, 2022, for Mr. Lemay.

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 ⁽¹⁾	Share-based awards: value vested during the fiscal year ⁽²⁾	Non-equity incentive plans: value paid during the fiscal year ⁽³⁾
Annick Guérard	\$0	\$1,648	\$8,210
Patrick Bui	\$0	\$0	\$20,314
Jacques Simoneau	n/a	n/a	n/a
Bernard Bussières	\$0	\$1,035	\$0
Jean-François Lemay	\$0	\$1,318	\$0
Marc Lumpé	\$0	\$0	\$8,961

(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 2022.

(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. Mr. Simoneau was not eligible to participate in the Transaction program for fiscal year 2022.

(3) Payments made under the Short-Term Incentive Plan (STIP) for fiscal year 2021-2022. Mr. Simoneau was not eligible to participate in the STIP for fiscal year 2022.

Part 11 – PENSION PLAN BENEFITS

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 60th 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 1.50 years of credited service was also approved in January 2023. The transferred years are those that fall between August 26, 2018, and February 26, 2020.

The following table indicates, for each of the NEOs (except 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, 2022, 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, 2021, to October 31, 2022, including the annual cost attributable to compensatory items for fiscal year 2022. 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, 2022, in accordance with generally accepted accounting principles.

Ms. Guérard's new pension agreement and those already in place for Messrs. Bussières and Lemay were amended in February 2022. For Ms. Guérard, 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 65th birthday, is taken into consideration for this partially redeemed year. The amended agreements of Messrs. Bussières 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. Bussières and 1.63% for Mr. Lemay starting on the 13th payment. These amendments, which came into effect in February 2022, are reflected in the table below.

Table of Pension Plan Benefits

Name of the officer	Number of years credited service ⁽¹⁾	Annual benefits payable ⁽²⁾		Accrued benefit obligation as at November 1, 2021 ⁽³⁾	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2022 ⁽³⁾
		As at October 31, 2022	At age 65		Change attributable to compensatory items ⁽⁴⁾	Change attributable to non-compensatory items ⁽⁵⁾	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Annick Guérard ⁽⁶⁾	9.91	\$181,922	\$932,055	\$2,269,895	\$934,822	\$(1,130,401)	\$2,074,316
Patrick Bui	0.96	\$6,385	\$316,818	\$-	\$71,702	\$(38,846)	\$32,856
Jacques Simoneau ⁽⁷⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bernard Bussières	21.64	\$194,586	\$289,701	\$2,617,333	\$289,279	\$(731,783)	\$2,174,829
Jean-François Lemay	n/a	\$97,991	\$99,588	\$1,500,495	\$123,409	\$(253,139)	\$1,370,766
Marc Lumpé ⁽⁸⁾	0.42	\$2,789	\$195,028	\$-	\$32,340	\$(15,053)	\$17,287

- (1) Number of years credited service in a position eligible for the pension plan for executive officers on or prior to October 31, 2022, following termination of employment or retirement in 2022.
- (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, 2021, or October 31, 2022, 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. Guérard 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. Guérard's two pension agreements. For information purposes, had a new agreement not been implemented for Ms. Guérard, the variation would have been \$2,331,567 for the compensatory items, and (\$217,235) for the non-compensatory items as at October 31, 2021.
- (7) Mr. Simoneau was not eligible to participate in the pension plan for executive officers in fiscal 2022.
- (8) Mr. Marc Lumpé was appointed Chief Airline Operations Officer of Transat, A.T. Inc. on June 1, 2022, and has since been participating in the pension plan.

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.

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).

The following table sets out the changes in the sums accumulated in the defined contribution plan between November 1, 2021, and October 31, 2022, including the Corporation's contributions for fiscal year 2022.

