

CHARTER OF THE BOARD OF DIRECTORS

I. PURPOSE

This charter describes the role of the board of directors (the Board) of Air Canada (the Corporation), the powers and responsibilities of which are governed by the Corporation's articles and by-laws and applicable law and are not limited, expanded, or otherwise changed by the provisions hereof.

II. ROLE

The Board is responsible for the stewardship of Air Canada through the management of its business and affairs, and retains plenary decision-making authority, subject to delegation.

The Board works with management through oversight, review and counsel to establish the Corporation's fundamental policies and overall strategic direction, and to advance its business objectives and priorities.

Directors act in the best interests of Air Canada, with a view to creating sustainable long-term value for the Corporation and its investors, thereby benefiting stakeholders generally. In doing so, they draw on their business judgment and consider relevant factors, such as business risks and opportunities, and environmental, social and governance matters.

III. RESPONSIBILITIES

The Board's general responsibilities include the following:

Strategic and business plans

- (a) annually review and approve management's strategic and business plans, including developing an in-depth knowledge of the relevant business functions, understanding and questioning the plans' assumptions, and forming an independent judgment as to the reasonableness of the plans;
- (b) monitor corporate performance against the strategic and business plans and budgets, including overseeing operating results to evaluate whether the business is being properly managed;
- (c) as part of the strategic planning process, evaluate and review public issues of significance that may affect the Corporation's business, operations, and stakeholders, including specific risks and opportunities relating to the Corporation's activities as well as broader social and environmental trends;

Chief Executive Officer and executive management

- (d) appoint the Corporation's Chief Executive Officer, satisfying itself that a succession plan is in place and developing their position description with the recommendation of the Governance and Nominating Committee;
- (e) review, through the Human Resources, Compensation and Pension Committee, the compensation of the Chief Executive Officer, including the integration of environmental, social and governance (ESG) matters in the Corporation's approach to compensation;

- (f) review, through the Human Resources, Compensation and Pension Committee, succession and contingency plans for executive management;
- (g) satisfy itself that members of management possess the ability required for their roles, are adequately trained, and overseen and motivated, and that planning for their succession is ongoing;
- (h) satisfy itself that the Chief Executive Officer and the other members of management have the attributes required for their roles and are able and motivated to promote a culture of integrity and accountability within the Corporation;

Corporate and Board governance

- (i) select a Chair of the Board;
- (j) satisfy itself that appropriate structures and procedures are in place so that the Board and its Committees can function independently of management;
- (k) satisfy itself with respect to the proper and efficient functioning of its Committees;
- (l) review with the Governance and Nominating Committee that the Board as a whole, the Committees of the Board, and the directors, are capable of carrying out and do carry out their roles effectively;
- (m) provide a source of advice and counsel to management;
- (n) select, upon the recommendation of the Governance and Nominating Committee, nominees for election as directors;
- (o) discuss and develop the Corporation's approach to corporate governance, with the involvement of the Governance and Nominating Committee;
- (p) through the Governance and Nominating Committee, regularly assess the effectiveness and contributions of the Board, its Committees, and directors, including the Chair in that capacity, and review this Charter to consider any changes to it that it may consider advisable;

Risks oversight, corporate policies, and controls

- (q) review and discuss the key enterprise risk exposures of the Corporation identified by management and the steps management has taken to monitor and mitigate those exposures, including:
 - (i) to satisfy itself through the Audit, Finance and Risk Committee that appropriate systems to identify and mitigate enterprise risks have been developed and implemented;
 - (ii) to oversee through the Audit, Finance and Risk Committee, the Human Resources, Compensation and Pension Committee, and the Safety, Health, Environment and Security Committee, the effectiveness of the management of those specific enterprise risks for which oversight

responsibility has been delegated to them respectively;

