

**NOTICE OF ANNUAL MEETING OF  
SHAREHOLDERS TO BE HELD ON APRIL 7, 2022  
AND MANAGEMENT INFORMATION CIRCULAR**

**WHEN**

1:00 p.m. (Toronto time) on Thursday April 7, 2022

**WHERE**

Virtual meeting via live audio webcast available at <https://web.lumiagm.com/235395381>

**As a holder of voting shares  
of Cargojet Inc., you have the right  
to vote your shares, either by proxy or online, at the meeting**

**March 7, 2022**

## LETTER TO OUR SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Dear Shareholders,

We are glad to invite you to join us at our 2022 Annual Meeting of Shareholders on April 7, 2022 at 1pm (Toronto Time) (the “Meeting”). In the attached Circular, you will be provided with instructions for attending our AGM virtually or for delegating a proxy to act on your behalf. As a result of ongoing COVID-19 limitations and restrictions, and in an effort to keep safety as our top priority, a decision was made to hold this session only via a virtual platform. Notwithstanding the above, we remain available at all times to respond to questions and to meet the needs of our Shareholders.

We hope that you find the following information to be of value and that it provides you with a good understanding of Cargojet’s short and long term strategies, the remarkable achievements made in 2021 and an understanding of how the Company is looking to continue its growth and success in the new year and beyond.

### **About Us**

Cargojet is Canada’s leading provider of time sensitive premium air cargo services to all major cities across North America, providing Dedicated, ACMI and International Charter services and carries over 25,000,000 pounds of cargo weekly.

Cargojet’s business is comprised of the following:

- Operating a domestic air cargo network between sixteen major Canadian cities each business day.
- Providing dedicated aircraft to customers on an Aircraft, Crew, Maintenance and Insurance (“ACMI”) basis, operating between points in Canada, North America, South America and Europe.
- Operating scheduled international routes for multiple cargo customers between the USA and Bermuda, and between Canada, UK and Germany.
- Providing dedicated aircraft to customers on an adhoc charter basis operating between points in Canada, the USA and other international destinations.

Cargojet operates its business utilizing its fleet of 31 all-cargo aircraft. Cargojet’s domestic air cargo network consolidates cargo received from numerous customers and transports such cargo to the appropriate destination in a timely and safe manner. Cargojet continually monitors key performance indicators and uses this information to reduce costs and improve the efficiency of its services.

Cargojet’s strategy is to create sustained value and profitability and is based on the following priorities:

- Business development in local and international markets,
- Growth in the revenue streams by increasing customer base,
- Revenue improvement and cost reductions,
- Excellence in corporate culture, and
- Strengthening management by hiring and training to enhance and improve company culture. New management personnel are provided with a comprehensive orientation and education program aimed at familiarizing themselves with the Company’s industry, strategic plans, significant risk management issues and financial standing, and the nature and operation of the Company’s business.

### **Financial Highlights from 2021**

For us at Cargojet, like our customers and Shareholders, 2021 was a unique year of challenges and opportunities. Cargojet and its employees, through their hard work and commitment, made sure that the supply chains, which are so critical for Canada and Canadian's success, continued to operate effectively and efficiently. The following are just some of the highlights from 2021:

- The COVID-19 pandemic has generally increased demand for Cargojet's domestic and international air cargo services. Revenues increased to \$757.8 million from \$668.5 million in the previous year (13.3%) primarily due to the continued strong demand from our existing customers on the domestic network and growth in our ACMI business;
- Cargojet continued to expand its international footprint. In October 2021, Cargojet began operating two new scheduled domestic ACMI routes and in November 2021, it began one new scheduled ACMI route between Canada and the UK. Under these arrangements Cargojet operates flights with three dedicated B767-300 aircraft
- Cargojet continues to expand its customer base while maintaining its existing customer base. In April 2021, the Company entered into a new transportation agreement with Amazon Canada Fulfillment Services, ULC to expand its existing commercial relationship by operating two B767-300BDSF aircraft as part of Amazon Air network on Crew, Maintenance and Insurance ("CMI") basis within Canada operating since July 2021. The agreement has a four year term with three two-year renewal options;
- With regard to financial strategy, Cargojet has taken important steps to protect its access to capital in a changing financial landscape. On February 1, 2021, Cargojet successfully completed a bought deal public offering of 1,713,500 Voting Shares at a price of \$213.25 per share for aggregate gross proceeds of \$365 million (including closing of the over-allotment option);
- On February 5, 2021, Cargojet amended its syndicated committed revolving credit facility to amend the applicable margin and to extend the maturity date to February 2026. The syndicated committed revolving credit facility was further amended and restated on February 7, 2022 to further extend the maturity date to February 2027 and to reflect the transition from LIBOR to SOFR;

### **Fleet**

Cargojet continued to expand its fleet size to accommodate the growing needs of its customers and to support the needs of the Canadian supply chain. In 2021, Cargojet successfully completed its bought deal public offering of voting shares for aggregate gross proceeds of \$365 million (including closing of the over-allotment option) with objectives of purchasing freighter aircraft, expanding its domestic capacities and facilities and pursuing its U.S. and international growth strategy. In pursuance of its objectives, Cargojet purchased six Boeing B757 aircraft, five to be delivered in 2022 and one in 2023. The Corporation also purchased six B767-300 aircraft, three to be delivered in each of 2022 and 2023 and eight B777 aircraft scheduled to be delivered in 2023, 2024 and 2025. By the end of 2022, Cargojet expects to have 39 aircraft in its fleet, growing to 47 by the end of 2024.

### **Setting a Path for Meeting our ESG Objectives**

In July 2021, Cargojet released its first Environmental, Social and Governance ("ESG") Report that included its climate targets to achieve net-zero Green House Gas ("GHG") emissions by 2050 meanwhile working towards industry commitment to reduce net aviation CO<sub>2</sub> emissions by 50% by 2050. Cargojet had undertaken a fleet renewal program

and replaced old generation aircraft from the system. It plans to acquire B777 long-range fuel-efficient freighter aircrafts that will join Cargojet's fleet starting in 2023. These B777 are expected to improve the Company's carbon footprint by reducing fuel burn per block hour and per pound of freight transported. Cargojet also invested in technology to optimize load distribution for reducing fuel burn and lowering GHG emissions.

The ESG Report has been updated and will be presented at the Meeting following the close of the formal portion of the Meeting. The ESG Report is an important starting point in documenting what we have been doing since the inception of Cargojet. We are focused on meeting the needs of our customers, employees, the communities in which we operate and the world within which we live generally.

### **Industry Recognition**

In 2021, Cargojet was again, for the nineteenth year, awarded the Shipper's Carrier of Choice Award by the Canadian Shipper magazine. Cargojet continues to surpass shipper expectations as well as the industry benchmark in the total Industry Sector Average and particularly in the key areas of On-time Performance, Customer Service, Quality of Equipment & Operations, Competitive Pricing, and Sustainable Transportation Practices.

### **Connect with us**

We believe that engaging and communicating directly with shareholders and other stakeholders is important for providing timely and meaningful feedback. The Board encourages shareholder attendance and participation at the Company's annual shareholder meetings as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters. Outside of the Company's annual meeting, shareholders may contact the Board at the following email address: [fgarcia@cargojet.com](mailto:fgarcia@cargojet.com). Directors make themselves available throughout the year and at every annual meeting to engage and respond to questions from shareholders. The Corporate Secretary has been designated by the Board as its agent to receive and review communications and meeting requests addressed to the Board. The Investor Relations group can also be contacted via email at the address of 2281 North Sheridan Way, Mississauga, Ontario, L5K 2S3, to the attention of Investor Relations Group or by mail at: [pdhillon@cargojet.com](mailto:pdhillon@cargojet.com).

We thank you for joining us and for taking the time to read more about Cargojet. We look forward to another year of growth and to providing our customers the level of services they expect from us. As an essential player in the Canadian supply chain, we will continue to work hard to continue meeting the needs of our Shareholders, customers, employees and broader stakeholders.

Thank you

Dr. Ajay Virmani  
Paul Godfrey  
Arlene Dickinson  
Alan Gershenhorn  
John Webster

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**CARGOJET INC.**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common voting shares and variable voting shares (together, the “**Voting Shares**”) of Cargojet Inc. (the “**Company**”) will be held at 1:00 p.m. (Toronto time) on Thursday April 7, 2022. The Meeting is being called for the following purposes, each as more particularly described in the accompanying management information circular of the Company (the “**Circular**”):

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2021 and the report of the auditors thereon;
2. to elect the directors of the Company who will serve until the end of the next annual meeting of Shareholders or until their successors are elected or appointed;
3. to appoint the auditors of the Company and to authorize the directors of the Company to fix their remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournments thereof.

**The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live audio webcast online at <https://web.lumiagm.com/235395381>. Shareholders will not be able to attend the Meeting in person.** The virtual Meeting is being held in light of the unprecedented public health impact of the coronavirus disease 2019, also known as COVID-19, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders. **Registered Shareholders and duly appointed Proxyholders (as defined herein) will be able to attend the Meeting, submit questions and vote, all in real time, online at <https://web.lumiagm.com/235395381>. Non-registered Shareholders (being Shareholders who hold their Cargojet Voting Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as Proxyholders will be able to attend the Meeting as guests, but guests will not be able to vote at the Meeting.**

**As a Shareholder of the Company, it is very important that you read the accompanying Meeting materials carefully and then vote your Voting Shares, either by proxy or online, at the Meeting.** This notice is accompanied by a copy of the Circular and a form of proxy or voting instruction form, as applicable, for the Voting Shares and the audited annual financial statements of the Company for the fiscal year ended December 31, 2021 and management’s discussion and analysis thereon. These materials, as well as the Company’s annual information form dated March 7, 2022, can also be viewed under the Company’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company’s corporate website at [www.cargojet.com](http://www.cargojet.com). As part of the Meeting materials, Shareholders will also receive a Virtual Meeting User Guide prepared by our transfer agent.

The Company’s board of directors has fixed the close of business on March 1, 2022 as the record date for determining Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment or postponement thereof. Only Shareholders of record at that time will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

A Shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person’s name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such Proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting

instruction form. **If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Voting Shares, including if you are a non-registered Shareholder and wish to appoint yourself as Proxyholder to attend, participate and vote at the Meeting, you MUST register such Proxyholder AFTER having submitted your form of proxy or voting instruction form identifying such Proxyholder.** Failure to register the Proxyholder will result in the Proxyholder not receiving a Username to participate in the Meeting. Without a Username, Proxyholders will not be able to attend, participate or vote at the Meeting. To register a Proxyholder, Shareholders MUST visit <http://www.computershare.com/cargojet> and provide Computershare Investor Services Inc. ("**Computershare**") with their Proxyholder's contact information, so that Computershare may provide the Proxyholder with a Username via email.