Name of officer	Accumulated value as at November 1, 2021 (\$)	Compensatory amount ⁽¹⁾ (\$)	Accumulated value at the end of FY 2022 (\$)
Annick Guérard ⁽²⁾	\$490,217	\$10,561	\$467,418
Patrick Bui	\$0	\$3,748	\$8,244
Jacques Simoneau ⁽³⁾	n/a	n/a	n/a
Bernard Bussières	\$441,473	\$6,503	\$421,725
Jean-François Lemay	\$178,078	\$5,246	\$0
Marc Lumpé	\$0	\$0	\$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 Ms. Guérard, only the contributions to the RRSP and DPSP paid since she 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 2022.

Part 12 - 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.

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, for a number of months determined as follows:

Officers	Involuntary departure termination allowance	Change of Control (CofC) termination allowance
Annick Guérard	<ul style="list-style-type: none"> ▪ 24 months of base salary (taking into consideration her future salary as President and CEO) ▪ STIP on target for 12 months (taking into consideration her target as President and CEO) 	
Patrick Bui	<ul style="list-style-type: none"> ▪ 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 	
Bernard Bussières	<ul style="list-style-type: none"> ▪ 12 months of base salary plus one month per year of service (maximum 18 months, which has been reached) ▪ STIP on target for the duration of the allowance 	<ul style="list-style-type: none"> ▪ 18 months of base salary plus one month per year of service (maximum 24 months, which has been reached) ▪ STIP on target for the duration of the allowance
Marc Lumpé	<ul style="list-style-type: none"> ▪ 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 	

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. Guérard, these provisions only apply in the 12 months following a Change of Control.

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
Involuntary departure (termination WITHOUT cause)	<ul style="list-style-type: none"> ▪ 6 months to exercise vested Options. ▪ Unvested Options at the termination date are cancelled. 	<p>RSUs: 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>DSUs: 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>PSUs 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: (i) the effective date of a group insurance policy with a new employer; or (ii) 6 months after the termination of employment.</p>
Involuntary departure (termination WITH cause)	<ul style="list-style-type: none"> ▪ The Options granted will become null and void as of the date of termination of employment. 	<p>RSUs: no payment.</p> <p>DSUs: 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>	<p>No payment.</p>	<p>All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.</p>	<p>Vesting of the portion of the defined contributions.</p> <p>Cancellation of the right to benefits of the defined benefit plan.</p>	<p>End of coverage.</p>
Resignation	<ul style="list-style-type: none"> ▪ 3 months to exercise vested Options. ▪ Unvested Options at the termination date are cancelled. 	<p>RSUs: no payment.</p> <p>DSUs: 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>	<p>No payment.</p>	<p>All the shares subscribed by the member, and all the vested shares become unrestricted. The unvested shares are lost.</p>	<p>A certificate of the accrued benefits on the termination date is issued to the member.</p>	<p>End of coverage.</p>

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other Benefits
Retirement	<ul style="list-style-type: none"> ▪ 6 months to exercise vested Options. ▪ Unvested Options at the termination date are cancelled. 	<p>RSUs: 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>DSUs: 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>	<p>RSUs 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.</p>	<p>All the shares subscribed by the member and the shares awarded (vested or not) are released.</p>	<p>The payment is made pursuant to the terms of the pension plan agreement.</p>	<p>End of coverage.</p>
Change of Control	<p>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 conditions prescribed by the Board.</p>	<p>RSUs: all the RSUs awarded and not vested vest on the date of Change of Control.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the officer's account on the date of the Change of Control by the redemption value of the shares of the Corporation.</p>	<p>All PSUs awarded and not vested vest on the date of the Change of Control.</p>	<p>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.</p>	<p>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.</p>	<p>Not applicable (refer to the provisions relating to breach of contact).</p>

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 ⁽¹⁾ DSU Plan for Executive Officers ⁽²⁾ DSU Plan for Independent Directors ⁽³⁾	RSU Plan	PSU Plan
Grants and awards before January 13, 2016	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.
Grants and awards on or after January 13, 2016	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 ⁽⁴⁾ .		

(1) The Change of Control clause in force before January 13, 2016, will continue to apply to all the members before that date, 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, 2022.