- (r) review and approve major corporate policies developed by management;
- (s) with the assistance of the Audit, Finance and Risk Committee, oversee the Corporation's disclosure controls, policy and procedures as adopted or recommended by management, and oversee as required compliance therewith by directors, officers and other management personnel and employees;
- (t) with the assistance of the Audit, Finance and Risk Committee, monitor compliance with the Corporate Policy and Guidelines on Business Conduct (the Code of Conduct);
- (u) oversee, through the Audit, Finance and Risk Committee, the Corporation's (i) internal controls, (ii) risks relating to information technology, systems, and security, including in relation to cybersecurity, and (iii) the development of environmental, social and governance disclosures, processes, and controls;

Sustainability Policies and Practices

(v) oversee, through the Governance and Nominating Committee, the Corporation's overall activities, policies, and programs with respect to environmental, social and governance matters, including sustainability and diversity, equity and inclusion policies, and the evaluation of strategies, targets, and performance relating thereto;

Safety, Health, Environment and Security

(w) oversee, through the Safety, Health, Environment and Security Committee, the Corporation's safety, health, environment and security policies and practices; and

Human resources, retirement plan policies and practices

- (x) oversee, through the Human Resources, Compensation and Pension Committee, the integration of ESG matters in the Corporation's human resources strategies and organizational culture;
- (y) in respect of the pension and retirement plans established by the Corporation, through the Human Resources, Compensation and Pension Committee, oversee their funding, governance and policies.

IV. MATTERS REQUIRING PRIOR BOARD APPROVAL

In addition to those matters which require Board approval under applicable law or the Corporation's by-laws or resolutions, the Board is responsible for approving the following:

- (a) interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- (b) strategic plans, business plans and capital expenditure budgets;

- (c) raising of debt or equity capital and other major financial activities;
- (d) hiring, compensation and succession for the Chief Executive Officer and other executives;
- (e) major organizational restructurings, including spin-offs;
- (f) material acquisitions and divestitures;
- (g) major corporate policies; and
- (h) in respect of the retirement plans:

(i) Plan Design: approve a policy on materiality of benefit changes which shall define materiality in the context of plan and benefit changes and assist in determining who is authorized to approve plan text amendments and other changes to the Corporation's retirement plans; provided that unless otherwise referred to the Board by the Human Resources, Compensation and Pension Committee, such Committee shall approve all decisions to initiate, merge, split, terminate, or otherwise fundamentally restructure any retirement plans, where the expected impact of such decisions on the Corporation is material, as defined in such materiality policy;

(ii) Governance: approve a governance structure for the retirement plans which sets out the major decision-making bodies and their key decision-making and reporting responsibilities;

(iii) Valuation and Funding: review the contributions to the pension funds of the defined benefit pension plans as approved or recommended by the Human Resources, Compensation and Pension Committee; and

(iv) Supplemental Executive Retirement Plans: (1) *Initiation, Change and Termination* – approve any decision to initiate, terminate, or otherwise fundamentally restructure any supplemental executive retirement plan, and (2) *Funding and Contributions* – (A) approve whether or not to fund or otherwise secure the liabilities of a supplemental executive retirement plan, how those liabilities should be funded or secured, and, if plan liabilities are to be funded, a funding policy which sets out guidelines with respect to the valuation and funding thereof, and (B) review the contributions to the plan's trust fund as approved or recommended by the Human Resources, Compensation and Pension Committee.

V. BOARD COMMITTEES

There are four standing Committees of the Board, namely the Audit, Finance and Risk Committee, the Governance and Nominating Committee, the Human Resources, Compensation and Pension Committee, and the Safety, Health, Environment and Security Committee, the roles and responsibilities of which are described in their respective charters. The Board may appoint other standing or *ad hoc* committees to assist it in its oversight functions

or to exercise decision-making authority, or parts thereof, or amend the charters of existing committees, subject to applicable laws. A reference to a committee whose designation has changed is read as a reference to the redesignated committee.

The membership of each committee shall include sufficient independent directors as required under applicable laws, regulations, and listing rules, or any committee charter.

VI. GENERAL

This Charter and the manner in which the Board governs itself are supplemented by the Governance Code and Organizational Guidelines adopted by the Board.

Effective as of March 21, 2023.