To be valid, proxies must be signed and received by Computershare, by mail, or by facsimile no later than **1:00 p.m. (Toronto time) on April 5, 2022** or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day preceding the date of the Meeting (excluding Saturdays, Sundays and holidays). Failure to properly complete or deposit a proxy may result in its invalidation. Shareholders who have voted by proxy may still attend the Meeting. Please read the instructions regarding how to vote at, or attend, the Meeting under "*General Proxy Matters – Shareholder Voting Procedures*" in the Circular.

Most Shareholders do not hold their Voting Shares in their own names. Such Voting Shares may be beneficially owned by you but registered either: (a) in the name of an intermediary such as a bank, trust company, securities dealer or broker, or the trustee or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan, or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) or its nominee, of which the intermediary is a participant. If your Voting Shares are shown in an account statement provided to you by your intermediary, in almost all cases, your Voting Shares will not be registered in your name in the records of the Company. Only proxies deposited by registered Shareholders can be recognized and acted upon at the Meeting. As a result, if you hold your Voting Shares through a broker or other intermediary, we urge you to complete the voting instruction form provided by your broker or other intermediary or provide your voting instructions to your broker or other intermediary by other acceptable methods. Please read the instructions regarding how to vote at, or attend, the Meeting under "*General Proxy Matters – Shareholder Voting Procedures*" in the Circular.

Mississauga, Ontario  
7<sup>th</sup> day of March 2022

**BY ORDER OF THE BOARD OF DIRECTORS**

"Ajay Virmani"  
**Dr. Ajay Virmani**  
President and Chief Executive Officer



**CARGOJET INC.**  
**MANAGEMENT INFORMATION CIRCULAR**

This management information circular (the “**Circular**”) is furnished by management of Cargojet Inc. (the “**Company**”) in connection with the solicitation of proxies for use at the annual meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common voting shares (the “**Common Voting Shares**”) and variable voting shares (the “**Variable Voting Shares**”) and, together with the Common Voting Shares, the “**Voting Shares**”) of the Company, to be held at 1:00 p.m. (Toronto time) on Thursday April 7, 2022 in a virtual only format, which will be conducted via live audio webcast online at <https://web.lumiagm.com/235395381> or any adjournment or postponement therefor, for the purposes set forth in the accompanying notice of meeting (the “**Notice of Meeting**”).

In this Circular, “you” and “your” refer to the Shareholders. “We”, “us”, “our”, the “Company” and “Cargojet” refer to Cargojet Inc.

The information in this Circular is presented as at March 7, 2022, unless indicated otherwise.

The Company presents its consolidated financial statements in Canadian dollars. In this Circular, references to “\$”, “C\$”, “dollars” or “Canadian dollars” are to Canadian dollars. Amounts are stated in Canadian dollars unless otherwise indicated.

No person has been authorized to give any information or to make any representation in connection with any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

**Approval by Directors**

The content and the sending to the Shareholders of this Circular have been approved by the board of directors of the Company (the “**Board**” or “**Board of Directors**”). A copy of this Circular has been sent to each Shareholder who is eligible to receive notice of, and vote his or her Voting Shares at, the Meeting, as well as to each director and to the auditors.

Mississauga, Ontario  
7<sup>th</sup> day of March 2022

**BY ORDER OF THE BOARD OF DIRECTORS**

“Ajay Virmani”

**Dr. Ajay Virmani**

President and Chief Executive Officer

## **GENERAL PROXY MATTERS**

As a Shareholder, it is very important that you read the information contained herein carefully and then vote your Voting Shares, either by proxy or voting instruction form or by attending the Meeting online. Voting by proxy means that you are giving the person or people named on your proxy form (each a “**Proxyholder**”) the authority to vote your Voting Shares for you at the Meeting or any adjournment or postponement thereof.

### **Date, Time and Place of Meeting**

The Meeting is scheduled to be held at **1:00 p.m.** (Toronto time) on Thursday, April 7, 2022 in a virtual only format, which will be conducted via live audio webcast online at <https://web.lumiagm.com/235395381> for the purposes set forth in the Notice of Meeting. The Company reserves the right to adjourn or postpone the Meeting if considered appropriate by the Board.

### **How to Attend the Virtual Only Meeting**

Cargojet is committed to the health and safety of all of its stakeholder community. Given the unprecedented public health impact of the global COVID-19 pandemic, and with the health and safety of our communities, shareholders, employees and other stakeholders in mind, Cargojet will again hold its Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to physically attend the Meeting.

Registered Shareholders (as defined herein) and duly appointed Proxyholders, including Non-Registered Shareholders (as defined herein) who have duly appointed a Third Party Proxyholder (as defined herein), will be able to attend the Meeting, submit questions and vote, all in real time, online at <https://web.lumiagm.com/235395381>. Such persons may enter the meeting by clicking “**I have a login**” and entering a valid Control Number or Username and Password “cargojet2022” (case sensitive) before the start of the Meeting. Guests, including non-registered Shareholders who have not duly appointed a Third Party Proxyholder, can log in to the Meeting by clicking “**I am a guest**” and completing the online form. Guests can listen to the Meeting but are not able to submit questions or vote at the Meeting. See “*General Proxy Matters – Shareholder Voting Procedures*” for additional information on voting at the Meeting and related matters.

**If you attend the Meeting online, it is important that you are connected to the internet at all time during the Meeting in order to vote when balloting commences.** You should ensure that you have a strong preferably high-speed, internet connection wherever you intend to participate in the Meeting. The Meeting will begin promptly at **1:00 p.m. (Toronto time) on Thursday, April 7, 2022**, unless otherwise adjourned or postponed. Online check-in will begin one hour prior to the Meeting at 12:00 p.m. (Toronto time). You should allow ample time for online check-in procedures.

### **Record Date**

The Board has fixed the close of business on March 1, 2022 as the record date (the “**Record Date**”) for determining Shareholders entitled to receive notice of, and to vote at, the online Meeting or any adjournment or postponement thereof. Only Shareholders of record as of the close of business on the Record Date will be entitled to notice of, and to vote at, the online Meeting or any adjournment or postponement thereof. No Shareholder who becomes a

Shareholder of record after the Record Date will be entitled to vote at the online Meeting, or any adjournment or postponement thereof.

### **Quorum**

A quorum of Shareholders is present at the Meeting if the holders of not less than 25% of the Voting Shares entitled to vote at the Meeting are present in person online or represented by proxy, irrespective of the number of persons actually at the Meeting.

### **Voting Requirements**

Each of the items to be voted upon at the Meeting, as set forth in the Notice of Meeting, will be determined by a majority of votes cast at the Meeting by proxy or online. For details concerning the Company's majority voting policy, with respect to the election of directors, please refer to the information under "*Election of Directors – Majority Voting*". Our Common Voting Shares and Variable Voting Shares vote together as a single class. See "*Voting Shares and Principal Holders of Voting Shares – Restrictions on Voting Shares*".

### **Solicitation of Proxies**

**The information contained in this Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Company to be used at the Meeting and for the purposes set forth in the Notice of Meeting.** It is expected that the solicitation of proxies will be primarily by mail but proxies may also be solicited personally by telephone or other electronic means by management of the Company, including its directors and officers, without special compensation. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

### **Mailing of Meeting Materials**

Meeting materials are being mailed to Registered Shareholders through our transfer agent, Computershare Investor Services Inc. ("**Computershare**"), and to Non-Registered Shareholders through their intermediaries. The Company intends to pay for intermediaries to forward to objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* such Meeting materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*.

### **Shareholder Voting Procedures**

#### ***Registered and Non-Registered Shareholders***

You are a registered shareholder ("**Registered Shareholder**") if your name appears on your share certificate or on the register maintained by the Company's transfer agent. If you are a Registered Shareholder of Voting Shares, a proxy form is included in the Meeting materials.

You are a non-registered (or beneficial) shareholder ("**Non-Registered Shareholder**") if your bank, trust company, securities broker or other financial institution holds your Voting Shares for you (your nominee). In that case, you will likely not receive a proxy form. If you are a Non-Registered Shareholder, your Voting Shares are likely held in the book-entry system operated by CDS Clearing and Depository Services Inc. ("**CDS**"). If so, your Voting Shares will not be registered in your name on our records. Unless you instruct your intermediary to vote in accordance with their request for voting instructions, they are generally prohibited from voting your Voting Shares, as Voting Shares should only be voted upon instructions of the beneficial holder. You may vote your Voting Shares online at the Meeting or

through your nominee by following the instructions provided to you by them. Please read the instructions below regarding how to vote at, or attend, the Meeting under “*How to Vote at the Meeting*” and “*Appointment of a Third Party as Proxy*” in the Circular.

If you are not sure whether you are a Registered Shareholder or Non-Registered Shareholder, have any questions regarding voting procedures (including your Control Number or Username and password) or completing your proxy form or voting instruction form, please contact Computershare, the Company’s transfer agent:

**Phone:** 1-800-564-6253 (toll-free in Canada and the United States)  
514-982-7555 (from outside Canada and the United States)

**Fax:** 1-888-453 0330 (toll-free in Canada and the United States)  
514-982 7635 (from outside Canada and the United States)

**Mail:** 100 University Avenue, 8<sup>th</sup> Floor, Toronto ON M5J 2Y1

**E-mail:** Service@Computershare.com

In addition, the Meeting webcast provider, Lumi, provides a Virtual AGM Shareholder Support - Frequently Asked Questions page, including an online chat feature, on its website available at: <https://www.lumiglobal.com/faq>. Information included on the Lumi website is not incorporated by reference into and does not form a part of this Circular.

#### ***How to Vote by Proxy Before the Meeting***

Complete and return the enclosed form of proxy or voting instruction form in accordance with the instructions provided therein. The proxy must be executed by the Shareholder or the attorney of such Shareholder, duly authorized in writing. Voting by proxy means that you are giving your Proxyholder(s) the authority to vote your Voting Shares for you at the online Meeting or any adjournment or postponement thereof.

**If you vote by proxy, the directors and officers who are named on the proxy form will vote your Voting Shares for you, unless you appoint someone else to be your Proxyholder. However, as further described herein, you have the right to appoint a person or company of your choice to be your Proxyholder who need not be a Shareholder to represent you at the online Meeting other than the persons designated in the enclosed form of proxy. If you appoint someone else, he or she must be present at the online Meeting to vote your Voting Shares. Write the name of the person you are appointing in the space provided, complete your voting instructions and date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed as your Proxyholder and attends the online Meeting. See “*Appointment of Third Party as Proxy*” below.**

The Voting Shares represented by any proxy received by management will be voted for or withheld from voting, as the case may be, by the persons named in the enclosed form of proxy in accordance with the direction of the Shareholder appointing them. **In the absence of any direction to the contrary, it is intended that the Voting Shares represented by proxies received by management will be voted on any ballot “FOR”: (1) the election of each of the directors referred to in this Circular, and (2) the reappointment of the auditors of the Company with remuneration to be fixed by the directors.**

## ***How to Vote at the Meeting***

**The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live audio webcast online. Shareholders will not be able to attend the Meeting in person.**

If you are a Registered Shareholder and intend to be present and vote online at the Meeting, you do not need to complete or return your proxy form. Registered Shareholders may login to the Meeting and complete a ballot online during the Meeting. The Control Number located on the proxy form or in the email notification you received is your Username for purposes of logging into the Meeting. See “*Attending the Virtual Only Meeting*” for additional information on how to login to the Meeting.