Name		Termination Allowance ⁽¹⁾⁽²⁾	Options ⁽²⁾⁽³⁾	RSUs ⁽²⁾⁽⁴⁾	PSUs ⁽²⁾⁽⁴⁾	Share Purchase Plan/Transaction Program ⁽²⁾	2020, 2021 and 2022 LTIP Bonuses ⁽⁵⁾⁽⁸⁾	Retirement Plan ⁽⁶⁾
Annick Guérard ⁽⁷⁾	ID	\$2,475,000	n/a	\$0	\$0	n/a	\$468,075	n/a
	CofC		\$0	\$0	\$0	\$27,361	\$0	
Patrick Bui	ID	\$926,628	n/a	\$0	\$0	n/a	n/a	n/a
	CofC		\$0	\$0	\$0	\$21,896	n/a	
Bernard Bussières	ID	\$743,212	n/a	\$0	\$0	n/a	\$156,103	n/a
	CofC	\$990,949	\$0	\$0	\$0	\$0	\$0	
Marc Lumpé	ID	\$917,922	n/a	\$0	\$0	n/a	n/a	n/a
	CofC		\$0	\$0	\$0	\$11,718	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 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, 2022. As a result, no value can be realized in the event of a Change of Control on October 31, 2022.

(4) As of October 31, 2022, 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, 2022.

(5) The 2020, 2021 and 2022 LTIP bonuses were attributed given the blackout period in effect and the compensation restrictions imposed under the LEEFF loan. The bonuses are payable three years after being awarded and, in the case of the 2021 and 2022 bonuses, are payable based on the extent to which certain performance criteria are met. In the event of an involuntary departure, part of the 2020 bonus is prorated to the time worked between the time of grant and the time of vesting (non-applicable to the 2021 and 2022 bonuses). No LTIP bonus (2020, 2021 and 2022) will be paid in the event of a Change of Control.

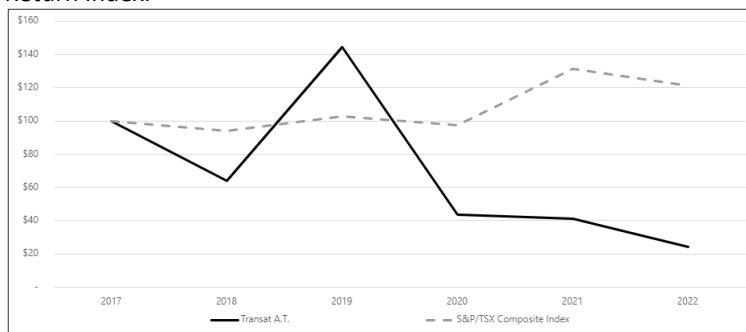
(6) A Change of Control does not result in any additional retirement benefits. However, the trust agreement provides for the immediate payment of the accrued value of the benefits under the plan. The obligations stemming from the defined pension benefits are guaranteed by an irrevocable letter of credit held by a third-party trustee and guaranteed by an equivalent reserve amount.

(7) Ms. Guérard'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) Messrs. Bui and Lumpé were not working for Transat at the time of the 2020 LTIP granting.

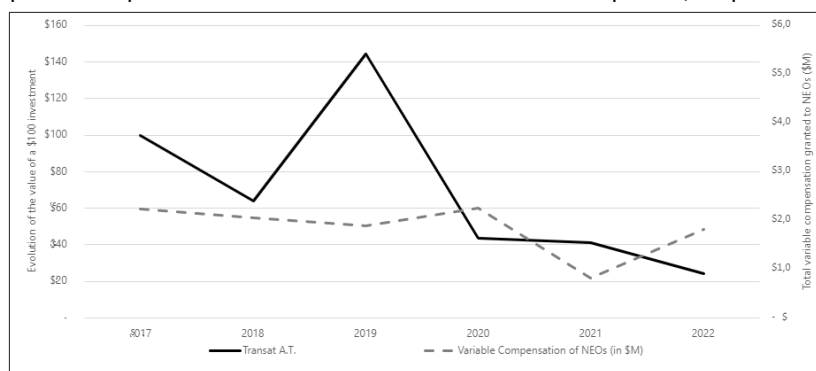
Part 13 – PERFORMANCE GRAPHS

The following performance graph indicates the cumulative total return over five (5) years, assuming a \$100 investment made on October 31, 2017, in Voting Shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



