

Air Canada Clarifies and Updates 2020 Compensation Programs

Additional Actions Taken Voluntarily by Senior Executives

MONTREAL, June 6, 2021 /CNW/ - Air Canada is providing updates regarding its 2020 compensation outcomes and announcing additional actions being taken by its Senior Executives.

Summarized below are the key facts about the 2020 bonus payments and share appreciation units. Additional details about Air Canada's and its Board of Directors' practice and approach to executive compensation are contained in the company's Management Proxy Circular dated May 6, 2021 and available at www.sedar.com.

GENERAL:

- The 2020 compensation outcomes for all Air Canada employees were among the many important decisions made during the pandemic in the best interest of Air Canada and its stakeholders.
- These compensation outcomes were approved by the Board of Directors in mid-2020 in consultation with external advisors, and in conformity with the Corporation's governance principles and best practices.
- They were consistent with compensation outcomes at companies that also suffered significantly during the pandemic and comply with all of the company's agreements and any applicable filing or other requirements.
- Air Canada worked hard to preserve as many jobs as possible through the pandemic, with employee retention being a critical priority to enable continued operations through this extended crisis and to prepare for sustainable emergence from the pandemic.

2020 COMPENSATION PROGRAMS:

- The \$10 million bonus program was designed to provide relief and retention amounts for over 900 Air Canada employees. It is worth highlighting that more than \$8 million of this amount was awarded to middle management (excluding executives). These amounts were in recognition of their work at a time of great dislocation and high risk for the organization.
- In 2020, Air Canada raised through private sector sources some \$8 billion to help stabilize its finances during the pandemic. No taxpayer dollars or funds from the Canadian government sector support package are being used to fund these bonus arrangements for Air Canada employees or executives.
- In early 2020, senior executives and 3,200 management employees voluntarily agreed to total reductions of \$11.5 million in their base salaries, subject to compensation through share appreciation

units that might allow employees to recover some of the foregone salary if - and only if - the share price is higher by December 2022 as compared to December 2020.

CONCLUSION AND ADDITIONAL ACTIONS :

Every step of the way, management and the Board have acted in the best interests of Air Canada and its stakeholders and have been mindful of their role in mitigating the consequences of the pandemic. Throughout 2020, Air Canada has accordingly sought to do its part, such as by flying repatriation flights to bring stranded citizens home, operating cargo flights to bring much needed PPE to Canada and leading the way in Bio-safety medical studies and protocols, and it will continue to do so.

Unfortunately, there is now public disappointment around the actions relating to these 2020 executive compensation outcomes. As an acknowledgement of this, and in order to help address this unintended consequence, the current Executive Vice-Presidents and the President and CEO of Air Canada have chosen to voluntarily return their 2020 bonuses and share appreciation units. In addition, former Air Canada President and CEO Calin Rovinescu who retired in February 2021 will be donating the value of his 2020 bonus and share appreciation units to the Air Canada Foundation. **Read Mr. Rovinescu's full statement [here](#).**

Air Canada's leadership team is completely focused on Air Canada's recovery from the COVID-19 pandemic and preparations to welcome back furloughed colleagues and travelling customers as soon as possible. The airline looks forward to continuing to work with all stakeholders, notably the Government of Canada on many fronts, including the safe re-start of our industry.

ABOUT AIR CANADA

Air Canada is Canada's largest domestic and international airline and, in 2020, was among the top 20 largest airlines in the world. It is Canada's flag carrier and a founding member of Star Alliance, the world's most comprehensive air transportation network. Air Canada is the only international network carrier in North America to receive a Four-Star ranking according to independent U.K. research firm Skytrax. In 2020, Air Canada was named Global Traveler's Best Airline in North America for the second straight year. In January 2021, Air Canada received APEX's Diamond Status Certification for the Air Canada CleanCare+ biosafety program for managing COVID-19, the only airline in Canada to attain the highest APEX ranking. Air Canada has also committed to a net zero emissions goal from all global operations by 2050. For more information, please visit: aircanada.com/media, follow Air Canada on [Twitter](#) and [LinkedIn](#), and join Air Canada on [Facebook](#).

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