**Non-Registered Shareholders who have not duly appointed themselves as Proxyholder will be able to attend the Meeting as guests but will not be able to vote at the Meeting.** This is because we and Computershare do not have access to the names or holdings of our Non-Registered Shareholders, and, as a result, will have no knowledge of the shareholdings or entitlement to vote of a Non-Registered Shareholder, unless you appoint yourself as Proxyholder. **If you are a Non-Registered Shareholder and wish to vote at the Meeting, you have to appoint yourself as Proxyholder**, by writing your name in the space provided on the voting instruction or proxy authorization form provided by your nominee and follow the instructions of your nominee. See “*Appointment of a Third Party as Proxy*” below.

### ***Appointment of a Third Party as Proxy***

The following applies to Shareholders who wish to appoint a person (a “**Third Party Proxyholder**”) other than the management nominees identified in the form of proxy or voting instruction form as Proxyholder, including Non-Registered Shareholders who wish to appoint themselves as Proxyholder to attend, participate or vote at the Meeting.

**Shareholders who wish to appoint a Third Party Proxyholder to represent them at the Meeting as their Proxyholder and vote their Cargojet Voting Shares MUST submit their form of proxy or voting instruction form, as applicable, appointing that person as Proxyholder AND register that Proxyholder online, as described below. Registering your Proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the Proxyholder will result in the Proxyholder not receiving a Username that is required to vote at the Meeting and only being able to attend as a guest.**

- **Step 1: Submit your form of proxy or voting instruction form:** To appoint a Third Party Proxyholder, insert that person’s name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such Proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form.
- **Step 2: Register your Proxyholder:** To register a Third Party Proxyholder, shareholders **MUST** visit <http://www.computershare.com/cargojet> by no later than 1:00 p.m. (Toronto time) on **April 5, 2022** (the “**voting deadline**”) and provide Computershare with the required Proxyholder contact information so that Computershare may provide the Proxyholder with a Username via email. **Without a Username, Proxyholders will not be able to vote at the Meeting but will be able to attend as a guest.**

**If you are a Non-Registered Shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your Proxyholder, as described above.** By doing so, you are instructing your intermediary to appoint you as Proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary.

**If you are a Non-Registered Shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your Proxyholder,** in addition to the steps described above and below under "How to Attend and Participate at the Meeting", you must obtain a valid legal proxy from your intermediary (i.e. your bank, broker or other agent) and then register in advance to attend the Meeting. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Computershare. Requests for registration from Non-Registered Shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their Proxyholder must be sent by e-mail or by courier to: [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com) (if by e-mail), or Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (if by courier), and in both cases, must be labeled as "Legal Proxy" and received by no later than 1:00 p.m. (Toronto time) on April 5, 2022. You will receive a confirmation of your registration by email after Computershare receives your registration materials. You may attend the Meeting and vote your Voting Shares. Please note that you are required to register your appointment at <http://www.computershare.com/cargojet>.

#### ***How to Attend and Participate at the Meeting***

**The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Shareholders must have a valid Username or Control Number.**

Registered Shareholders and duly appointed Proxyholders, including Non-Registered Shareholders who have duly appointed a Third Party Proxyholder, will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/235395381>. Such persons may then enter the Meeting by clicking "I have a login" and entering a valid Username or Control Number and Password before the start of the Meeting:

- **Registered Shareholders:** The Control Number located on the form of proxy or in the email notification you received is the Username. The Password to the Meeting is "cargojet2022" (case sensitive).

**If as a Registered Shareholder you are using your 15-digit Control Number to login to the Meeting and you accept the terms and conditions, you will be provided the opportunity to vote by online ballot on the matters put forth at the Meeting. If you vote by online ballot at the Meeting, you will be revoking any and all previously submitted proxies for the Meeting. If you do not vote by online ballot at the Meeting, your previously submitted proxies will not be revoked and will continue to be counted by Computershare in tabulating the vote with respect to the matters put forth at the Meeting.**

- **Duly appointed Proxyholders:** Computershare will provide the Proxyholder with a Username by e-mail after the voting deadline has passed and the Proxyholder has been duly appointed. The Password to the Meeting is "cargojet2022" (case sensitive).



Only Registered Shareholders and duly appointed Proxyholders will be entitled to attend, participate and vote at the Meeting. Non-Registered Shareholders who have not duly appointed themselves as Proxyholder will be able to attend the Meeting as guests, but will not be able to participate or vote at the Meeting.

Shareholders who wish to appoint a Third Party Proxyholder to represent them at the Meeting (including Non-Registered Shareholders who wish to appoint themselves as Proxyholder to attend, participate or vote at the Meeting) **MUST submit their duly completed proxy or voting instruction form AND register the Proxyholder.** See “Appointment of a Third Party as Proxy”.

### ***How to Deposit Your Proxy***

For Registered Shareholders, duly completed and executed proxies must be received by the Company’s transfer agent before 1:00 p.m. (Toronto time) on April 5, 2022 or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day preceding the day of the Meeting (excluding Saturdays, Sundays and holidays), or any adjournment or postponement thereof. Completed proxies can be submitted by mail or facsimile and must be received by the Company’s transfer agent:

By mail:

100 University Ave.  
8<sup>th</sup> Floor  
Toronto ON M5J 2Y1  
Attn: Proxy Department

By fax: 1-866-249-7775.

For Non-Registered Shareholders, applicable regulations in Canada require brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Voting Shares are voted at the Meeting. Sometimes, the proxy supplied to a Non-Registered Shareholder by its broker is identical to that provided to CDS, as the Registered Shareholder. However, in order for such proxy to be valid, it must be properly executed by the financial intermediary holding the Voting Shares and returned to the Company’s transfer agent before 1:00 p.m. (Toronto time) on April 5, 2022 or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day preceding the day of the Meeting (excluding Saturdays, Sundays and holidays). Most intermediaries delegate responsibility to Broadridge Financial Solutions, Inc. (“**Broadridge**”) for obtaining instructions from clients. Broadridge typically mails a scannable voting instruction form in lieu of a proxy form to Non-Registered Shareholders and provides appropriate instructions respecting voting of Voting Shares to be represented at the Meeting. Voting instruction forms sent by Broadridge can be completed by (i) using the internet at [www.proxyvote.com](http://www.proxyvote.com); (ii) calling the phone number listed thereon; or (iii) mailing the completed voting instruction form in the envelope provided.

For Internet and telephone voting, Non-Registered Shareholders will need the 15-digit Control Number or Username found on their voting instruction forms. Non-Registered Shareholders who have lost or misplaced their voting instruction form can still vote by obtaining a new 15-digit Control Number or Username from their bank, trust company, securities dealer, broker or other intermediary.

Non-Registered Shareholders who receive voting instructions from their intermediary other than those contained in the voting instruction form sent by Broadridge should carefully follow the instructions provided by their intermediary to ensure their vote is counted.

### ***How to Change Your Vote***

A Registered Shareholder executing the enclosed form of proxy may revoke it at any time before it has been exercised by:

- completing a proxy form that is dated later than the proxy form being revoked and mailing or faxing it to the Company's transfer agent so that it is received before 1:00 p.m. (Toronto time) on April 5, 2022;
- sending a revocation notice in writing to the Corporate Secretary of the Company at its registered office so that it is received at any time up to and including the last business day before the date of the Meeting. The notice can be from the Shareholder or the authorized attorney of such Shareholder; or
- requesting from the chair of the Meeting in writing that your proxy be revoked.

**If as a Registered Shareholder you are using your 15-digit Control Number to login to the Meeting and you accept the terms and conditions, you will be provided the opportunity to vote by online ballot on the matters put forth at the Meeting. If you vote by online ballot at the Meeting, you will be revoking any and all previously submitted proxies for the Meeting. If you do not vote by online ballot at the Meeting, your previously submitted proxies will not be revoked and will continue to be counted by Computershare in tabulating the vote with respect to the matters put forth at the Meeting.**

A Non-Registered Shareholder may revoke a voting instruction or proxy authorization form given to an intermediary at any time by written notice to the intermediary, except that an intermediary may not act on a revocation of a voting instruction or proxy authorization form or of a waiver of the right to receive Meeting materials and to vote that is not received by the intermediary in sufficient time prior to the Meeting.

### **Exercise of Discretion of Proxyholders**

The enclosed form of proxy and any voting instructions submitted confer discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment or postponement thereof, and with respect to amendments or variations to matters identified in the Notice of Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further business is properly brought before the Meeting, it is intended that the persons appointed as Proxyholder will vote on such other business matters in such manner as such persons then consider being proper.

### ***Declaration of Status***

You must also complete the Declaration of Canadian Status contained in the form of proxy, voting instruction form or in the Internet voting instructions to inform the Company whether you are a (i) Canadian, (ii) non-Canadian holder authorized to provide air service or (iii) non-Canadian who is not a non-Canadian holder authorized to provide air service, to enable Cargojet to comply with the requirements of the *Canada Transportation Act* and our articles. If you do not complete such declaration or if it is determined by Cargojet or its transfer agent that you incorrectly



indicated (through inadvertence or otherwise) that the Voting Shares represented by proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian holder authorized to provide air service for purposes of voting at the Meeting.

### ***How the Votes are Counted***

Computershare counts and tabulates the votes. Computershare refers proxy forms to us only when:

- It is clear that a Shareholder wants to communicate with management;
- The validity of the form is in question; or
- The law requires it.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

To the knowledge of the directors and officers of the Company, other than as disclosed elsewhere in this Circular, no director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing persons, has, at any time since the beginning of the Company's last financial year, any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

### **VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES**

#### **Voting Shares**

The beneficial interests in the Company are divided into two classes, designated as Common Voting Shares and Variable Voting Shares. Each Voting Share represents an equal undivided beneficial interest in any net income and free cash flow from the Company and in any assets of the Company remaining in the event of termination or winding up of the Company. Each Voting Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting, unless otherwise varied in accordance with the terms of the Variable Voting Shares as set forth in the articles of amalgamation (the "**Articles**") of the Company and as further summarized below.