Financial years	2017	2018	2019	2020	2021	2022
Transat A.T. Inc.	100	64	144	44	41	24
S&P/TSX Composite Index	100	94	103	97	131	121

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, Option grants and value of shares awarded under the Transaction program) with the cumulative total return over five years, assuming a \$100 investment made on October 31, 2017, 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 LTIP bonuses payable in cash since 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	2017	2018	2019 ⁽¹⁾	2020 ⁽¹⁾	2021 ⁽¹⁾	2022 ⁽¹⁾
Transat A.T. Inc.	100	64	144	44	41	24
Variable compensation of NEOs (in \$M)	2,235	2,044	1,880	2,255	0,822	1,813

- (1) For the 2018-2019, 2019-2020, 2020-2021 and 2021-2022 fiscal years, no PSUs were awarded, nor Options granted, under the usual programs. These awards and grants were replaced by an LTIP bonus payable in cash, which is included in the compensation presented in the graph and table above. Messrs. Bui and Lumpé, however, were each granted 150,000 Options upon hiring.

Part 14 – SUCCESSION PLANNING

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. The Corporation intends to review its succession identification process for key positions in 2023.

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 certain members of the senior management team.

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 hotel division. These new duties were the last step of her preparation as a replacement for Mr. Eustache.

Part 15 - 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, 2022	Weighted average exercise price of outstanding Options, warrants and rights as at October 31, 2022	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2022
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	480,847	\$6.13	1,406,508
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	480,847	\$6.13	1,406,508

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 Plan are still outstanding, and there are no more Options outstanding under the 1995 Option Plan. A majority of the terms and conditions of the 2009 Plan 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 Option Plan, all shares contemplated by Options that have expired or been cancelled before they were exercised (including those from the 2009 Plan) 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 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.

Status of Outstanding Options

	Total as at October 31, 2022	Total as at October 31, 2021	Total as at October 31, 2020
Total number of Options granted during fiscal year	150,000	150,000	0
Including Options granted to NEOs ⁽¹⁾ (A)	150,000	0	0
Number of securities outstanding as at October 31, 2022 (B)	38,012,144	37,747,090	37,747,090
Burn rate: Options granted during the fiscal year as a % of the outstanding Voting Shares (A / B)	0.39%	0.40%	0.00%
Total number of outstanding Options (C)	480,847	1,108,262	1,738,570
Outstanding Options as a % of the total outstanding Voting Shares (C / B)	1.26%	2.94%	4.61%
Balance available for future grants ⁽²⁾ (D)	1,406,508	779,093	829,196
Total potential dilution (E) equals (C) + (D)	1,887,355	1,887,355	2,567,766
Total potential dilution – Balance available for future grants as a % of the total outstanding Voting Shares (F) equals (E) / (B)	4.97%	5.00%	6.80%

(1) Mr. Patrick Bui was granted 150,000 Options on October 21, 2021 (he was not an NEO at that time). Mr. Marc Lumpé was granted 150,000 Options on June 13, 2022.

(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, 777,415 Options were returned in the reserve of Options available in 2022.

EMPLOYEE SHARE PURCHASE PLAN

The maximum number of issuable shares under the Employee Share Purchase Plan is 1,052,533 Voting Shares. Of this number, 805,736 securities were available for future issue at October 31, 2022 (2.12% of issued shares). During the fiscal year ended October 31, 2022, no Voting Shares were 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 16 - ADDITIONAL DISCLOSURE

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 or the Corporation's website at 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 or by mail (indicating "Confidential" on the envelope) to the attention of the corporate secretary of the Corporation at 300 Léo-Pariseau Street, Suite 600, 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, February 6, 2023

BY ORDER OF THE BOARD OF DIRECTORS

TRANSAT A.T. INC.