As of the Record Date, there were 17,324,258 Voting Shares issued and outstanding, consisting of the Company's Common Voting Shares and Variable Voting Shares.

#### **Principal Holders of Voting Shares**

To the knowledge of the directors and officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Voting Shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

## Restrictions on Voting Shares

### **Foreign ownership limits under the Company's Articles**

The *Canada Transportation Act* (the “CTA”) requires that a national holder of a domestic air service licence and, with certain exceptions, scheduled international and non-scheduled international air service licences, such as Cargojet, be “Canadian”. In 2018, the Government of Canada passed the *Transportation Modernization Act* (Canada) (the “TMA”), that amended, among other things, the definition of “Canadian” under section 55(1) of the CTA to increase foreign ownership limits in Canadian air carriers from 25% to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests in a Canadian airline.

At the annual and special meeting of shareholders held on March 30, 2020 (the “2020 Shareholder Meeting”), Cargojet received Shareholder approval for a plan of arrangement under section 182 of the *Ontario Business Corporations Act* (the “OBCA”) to effect amendments to the Company's Articles to align the restrictions on the level of foreign ownership with those prescribed by the amended definition of “Canadian” under the CTA. The Ontario Superior Court of Justice (Commercial List) subsequently issued a final order approving the plan of arrangement and Cargojet's amended Articles became effective on April 1, 2020.

More specifically, the definition of “Canadian” under section 55(1) of the CTA, as amended by the TMA, is as follows:

*“(a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the Immigration and Refugee Protection Act,*

*(b) a government in Canada or an agent or mandatary of such a government, or*

*(c) a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where*

*(i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and*

*(ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person.”*

### **Restrictions on Variable Voting Shares**

The Company has two classes of shares: (i) Common Voting Shares, and (ii) Variable Voting Shares. The Common Voting Shares and Variable Voting Shares are traded on the Toronto Stock Exchange (the “TSX”) under the single ticker “CJT”.

The Common Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by Canadians. An issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Company or the holder, if such Common Voting Share becomes held, beneficially owned or controlled, directly or indirectly, other than by way of security only, by a person who is not a Canadian. Each Common Voting Share confers the right to one vote.

The Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians. An issued and outstanding Variable Voting Share shall be converted into one Common Voting

Share, automatically and without any further act of the Company or the holder, if such Variable Voting Shares becomes held, beneficially owned and controlled, directly or indirectly, other than by way of security only, by a Canadian.

Each Variable Voting Share confers the right to one vote unless:

- (i) the number of Variable Voting Shares held by any single non-Canadian, either individually or in affiliation with any other person, as a percentage of the total number of issued and outstanding Voting Shares of Cargojet, or the total number of votes that would be cast by or on behalf of any single non-Canadian holder of Variable Voting Shares, either individually or in affiliation with any other person, at any meeting in relation to the total number of votes cast at such meeting, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet);
- (ii) the number of Variable Voting Shares held collectively by one or more non-Canadians authorized to provide air service in any jurisdiction ("**Non-Canadian Air Carrier**"), either individually or in affiliation with any other person, as a percentage of the total number of issued and outstanding Voting Shares of Cargojet, or the total number of votes that would be cast by or on behalf of one or more Non-Canadian Air Carrier holders of Variable Voting Shares, either individually or in affiliation with any other person, at any meeting in relation to the total number of votes cast at such meeting and after the application of the voting restriction in (i) above if required, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet); or
- (iii) the number of Variable Voting Shares, as a percentage of the total number of issued and outstanding Voting Shares of Cargojet, or the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting in relation to the total number of votes cast at such meeting and after the application of the voting restrictions in (i) and (ii) above if required, exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet).

If either of the thresholds in (i) or (ii) above would otherwise be exceeded at any time, the vote attached to each of their Variable Voting Shares will decrease proportionately and automatically without further act or formality such that the Variable Voting Shares held, as applicable, by any single non-Canadian or by all Non-Canadian Air Carriers, either individually or in affiliation with any other person, do not carry more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet) of the aggregate votes attached to all issued and outstanding Voting Shares of Cargojet and the total number of votes cast, as applicable, by or on behalf of any single non-Canadian or by all Non-Canadian Air Carriers, either individually or in affiliation with any other person, at any meeting do not exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet) of the total number of votes cast at such meeting. For greater certainty, a single Non-Canadian Air Carrier would also constitute a single non-Canadian holder for purposes of the voting restriction in (i) above.

If the threshold in (iii) above would otherwise be exceeded at any time, the vote attached to each Variable Voting Share will decrease proportionately and automatically without further act or formality such that the Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet) of the aggregate votes attached to all issued and outstanding Voting Shares of Cargojet and the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Cargojet) of the total number of votes cast at such meeting.

### ***Declaration of Canadian or Non-Canadian Status***

Shareholders who wish to vote either by completing and delivering a proxy or a voting instruction form or by attending and voting at the online Meeting will be required to complete a Declaration of Ownership in order to enable the Company to comply with the restrictions imposed by its Articles and the CTA on the ownership and voting of its Voting Shares. If you do not complete such declaration or if it is determined by the Company or its transfer agent that you incorrectly indicated (through inadvertence or otherwise) that the Voting Shares represented by the proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian holder authorized to provide air service for purposes of voting at the Meeting. Such declaration is contained in the form of proxy or with the voting instruction form provided to you, as applicable.

The Company has adopted various procedures and processes to ensure that the non-Canadian ownership restrictions of Voting Shares under its Articles are respected.

### **BUSINESS OF THE MEETING**

The business of the Meeting will be held for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2021 and the report of the auditors thereon;
2. to elect the directors of the Company who will serve until the end of the next annual meeting of Shareholders or until their successors are elected or appointed;
3. to appoint the auditors of the Company and to authorize the directors of the Company to fix their remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournments thereof.

As of the date of this Circular, management is not aware of any changes to these items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, your Proxyholder can vote your Voting Shares on these items as he or she sees fit.

#### **1. Financial Statements**

At the Meeting, Shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2021 and the report of the auditors thereon. Current financial information for the Company is provided in the Company's comparative financial statements and management's discussion and analysis ("**MD&A**") for the most recently completed financial year. This information and additional information relating to the Company can be found on the SEDAR website under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's corporate website at [www.cargojet.com](http://www.cargojet.com).

#### **2. Election of Directors**

The Company's Articles provide that the Board of Directors must have a minimum of three and a maximum of ten directors. The Board is currently comprised of five directors. The persons identified in the section "*Director Nominees*" will be nominated for election as directors at the Meeting. All such nominees are presently directors of the Company. Each director is expected to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. The directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of Shareholders. The nomination of directors for election is subject to the

Company's Advance Notice By-Law described below under "*Election of Directors — Advance Notice By-Law*" and the election of directors is subject to the Company's Majority Voting Policy described below under "*Election of Directors — Majority Voting*".

**Unless a proxy specifies that the Voting Shares it represents should be withheld from voting in respect of the election of directors or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the director nominees listed in this Circular.**

### **Majority Voting**

In accordance with the requirements of the TSX, the Board has adopted a majority voting policy. In an uncontested election of directors, any director nominee who receives more votes "withheld" than "for" must submit his or her resignation promptly, such resignation to take effect on acceptance by the Board. The Compensation and Nominating Committee will consider the offer to resign and make a recommendation to the Board whether to accept it or not after reviewing the matter. The Board will accept the resignation unless it determines, in consultation with the Compensation and Nominating Committee, that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. The Board will act on the Compensation and Nominating Committee's recommendation within 90 days following the Shareholders' meeting. The Board's decision to accept or reject the resignation offer will promptly be disclosed to the public by press release, and should the Board decline to accept the resignation, the press release will include the reasons for its decision. A director who tenders a resignation pursuant to the majority voting policy will not participate in any Compensation and Nominating Committee or Board deliberations at which the resignation is considered. The policy does not apply in circumstances involving contested director elections.

A copy of the Company's majority voting policy is available on the Company's corporate website at [www.cargojet.com](http://www.cargojet.com) under the Company's "Legal" page.

### **Advance Notice By-Law**

The Company has adopted advance notice provisions (the "**Advance Notice By-Law**"), which are included in the Amended and Restated By-Laws, for the purpose of providing Shareholders, directors and management of the Company with a clear framework for nominating directors of the Company in connection with any annual or special meeting of Shareholders.

The purpose of the Advance Notice By-law is to (i) ensure that all Shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or special meetings of Shareholders of the Company. The Advance Notice By-law fixes the deadlines by which holders of record of Voting Shares must submit director nominations to the Company prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in a timely written notice to the Company for any director nominee to be eligible for election at such annual or special meeting of Shareholders.

A Shareholder's notice must be received at our head office (i) in the case of an annual meeting of Shareholders, not less than 30 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 that date is less than 50 days on which the first public announcement (as defined below) (the "**Notice Date**") of the date of the annual meeting was made, a Shareholder's notice may be made not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for the other purposes as well), not later than the close of business on the 15<sup>th</sup> day

following the day on which the first public announcement of the date of the special meeting of Shareholders was made. The Advance Notice By-Law also prescribes the proper written form for a Shareholder's notice. These provisions may preclude Shareholders from making nominations for directors at an annual or special meeting of Shareholders.

For the purposes of the Advance Notice By-law, "public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the SEDAR website under the Company's profile at [www.sedar.com](http://www.sedar.com).

A copy of the Company's Advance Notice By-Law is available on the Company's corporate website at [www.cargojet.com](http://www.cargojet.com) under the Company's "Legal" page.

### **Nomination Rights**

The Company, Dr. Virmani and the Virmani Family Trust entered into an updated governance rights agreement dated February 26, 2020 (the "**Governance Rights Agreement**"), which provides Dr. Virmani with the right to be nominated for election as a director of the Company as long as he serves as the Chief Executive Officer, and a right to nominate an additional director for as long as he and his affiliates maintain an economic ownership in the Company that is not less than 50% of its ownership as of the date of the Governance Rights Agreement or valued at or in excess of \$35 million. Dr. Virmani was most recently nominated for election as a director in connection with the Company's annual meeting of shareholders held on March 30, 2021 pursuant to the Governance Rights Agreement, and was elected as a director by 97.45% of Shareholders who voted in person or by proxy at the meeting. At the Meeting, Dr. Virmani is nominated for election as a director and no other director is being nominated pursuant to the Governance Rights Agreement.

### **3. Appointment of Auditors**

The Board of Directors, on the recommendation of the Audit Committee, recommends that Pricewaterhouse Coopers LLP ("**PwC**") be reappointed as auditors of the Company until the close of the next annual meeting for Shareholders and to authorize the Board to fix their remuneration. PwC has served as the auditor of the Company since being appointed in August 2016. PwC has confirmed to the Company that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

**Unless a proxy specifies that the Voting Shares it represents should be withheld from voting in respect of the appointment of auditors or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the reappointment of PwC as auditors of the Company and the authorization of the directors of the Company to fix their remuneration.**

Additional information with respect to external auditor fees for past services is available in our annual information form for the year ended December 31, 2021 under the heading "*Audit Committee – External Auditor Service Fees*", which can be accessed under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).


## **DIRECTOR NOMINEES**

Five directors are to be elected at the Meeting, each of whom is to hold office until the end of the next annual meeting of Shareholders or until their successors are elected or appointed.




All nominees have established their eligibility and willingness to serve as directors. As of the date hereof, management of the Company does not expect that any of the nominees will be unable to serve as a director. However, if, for any reason, at the time of the Meeting, any of the nominees are unable to serve and unless otherwise specified, it is intended that the persons designated in the form of proxy will vote in their discretion for a substitute nominee or nominees.

The following table sets out certain information regarding each of our director nominees:

	<b>DR. AJAY VIRMANI</b> Oakville, Ontario, Canada Age: 66  Director since 2005  <u><b>2021 Voting Results:</b></u>  For: 97.45%    Withheld: 2.55%	Dr. Virmani has over 44 years' experience in the transportation industry. Dr. Virmani served as Senior Vice President of Cottrell Transport Inc. ("Cottrell") from 1977 to 1990 when he left Cottrell to form Commercial Transport International (Canada) Ltd. ("CTI"). In 1992, CTI acquired Fastair Cargo Systems Ltd. ("Fastair") Dr. Virmani was President and Chief Executive Officer from 1990 to 2000. CTI/Fastair acquired Cottrell in 1995 and the air cargo division of TNT Worldwide in 1996. By 1999, CTI and Fastair had grown to one of the largest freight forwarders in Canada, with both companies employing over 400 team members, combined revenues of approximately \$100 million. CTI/Fastair were acquired in January of 2000 by Eagle Global Logistics where Dr. Virmani continued to serve as President from 2000 to 2001. In August 2001, Dr. Virmani, formed Canada 3000 Cargo Inc., a joint venture with Canada 3000 Airlines. In 2002, Dr. Virmani acquired 100% Canada 3000 Cargo Inc. and rebranded the new company as Cargojet Canada Ltd. In 2005, Cargojet was converted to a public company. Dr. Virmani has served as the President and Chief Executive Officer of Cargojet since its inception, and has been responsible for the general business direction of the Company. Dr. Virmani earned a Masters of Business Administration from City University of New York in 1985 and was honoured with a Doctor of Laws degree by Assumption University in Windsor Ontario.		
	<b>Board/Committee Memberships at the Date Hereof:</b> Member of the Board	<b>2021 Attendance</b> 4 of 4	<b>Attendance (Total):</b> 4 of 4      100%	
<b>Securities Held or Controlled:</b>				
<b>As at</b>	<b>Total Securities</b>	<b>Total Market Value of Securities<sup>(1)</sup></b>	<b>Minimum Shareholding Requirements<sup>(2)</sup></b>	<b>Meets Requirements</b>
March 1, 2022	411,500 Common Voting Shares <sup>(3)</sup> 14,533 Options 12,335 Performance Share Units	\$68,543,555 \$619,703 \$2,054,641	2,925,000	Yes

- (1) The market value of Voting Shares was calculated as the closing price of the Company's Voting Shares on December 31, 2021 multiplied by the number of Voting Shares. The market value of options reflects the value of the vested in-the money options based on the closing price of the Voting Shares on December 31, 2021. While the ultimate value of the Performance Share Units is uncertain, we have calculated the value based on the closing price of the Voting Shares on December 31, 2021.
- (2) The Company has implemented share ownership guidelines for its Chief Executive Officer and members of senior management. The Chief Executive Officer is required to maintain a minimum investment in Cargojet shares equal to three times the annual base salary. See "Executive Compensation Discussion and Analysis – Executive Ownership Guidelines" for further information regarding Dr. Virmani's holdings. Satisfaction of the minimum shareholding requirements for the Chief Executive Officer is based on Voting Shares, Performance Share Units, Restricted Share Units and Options.
- (3) Dr. Virmani holds 100,000 Common Voting Shares through TVAM LP and 311,500 Common Voting Shares through VTAM LP.


	<b>ARLENE DICKINSON</b> Calgary, Alberta, Canada Age: 66  Director since 2018  <b>Independent</b>  <u><b>2021 Voting Results:</b></u>  For: 98.93%    Withheld: 1.07%		Ms. Arlene Dickinson is the Founder and Managing General Partner of District Ventures Capital, a Venture Capital firm investing in the food/beverage and health/wellness sectors. She is the founder of District Ventures Accelerator, a national accelerator program supporting entrepreneurs in the Consumer Goods sector. Ms. Dickinson is also the CEO and sole owner of Venture Communications Ltd. one of Canada's largest independent full service marketing agencies, founded in 1984, and has worked with some of Canada's largest brands. Ms. Dickinson is an Honorary Captain of the Royal Canadian Navy and is the recipient of Honorary Doctorate Degrees from Mount Saint Vincent University, Saint Mary's University, Concordia University as well as Honorary Degrees from Northern Alberta Institute of Technology and Olds College. She is the recipient of The Queen Elizabeth II Diamond Jubilee Medal. Ms. Dickinson has served on numerous public and private boards.		
	<b>Board/Committee Memberships at the Date Hereof:</b>	<b>2021 Attendance</b>	<b>Attendance (Total):</b>		<b>Public Company Directorships:</b>
Member of the Board Compensation and Nominating Committee ("CNC") Corporate Governance Committee ("CGC") Audit Committee ("AC") (Chair) <sup>(1)</sup>	4 of 4 4 of 4 4 of 4 4 of 4	16 of 16	100%	None	
<b>Securities Held or Controlled:</b>					
<b>As at</b>	<b>Total Securities</b>	<b>Total Market Value of Securities<sup>(2)</sup></b>	<b>Minimum Shareholding Requirements<sup>(3)</sup></b>	<b>Meets Requirements</b>	
March 1, 2022	10,304 Common Voting Shares 1,519 Deferred Share Units 5,783 SARs	\$1,716,337 \$253,020 \$391,341	\$225,000	Yes	

(1) Ms. Dickinson was appointed Chair of the AC effective February 25, 2021. She previously served as Chair of the CGC.

(2) The market value of Voting Shares and Deferred Share Units was calculated as the closing price of the Company's Voting Shares on December 31, 2021 multiplied by the number of Voting Shares or DSUs. The market value of SARs reflects the value of the vested in-the money SARs based on the closing price of the Voting Shares on December 31, 2021.

(3) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and DSUs. See "Share Ownership Requirements" below.




	<b>ALAN GERSHENHORN<sup>(1)</sup></b> Alpharetta, Georgia, USA Age: 63  Director since 2021		Mr. Gershenhorn brings over 40 years of experience in U.S. and international enterprise logistics to the Board. During his 39-year tenure at United Parcel Service, Inc. ("UPS"), the world's largest package delivery company, Mr. Gershenhorn served in several significant leadership positions, including most recently as Executive Vice President and Chief Commercial Officer through June 2018. At UPS, Mr. Gershenhorn directed strategy, mergers and acquisitions, marketing, sales, public affairs, communications, various operations and business units and key growth strategies globally across the organization. Mr. Gershenhorn is currently a Principal of Horn Strategy Partners, LLC, which provides strategy and business development advisory services to technology and logistics businesses. Mr. Gershenhorn serves on the boards of Beacon Roofing Supply, Inc., the largest publicly traded distributor of roofing materials and complementary building products in the United States and Canada, and is Chairman of the board and Chief Executive Officer of Logistics Innovation Technologies Corp., a special purpose acquisition company focusing on opportunities in the global logistics industry. He is also a director of Transportation Insight, OTR Capital, and Ascend Transport Group, which are privately held enterprise logistics companies, and acts in an advisory role to 8VC, a venture capital firm. Mr. Gershenhorn holds a degree in finance from the University of Houston.			
	<b>2021 Voting Results:</b>  For: 96.90%    Withheld: 3.10%					
<b>Board/Committee Memberships at the Date Hereof:</b>		<b>2021 Attendance</b>	<b>Attendance (Total):</b>		<b>Public Company Directorships:</b>	
Member of the Board		3 of 3	3 of 3	100%	Beacon Roofing Supply, Inc. <sup>(2)</sup> Logistics Innovation Technologies Corp.	May 11, 2015 February 18, 2021
<b>Securities Held or Controlled:</b>						
<b>As at</b>	<b>Total Securities</b>	<b>Total Market Value of Securities<sup>(3)</sup></b>		<b>Minimum Shareholding Requirements<sup>(4)</sup></b>	<b>Meets Requirements</b>	
March 1, 2022	715 Deferred Share Units	\$119,098		\$225,000	In progress	

(1) Mr. Gershenhorn was appointed to the Board on March 17, 2021 and was elected as director at the annual general meeting of shareholders held on March 30, 2021.


(2) Mr. Gershenhorn serves as the Chair of the Nominating and Governance Committee of Beacon Roofing Supply, Inc. and is also a member of the Compensation Committee of Beacon Roofing Supply, Inc.

(3) The market value of Deferred Share Units was calculated as the closing price of the Company's Voting Shares on December 31, 2021 multiplied by the number of DSUs.

(4) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and Deferred Shares Units ("DSUs"). See "Share Ownership Requirements" below. Mr. Gershenhorn has until March 17, 2026, being 5 years from the date of his appointment to the Board, to satisfy the minimum shareholding requirement.