Bernard Bussières
Chief Legal and Government Relations Officer and Corporate Secretary

SCHEDULE A – Advance Notice By-Law

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 that are controlled or that 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 Chair 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; 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 that is not a business day or later than 5:00 p.m. (Eastern time) on a day that 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 – 2023 Employee Share Purchase Plan

SHARE PURCHASE PLAN FOR THE BENEFIT OF ALL EMPLOYEES OR EXECUTIVES

(AMENDED AND RESTATED AS AT JANUARY 31, 2023)



TABLE OF CONTENTS

1.	INTERPRETATION.....	111
2.	“SPP” STRUCTURE	111
3.	“SPP” ELIGIBILITY AND MEMBERSHIP	112
4.	“SPP” RESPONSIBILITY AND MANAGEMENT	112
5.	“SPP” PRINCIPLES AND OPERATION	113
6.	PROVISIONS IN CASE OF TERMINATION, RETIREMENT, DEATH, ETC. OR CHANGE OF CONTROL.....	114
7.	GENERAL PROVISIONS	115
	SCHEDULE “A”	116

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 that 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 that 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 January 31, 2023, the Share Purchase Plan that 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 under this Share Purchase Plan, including the related plans and programs, in particular Transcapital and Transaction, is **1,573,878**, 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 Programs, 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 that 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 that 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

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 2022, this resolution received 11,673,164 votes in favour (95.72%) and 522,034 votes against (4.28%).

Unless it is indicated that the shareholder wishes to abstain from voting, the shares represented by the form of proxy will be voted FOR the Corporation’s approach to executive compensation.

SCHEDULE D – Shareholder Proposal

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 – 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 languages mastered by directors

It is proposed that the languages mastered by the directors be disclosed in their skills and expertise matrix in the circular.

MÉDAC's argument

In recent years, several public controversies about language have tainted the reputation of major public companies with respect to their social responsibility and their interpretation of their duties and obligations with respect to the diversity³ inherent in our societies. Language is at the heart of our democratic institutions and is a fundamental attribute of the community.

Such situations, harmful from every point of view, must be avoided. To this end — and for several other reasons — it is appropriate for all interested parties (stakeholders) to know, through a formal and official disclosure, the languages mastered by the company's directors. Obviously, by "mastered," what is understood is a level of language sufficient to allow its generalized use in all spheres of activity of both legal and physical persons; a level of language sufficient to enable all directors to assume their duties and functions fully and completely.

Corporation's position

Transat is currently led by Board members and executive officers who all master French, as close attention is paid to French fluency during the recruiting process.

In addition to mastering French, all officers and directors of the Corporation speak fluent English. Some directors can also speak other languages. The Corporation believes that knowledge of English and, in some cases, other languages is an asset given the extraterritorial and international nature of the commercial activities of Transat and its subsidiaries.

To ensure that stakeholders are aware of the languages mastered by the Corporation's directors, the Board members' skills matrix and biography of each director were amended to include a section identifying their language skills.

Following a discussion with MÉDAC and amendments to the Circular, this proposal is not submitted to a shareholder vote.

³ <https://medac.qc.ca/2045/>

At the time this proposal was sent to the Corporation, MÉDAC also asked whether the Corporation used artificial intelligence in its business management and, if so, what measures are taken to (i) protect personal information, and (ii) mitigate the risk of discrimination and human rights abuses when decisions are made with the help of software algorithms.

Corporation's position

The Corporation does not, properly speaking, use artificial intelligence ("AI") software when making decisions that affect its business or personnel.

After being approached by MÉDAC on the subject, the Corporation confirms that if any potential AI is considered for integration into the decision-making process, the Corporation will ensure, before its implementation, that it poses no risk in addition to what already exists as regards (i) protecting the personal information of its clients and employees, and (ii) any discrimination (based, for example, on age, sex, race or sexual orientation) that might result from decisions made using software algorithms.

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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