	<b>PAUL GODFREY</b> Toronto, Ontario, Canada Age: 83  Director since 2009  <b>Independent</b>  <u><b>2021 Voting Results:</b></u>  For: 85.92%    Withheld: 14.08%	Mr. Godfrey currently serves as Chairman of the Board of Postmedia Network. Mr. Godfrey stepped down from his role as Executive Chairman effective end of calendar year 2020, retaining the role of Chairman. He also served as the Chief Executive Officer of Postmedia Network Canada Corp. until January 2019. Mr. Godfrey is the Chairman and Interim CEO of Bragg Gaming Group, Inc. First elected to public office in 1964, Mr. Godfrey served as Chairman of the Metropolitan Toronto Council from 1973 to 1984. In 1984, Mr. Godfrey joined the Toronto Sun as Publisher and Chief Executive Officer and served as President and Chief Executive Officer of the Sun Media Corporation from 1992 to 2000. Mr. Godfrey has also served as the President and Chief Executive Officer of the Toronto Blue Jays Baseball Club from 2000 to 2008. Mr. Godfrey was previously Chair of the Ontario Lottery and Gaming Corporation. Mr. Godfrey graduated from the University of Toronto with a Bachelor of Applied Science in Chemical Engineering. As of calendar year 2021, Mr. Godfrey is no longer an executive of any public company.			
	<b>Board/Committee Memberships at the Date Hereof:</b>	<b>2021 Attendance</b>	<b>Attendance (Total):</b>		<b>Public Company Directorships:</b>
Interim Chairman of the Board <sup>(1)</sup> CNC CGC (Chair) <sup>(1)</sup> AC	3 of 3 4 of 4 4 of 4 4 of 4	16 of 16	100%	Bragg Gaming Group, Inc. <sup>(2)</sup> Postmedia Network Canada Corp.	January 12, 2021  April 26, 2010
<b>Securities Held or Controlled:</b>					
<b>As at</b>	<b>Total Securities</b>	<b>Total Market Value of Securities<sup>(3)</sup></b>		<b>Minimum Shareholding Requirements<sup>(4)</sup></b>	<b>Meets Requirements</b>
March 1, 2022	24,988 Common Voting Shares 1,519 Deferred Share Units 5,783 SARs	\$4,162,251 \$253,020 \$391,341		\$225,000	Yes

- (1) Mr. Godfrey was appointed Chair of the CGC effective February 25, 2021. He previously served as Chair of the CNC. Mr. Godfrey was appointed Interim Chairman of the Board on March 17, 2021. Mr. Godfrey also served as Lead Director from February 25, 2021 until March 3, 2022.
- (2) Mr. Godfrey serves as Chairman of the Board of Bragg Gaming Group, Inc.
- (3) The market value of Voting Shares and Deferred Share Units was calculated as the closing price of the Company's Voting Shares on December 31, 2021 multiplied by the number of Voting Shares or DSUs. The market value of SARs reflects the value of the vested in-the money SARs based on the closing price of the Voting Shares on December 31, 2021.
- (4) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and DSUs. See "Share Ownership Requirements" below.

	<b>JOHN WEBSTER</b> Toronto, Ontario, Canada Age: 65  Director since 2005  <b>Independent</b>  <u><b>2021 Voting Results:</b></u>  For: 88.55%    Withheld: 11.45%	Mr. Webster has been the President and Chief Executive Officer of Scotia Mortgage Corporation since 2006. Mr. Webster has also been the President and Chief Executive Officer of Maple Trust Company since 1989. Maple Trust Company was acquired by Scotia in 2006. He has been the Chief Executive Officer and previously, the Chief Operating Officer, for regulated financial institutions for over thirty years. During such time Mr. Webster has participated in overseeing numerous internal and external audits as a member of senior management and as a board member. Mr. Webster's current and previous directorships include Maple Trust Company, Scotia Mortgage Corporation, Filogix Inc. and Dundee Financial Corporation. Mr. Webster received an Honours BA from Wilfred Laurier University and an LL.B and B.C.L. from McGill University.			
	<b>Board/Committee Memberships at the Date Hereof:</b>	<b>2021 Attendance</b>	<b>Attendance (Total):</b>		<b>Public Company Directorships:</b>
Member of the Board <sup>(1)</sup> CNC (Chair) <sup>(1)</sup> CGC AC	4 of 4 4 of 4 4 of 4 4 of 4	16 of 16	100%	None	
<b>Securities Held or Controlled:</b>					
<b>As at</b>	<b>Total Securities</b>	<b>Total Market Value of Securities<sup>(2)</sup></b>	<b>Minimum Shareholding Requirements<sup>(3)</sup></b>	<b>Meets Requirements</b>	
March 1, 2022	5,988 Common Voting Shares 1,519 Deferred Share Units 5,783 SARs	\$997,421 \$253,020 \$391,341	\$225,000	Yes	
(1) Mr. Webster served as Lead Director until February 25, 2021. Mr. Webster was appointed Chair of the CNC effective February 25, 2021. He previously served as Chair of the AC. (2) The market value of Voting Shares and Deferred Share Units was calculated as the closing price of the Company's Voting Shares on December 31, 2021 multiplied by the number of Voting Shares or DSUs. The market value of SARs reflects the value of the vested in-the money SARs based on the closing price of the Voting Shares on December 31, 2021. (3) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and DSUs. See <i>Share Ownership Requirements</i> " below.					

## Remuneration of Directors

The non-executive director compensation program is designed to attract and retain experienced and skilled talent to serve on the Company's Board of Directors and its committees, leading to the strong stewardship and long-term success of the Company. The Company aims to adequately and competitively compensate directors, taking into account the risks and responsibilities of being an effective director. In setting director compensation levels, the Board considers best practices, the mix of remuneration between cash and equity, and the implementation of share ownership guidelines.

The fee schedule for the Company's non-executive directors is as follows:

<b>Annual Board Retainer</b>	Cash	75,000
	Equity Award	100,000 (DSUs)
<b>Additional Compensation for Board of Directors Service</b>		
Chairman	Additional Cash Retainer	90,000
Audit Committee Chair	Additional Cash Retainer	15,000
Corporate Governance Committee Chair	Additional Cash Retainer	15,000
Compensation and Nominating Committee Chair	Additional Cash Retainer	15,000
Board and Committee Meeting Fee	Per Meeting	-

The Company's current policy is to pay Canadian non-executive directors in Canadian dollars and US non-executive directors in US dollars according the approved fee schedule, subject to some limitations found in the equity plans.

The Board compensation grid, adopted as of January 1, 2020, is designed to provide total non-executive director compensation aligned with the median of the Company's North American Peer Group. Non-executive directors are not eligible for stock options and other forms of dilutive equity retainers. As of January 1, 2020, the equity component of the non-executive directors' compensation is awarded in the form of fully vested cash-settled DSUs. DSUs count towards satisfying share ownership requirements. Non-executive directors have the opportunity to defer the cash portion of their cash compensation in DSUs voluntarily.

All directors are entitled to be reimbursed for out-of-pocket expenses reasonably incurred by them in their attendance of Board meetings. No director compensation is paid to directors who are members of management of the Company or its subsidiaries. For a summary of compensation paid to Dr. Virmani in his capacity as an executive officer of the Company, see "*Executive Compensation Discussion and Analysis – Summary Compensation Table*".

The following table provides information regarding compensation earned by the directors for acting in such capacity during the financial year ended December 31, 2021.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based Awards (\$) <sup>(3)</sup>	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
John Webster	90,000	100,000	-	-	-	-	190,000
Paul Godfrey	180,000	100,000	-	-	-	-	280,000
Arlene Dickinson	90,000	100,000	-	-	-	-	190,000
Alan Gershenhorn <sup>(2)</sup>	111,924	126,320	-	-	-	-	238,244

Notes:

- (1) Fees earned include all fees earned during the fiscal year.
- (2) Director fees paid to Mr. Gershenhorn were in US dollars. The amount shown represents the CAD equivalent at the exchange rate of \$1.2436 CAD to \$1.00 USD.<sup>1</sup>
- (3) Share-based compensation is in the form of DSUs. There was no other share-based compensation paid to director during fiscal 2021.

### **Share Ownership Requirements**

The Board believes it is important that directors demonstrate their commitment to the Company's performance through share ownership. The Company has implemented share ownership guidelines for its independent directors. Independent directors are required to maintain a minimum investment in Cargojet shares equal to three times the annual Board retainer. Such investment may be satisfied in the form of Voting Shares or DSUs. Each independent director must satisfy these guidelines by the later of: (i) March 1, 2019 and (ii) within 5 years of the director's date of appointment to the Board. As at the date hereof, all the directors have met the required level of investment in Cargojet shares, with the exception of Mr. Gershenhorn who was appointed to the Board in March 2021 and has until March 2026 to meet the required level of ownership. Actual director equity ownership data is reported in the relevant section under the "*Director Nominees*" section of this Circular.

The Board has also implemented share ownership guidelines for its Chief Executive Officer and members of senior management, being those executives holding the titles of Senior Vice President and above. See "*Executive Compensation Discussion and Analysis – Executive Ownership Guidelines*".

### **Deferred Share Unit Program**

Our Compensation and Nominating Committee is responsible for reviewing and approving any changes to the directors' compensation arrangements. To allow directors to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of Shareholders of Cargojet, the Board, on the recommendation of the Compensation and Nominating Committee, has approved a cash-settled deferred share unit program. In

consideration for serving on our Board, each director that is not an employee will be paid an annual Board retainer, a portion of which is paid in Deferred Share Units (“DSUs”). See “*Remuneration of Directors*” above. Non-executive directors are not eligible for stock options and other forms of dilutive equity retainers. As of January 1, 2020, the equity component of the non-executive directors’ compensation is awarded in the form of fully vested cash-settled DSUs. Once a director ceases to be a member of the Board, DSUs will be settled by making a cash payment equal to the number of DSUs multiplied by the volume-weighted average trading price of the Voting Shares on the TSX for the five trading days preceding the settlement date as set out in the program.

### **Certain Proceedings**

Except as described below, none of the proposed directors: (a) is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person 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, or (c) has, within ten years prior to the date hereof, 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 the assets of the proposed director.

Paul Godfrey served on the board of directors of Mobilicity (formerly known as Data & Audio Visual Enterprises Mobilicity), from November 20, 2008 to April 30, 2013. Mobilicity sought and received CCAA protection on September 30, 2013.

No proposed director has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

## **CORPORATE GOVERNANCE PRACTICES**

### **General**

The Company and the Board recognize the importance of sound corporate governance practices to the proper and effective management of the Company and the operation of our business. This includes compliance with applicable regulatory requirements and the adoption of certain best practices that go beyond the requirements mandated by

regulation. The Company continues to monitor corporate governance developments in Canada with a view to further enhancing its governance policies and practices, as appropriate.

To this end, the Company has adopted comprehensive corporate governance policies and procedures, including the following key policies and documents:

- Mandate of the Board of Directors
- Charters of the various Committees of the Board, including the Audit Committee, Corporate Governance Committee, and Compensation and Nominating Committee
- Position Descriptions for the Chairman of the Board and CEO
- Code of Ethics
- Majority Voting Policy
- Clawback Policy
- Share Ownership Guidelines
- Advance Notice By-law
- Whistleblower Policy
- Environmental, Social and Governance Policy and Framework

Certain of the above documents, together with the Company's constating documents, can be found on the Company's corporate website at [www.cargojet.com](http://www.cargojet.com) under the Company's "Legal" page.

The Board fulfills its mandate directly and through its committees at regularly scheduled meetings and more frequently as required, in light of the Company's key strategies, opportunities and risks. The directors are kept informed of developments in the Company's operations and industry through reports and discussions with management on matters within their particular areas of expertise.

The following is a description of the Company's corporate governance practices, which has been prepared by the Corporate Governance Committee ("CGC") of the Board and has been approved by the Board.

## **Board of Directors**

### ***Independence***

The Board is currently comprised of, and following the Meeting, is contemplated to be comprised of, five directors, three of whom are independent. Independence is determined in accordance with National Instrument 52-110 - *Audit Committees* ("NI 52-110"). Dr. Ajay Virmani is not considered independent because of his position as the Founder/ President & Chief Executive Officer ("CEO") of the Company. Alan Gershenhorn is also not considered independent under applicable securities laws because of his earned consulting fees from the Company. All committees of the Board are comprised entirely of independent directors.

The Company has taken steps to ensure that adequate structures and processes have been put in place to permit the Board to function independently of management of the Company. As discussed in greater detail under "*Position Descriptions*" below, the Chairman of the Board is an independent director and provides leadership to the independent directors. From March 17, 2021 until March 3, 2022, Mr. Godfrey served as both Lead Director and Interim Chairman of the Board. Given Mr. Godfrey is an independent director, the Board has merged the positions of Chairman and Lead Director and Mr. Godfrey continues to serve as Chairman. To the extent that Cargojet does not appoint an independent Chairman in the future, it will arrange for the appointment of an independent Lead Director. The independent directors of the Board and each of the committees regularly hold in camera sessions without non-independent directors or management present. The Chairman of the Board conducts these sessions at Board meetings and the chair of each committee conducts them at committee meetings.

### Other Board Memberships

Some members of our Board are also members of the boards of other public companies but do not sit on the same board of another public company. See the “*Director Nominees*” section of this Circular. The Compensation and Nominating Committee (the “**CNC**”) believes that there are no circumstances that would impact a director’s ability to exercise independent judgment and that each director has sufficient time to fulfill his or her commitment to the Company.

### Skills of Director Nominees

The Company recognizes the importance and benefit of having members of the Board who are highly qualified with functional expertise and personal skills, having regard to the Company’s current and future plans and objectives, as well as regulatory and market developments. The skills matrix below lists the key areas of expertise and/or experience for each director nominee in areas that the Board considers important to the Company.

	Alan Gershenhorn	Dr. Ajay Virmani	Arlene Dickinson	Paul Godfrey	John Webster
Prior Public Co. Board Experience	X		X	X	X
CEO of a Public Company		X		X	
Strategic Planning	X	X	X	X	X
Compliance/Risk Management		X		X	X
Business Development and M&A	X	X	X	X	X
Government Affairs		X		X	X
Legal and Regulatory		X			X
Corporate Governance	X	X	X	X	X
HR/Compensation & Labour Relations		X		X	X
Health/Safety & Environmental		X		X	
Finance/Accounting		X	X	X	X
Institutional Investment Expertise	X		X		X
Information Technology	X	X	X		
Airline-Specific Expertise	X	X			
International Business	X	X	X		

### Board Mandate

The Board is responsible for supervising the management of the Company’s business and affairs and is accountable to the Shareholders. The Board discharges its responsibilities directly and through delegation to the Audit Committee and other standing committees of the Board, currently consisting of the CNC and the CGC. The Board is responsible for oversight in the following key areas:

- reviewing and approving management’s strategic and business plans;
- overseeing management’s implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks;
- appointing our Chief Executive Officer, approving the corporate goals and objectives that our Chief Executive Officer is responsible for meeting and reviewing the performance of our Chief Executive Officer against such corporate goals and objectives;
- succession planning, including the appointment of management;
- approving the compensation of the senior executives of the Company upon the recommendation of the CNC;



- reviewing and monitoring the adequacy and effectiveness of the Company’s system of internal control and management information systems;
- approving corporate disclosure and applicable regulatory filings; and
- orientation and continuing education of directors.

#### ***Director Term Limits and Retirement Policy***

The Board recognizes the importance and value of adding new directors who bring a diversity of views and a fresh outlook, and also believes that a director’s effectiveness is enhanced by experience on the Board. The Board has to date chosen not to establish fixed term limits or a retirement age for its directors. While the Board values the need to foster renewal, objectivity and creativity, the Board also recognizes the need to retain institutional knowledge, expertise and continuity that have contributed to its long-term success. This is particularly true during this period of accelerated growth for the Company and the challenges of operating our business in a global pandemic. The Board will continue to evaluate the usefulness of term limits or alternate board renewal mechanisms from time to time.

Given the relatively small size of the Board, the Board believes that refreshment and additional diversity can occur over time by increasing the overall size of the Board. As discussed under “*Board Nomination Target*” below, the Board remains committed to enhancing its diversity and achieving a Board composition in which women comprise at least one-third. The Board will use its best efforts to add a female director at or prior to the next annual general meeting of shareholders.

Board composition and the continued nomination of directors are considered each year and assessments are made on a case by case basis, taking into account the skills and contribution of each director. The Board maintains a director skills matrix (as set out under “*Skills of Director Nominees*” above) that identifies the skills and expertise required for the Board along with areas for growth and improvement and also gives consideration to diversity (see “*Board and Executive Officer Diversity Policy*” below).

On February 25, 2021, the Board adopted a term limit of five years for the Chair positions of each of the Board’s committees. On such date, the duly appointed Chair of each of the CNC, CGC and Audit Committee assumed such position for a term of up to five years. See “*Director Nominees*”.

#### ***Compensation and Nominating Committee***

The CNC is composed of John Webster (Chair), Paul Godfrey, and Arlene Dickinson, all of whom are independent. The Board has adopted a written mandate for the CNC. See “*Executive Compensation Discussion and Analysis – Compensation and Nominating Committee’s Mandate*” and “*Executive Compensation Discussion and Analysis – Composition of the Compensation and Nominating Committee*” for further for information regarding the Company’s compensation and nomination practices and the CNC.

#### ***Corporate Governance Committee***

The CGC is composed of Paul Godfrey (Chair), John Webster and Arlene Dickinson, all of whom are independent. The Board has adopted a written mandate for the CGC. The responsibilities of the CGC include assisting the Board in fulfilling its oversight responsibilities with respect to, among other things:



- developing our corporate governance guidelines and principles and providing us with governance leadership;
- monitoring and evaluating our securities compliance procedures; and
- reviewing the structure, composition and mandate of our Board and Board committees.
- Development and implementation of ESG plan and Report.

The CGC is responsible for establishing and implementing procedures to evaluate the performance and effectiveness of our Board and committees of our Board. The CGC also takes reasonable steps to evaluate and assess, on an annual basis, directors' performance and effectiveness of our Board and committees of our Board. The assessment addresses, among other things, individual director independence, individual director and overall Board skills, and individual director financial literacy. Our Board receives and considers the recommendations from the CGC regarding the results of the evaluation of the performance and effectiveness of our Board and committees of our Board. See also *"Corporate Governance Practices – Assessment of the Board"* and *"Corporate Governance Practices – Environmental, Social and Governance Matters"*.

### **Audit Committee**

The Audit Committee is composed of three directors, each of whom is financially literate and independent within the meaning of NI 52-110. The Audit Committee is composed of Arlene Dickinson (Chair), Paul Godfrey and John Webster.

The mandate of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to, among other things:

- financial reporting and related financial disclosure;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures; and
- external and internal audit processes.

The Audit Committee is also responsible for the effectiveness of the Company's Whistleblower Policy and for any follow-up regarding instances of non-compliance. The Company's Whistleblower Policy provides that employees, directors and officers are required to anonymously report certain prohibited conduct regarding accounting, internal controls, disclosure controls or auditing matters to a designated third party service provider or the audit committee.

The Audit Committee also reviews related party transactions. See *"Conflicts of Interest and Related Party Transactions"*.

Information regarding the Company's Audit Committee is contained in the Company's annual information form (the **"AIF"**) dated March 7, 2022 under the heading *"Audit Committee"*. The AIF is available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.cargojet.com](http://www.cargojet.com).

## **Position Descriptions**

Written position descriptions have been developed by the Board for the Chairman of the Board, the Chair of each committee of the Board, the CEO, and the Vice President Corporate Governance, as described below.

### ***Chief Executive Officer***

Dr. Ajay Virmani is the President and CEO of Cargojet. Our Board has adopted a written position description for our CEO which sets out the key responsibilities of our CEO, including, among other duties in relation to providing overall leadership, ensuring the development of a strategic plan and recommending such plan to our Board for consideration, ensuring the development of a business plan that supports the strategic plan and recommending such plan to our Board for consideration, and supervising day-to-day management of the Company.

### ***Chairman of the Board***

Paul Godfrey, the Interim Chairman of the Board, is a non-executive director and meets the Board's independence standards. The Board has developed a position description for the Chairman of the Board which sets out the key duties and responsibilities of the Chairman of the Board, including, among other matters:

- providing overall leadership and enhancing the effectiveness and performance of the Board;
- fostering ethical and responsible decision making by the Board; and
- other duties relating to setting Board meeting agendas, chairing Board and shareholder meetings, director development and communicating with shareholders and regulators.

For more detailed information on the Chairman's responsibilities, the position description is available on our website at [www.cargojet.com](http://www.cargojet.com).

To the extent that Cargojet does not appoint an independent Chairman in the future, it will arrange for the appointment of an independent Lead Director whose responsibilities will be to provide leadership to the independent directors and ensure the Board can function independently of management and the Company.

### ***Chairs of Each Committee of the Board***

John Webster is the Chair of the CNC, Paul Godfrey is the Chair of the CGC and Arlene Dickinson is the Chair of the Audit Committee. Each meets the Board's independence standards. Our Board has adopted a written position description for each of our committee chairs which sets out each of the committee chair's key responsibilities, including, among others, duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

### ***Vice President Corporate Governance***

Mr. Fernando Garcia, the Company's Vice President Legal and Corporate Governance, is responsible for liaising with the Board and the CGC on matters to be reviewed and on any recommendations for the CGC to consider. The responsibilities of the Vice President Legal and Corporate Governance include, among other things, staying informed on corporate governance developments to ensure the Company is aware of the evolution of best practices and in

compliance with changes in regulations and laws, collaborating with the CEO, the Board and the CGC, where appropriate, to develop and enhance the corporate governance policies and procedures and reviewing the mandates and charters, as applicable, of the Board and its committees, and providing appropriate information to management to enable them to exercise their accountabilities and responsibilities.

### **Executive Succession Planning**

The CNC formally reviews and discusses executive succession planning with the President and CEO. More particularly, the CNC reviews the succession plan status for key executive officers and assesses whether there is a readiness to fill potential vacancies, identifies the qualified individuals to fill such vacancies on both an immediate and longer-term basis and determines whether there are any gaps in readiness, as well as how the executive succession planning process can be improved.

The CNC also focuses specifically on the succession of the CEO as well as development considerations for a potential successor candidate. The CNC maintains a list of both internal and external candidates to fill both unexpected as well as long-term needs of the corporation. The CNC also meets with members of the executive management team through their participation in meetings and presentations to the Board, as well as occasionally through informal meetings throughout the year, which allows CNC members to get to know members of the management team who are potential future leaders of the Corporation.

### **Orientation and Continuing Education**

The Board believes that ongoing education is important for maintaining a current and effective Board. The Board is responsible for ensuring that new directors are provided with a comprehensive orientation and education program aimed at familiarizing themselves with the Company's industry, strategic plans, significant risk management issues and financial standing, as well as to provide a full understanding of the role of the Board and its committees, the contribution individual directors are expected to make and the nature and operation of the Company's business. The program may include presentations from senior management and visits to operational facilities.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of the directors, the Board, through consultation with its committees:

- (a) canvases the directors to determine their training and education needs and interests;
- (b) arranges ongoing visitation by the directors to the Company's facilities and operations; and
- (c) coordinates presentations by outside experts to the Board or its committees on matters of particular importance or emerging significance.

As a result of COVID-19, all in-person training and educational sessions in 2021 were held as virtual sessions. The Board has also been provided with materials from management and the auditors regarding changes in governance trends, updates in policies and more importantly the steps take by the Company in ensuring a safe workplace in light of COVID-19. While not in person, these updates have served to keep Directors aware and aligned with the policies and procedures of the Company and informed with regard to Governance best practices and regulatory changes.

As summarized in the table below, the Board has developed a director continuing education program and scheduled quarterly sessions on various topics with the help of internal resources and outside advisers.

Topic	Forum
Industry and Economic Trends. Presented by: Deepak Chopra, Retail and Cargo Industry Consultant.	Q1 Board Meeting
Cargojet's ESG Governance Trends and Policy Implementation. Presented by: Michael Mahoney, Managing Director & Head of Consumer, Industrial & Retail, Corporate & Investment Banking at Scotia Capital Inc.	Q2 Board Meeting
Discussion and Update of Cargojet's Maintenance, Engineering and Fleet planning. Presented by: Paul Rinaldo, SVP Maintenance and Engineering.	Q3 Board Meeting
Updates on Flight Operations Initiatives and Industry Trends. Presented by: Brent Card, SVP, Flight Operations.	Q4 Board Meeting

### Assessment of the Board

The Board has implemented a formal process to assess the performance of the Board, its committees and individual directors on an annual basis. This assessment is done through the use of confidential questionnaires and the opportunity for one-on-one interviews with each director by the Chair of the CGC, including a peer review, in order to identify opportunities to enhance the operations and effectiveness of the Board and its committees. The Chair of the CGC presents the summarized results to the CGC and the Board.

### Code of Ethics

The written code of ethics (the “Code”) applies to all of our officers, directors, employees, contractors and agents acting on behalf of the Company. The objective of the Code is to provide guidelines for maintaining our and our subsidiaries’ integrity, trust and respect. The Code addresses compliance with laws, rules and regulations, conflicts of interest, confidentiality, commitment, preferential treatment, financial information, internal controls and disclosure, protection and proper use of our assets, communications, fair dealing, fair competition, due diligence, illegal payments, equal employment opportunities and harassment, privacy, use of Company computers and the Internet, political and charitable activities and reporting any violations of law, regulation or the Code of Ethics. Our Board has ultimate responsibility for monitoring compliance with the Code of Ethics and it monitors compliance through the CEO and Interim Chief Financial Officer. The Code of Ethics is filed with the Canadian securities regulatory authorities on the SEDAR website under the Company’s profile at [www.sedar.com](http://www.sedar.com) and is available on our website at [www.cargojet.com](http://www.cargojet.com).

### Conflicts of Interest and Related Party Transactions

Cargojet expects and promotes a culture of integrity and ethical business conduct by requiring employees, officers, and directors to conduct their personal business and affairs in a manner that ensures that their private or personal interests do not interfere or appear to interfere with the interests of the Company. Our Code provides that each director, officer and employee must provide full disclosure of any circumstances giving rise to a conflict of interest. Directors and officers must provide full disclosure to the Audit Committee Chairman. Directors and officers are also

required to comply with the relevant provisions of the *Ontario Business Corporations Act* regarding conflicts of interest.

The Audit Committee had adopted amendments to its Charter to expressly assist the Board in its oversight of related party transactions. The Audit Committee will consider the related party transaction against applicable legal and regulatory requirements and may recommend the use of an ad-hoc independent committee of the Board to assist the Board in the evaluation of any such related party transactions. The Audit Committee is considered the appropriate committee to assess related party transactions given the additional independence requirements required of each committee member pursuant to applicable securities laws. For purposes of this policy, “related party transaction” includes entities that the Company controls and directors and officers of the Company or an entity that the Company controls, and applies to any agreement entered into with such related party. Any related party transaction with a value of, or exceeding, U.S.\$500,000, must be preapproved by the Audit Committee. The Audit Committee discusses with management the business rationale for the transactions, reviews applicable disclosures and reports to the Board on all such transactions. The Audit Committee also liaises with the Company’s independent auditors, as necessary, to review and discuss any transactions with related parties, including any significant matters arising from the audit in connection therewith.

#### **Board and Executive Officer Diversity Policy**

The Company has adopted a written diversity policy and recognizes the importance and benefit of having a workforce, including members of the Board and executive officers, comprised of highly talented and experienced individuals: (i) who reflect the diversity of the Company’s stakeholders, including its customers and employees, and the changing demographics of the communities in which the Company operates, and (ii) having regard to the need to foster and promote diversity among Board members, executive officers and others with respect to attributes such as gender, ethnicity, age, sexual orientation, national origin, disability and other characteristic that may otherwise be underrepresented. The Company is committed to an inclusive Board composition.

The Board will promote its objectives through such measures as the annual evaluation and assessment of the Board, individual directors and committee members (as discussed under “*Assessment of the Board*” above), the ongoing development and maintenance of a director skills matrix and ensuring that the nominee recruitment and identification process is appropriate in both depth and scope to foster identification and progression of diverse candidates. The Board seeks to implement such measures with a view to identifying and fostering the development of a suitable pool of female candidates, as well as candidates that reflect other attributes of diversity, for nomination or appointment over time, including Aboriginal peoples, persons with disabilities, members of visible minorities.

Diversity is at the forefront of our Company’s leadership. Our President and Chief Executive Officer, who is also a director on our Board, is a member of a visible minority, representing 20% of the current five-person Board. Dr. Virmani has served as the President and Chief Executive Officer of Cargojet since its inception, and has been responsible for the general strategic and business direction of the Company. In addition, approximately 27% of the Company’s executive officers are members of a visible minority.

Our director, Arlene Dickinson, is female and was elected to the Board in 2018. As at the date hereof, there is one woman on our Board, representing 20% of the current five-person Board and 33% of the Company’s independent directors. All such directors are seeking re-election at the Meeting. In addition, five women hold executive officer positions, representing approximately 15% of the Company’s executive officers.

## Board Nomination Target

Board diversity and nominations are two issues that the Board takes very seriously. The Board commenced the process to identify strong potential female candidates and was completing all customary due diligence prior to the onset of COVID-19. Given the challenges of operating our business in a global pandemic, including the crucial focus of the Company on the immediate health and safety of its team substantially all of whom cannot work from home and the necessity of keeping the supply chains moving in the face of higher volumes due to COVID-19, the Company's target of adding a new independent female director during 2021 was unattainable. The Board remains committed to enhancing its diversity and achieving a Board composition in which women comprise at least one-third. The Board will use its best efforts to add a female director at or prior to the next annual general meeting of shareholders. As soon as practicable, the Board intends to restart the process of assessing in detail the skill sets of the finalists. In addition, Cargojet is committed to achieving representation on the Board that is at least 50% women and/or visible minority by the end of 2022.

## Environmental, Social and Governance Matters

The CGC is responsible for the oversight of environmental, social and governance ("ESG") matters including in relation to (i) strategies, policies, systems and processes of the Company; (ii) management of risks relating to ESG matters, and (iii) compliance with statutory and regulatory obligations.

The responsibilities of the CGC, in consultation with the Board, with respect to ESG include the following:

- Review the strategies, policies, systems, standards and processes established by management to promote a culture of ESG protection;
- Review and approve major corporate policies and programs related to ESG, including the ESG Framework (as discussed below), the Occupational Health and Safety Program, the company-wide Safety Management System, and the Company's various corporate governance documents, including our written Code of Ethics and Diversity Policy;
- Review the effectiveness of the Company's risk management framework in relation to ESG matters;
- Through the receipt of periodic reports, review and discuss with management all key enterprise risk exposures related to ESG matters, and the steps management has taken to monitor/control and mitigate those exposures;
- Review the Company's compliance with all relevant statutory and regulatory obligations and its adoption of policies, standards and processes in accordance with best practices of the industry;
- Create, review and monitor the achievement of goals in the ESG Report; and
- Monitor plans and progress for improvement initiatives and ongoing development of organizational capability.

The Corporate Governance Committee reviews ESG risks and opportunities on a quarterly basis and reports to the full Board.

The Board adopted the Company's ESG Framework in 2020. The ESG Framework reflects our Company and our Board's core values and commitment to conducting our business strategically, ethically and responsibly in a manner that allows us to continue to build a long-term and sustainable business. This ESG Framework is rooted in a focus on understanding the environmental, economic and social impacts of our business, and in engaging with relevant partners, regulators, industry agencies and other stakeholders to ensure that our ESG Framework continues to evolve and reflect high standards of corporate social responsibility. Our ESG Framework outlines our objectives and initiatives in the following areas:

- *Environment* – Cargojet is committed to reducing our impact on the environment through sound environmental stewardship and sets forth initiatives in a number of key areas to responsibly manage our impact on the natural environment while fostering environmentally sustainable growth. We are committed to programs and initiatives and we have made significant investments to maximize fuel efficiency, reduce greenhouse gas emissions, mitigate our carbon footprint and minimize energy use across our fleet.<sup>2</sup>
- *Social Responsibility* – Cargojet is committed to our customers, employees and the community at large, through, among other initiatives, creating working conditions that are safe, fair, and rewarding, adopting a comprehensive framework for a safe and supportive environment that fosters employee commitment and advancement and investing in the infrastructure and people across Canada.
- *Corporate Governance* – Cargojet recognizes the importance of sound corporate governance practices to the proper and effective management of the Company and the successful operation of our business. The Company has adopted various corporate governance best practices, including those recommended under National Policy 58-201 – *Corporate Governance Guidelines*, a written Code of Ethics and a written Diversity Policy. For a discussion of Cargojet’s governance framework, please see the other information set forth under “*Corporate Governance Practices*” above.

Cargojet’s 2022 ESG Report, dated February 2022, is available on our website at [www.cargojet.com](http://www.cargojet.com). This report includes highlights from our operations and acknowledges key 2021 milestones and responses to unprecedented events. The ESG Report includes the below ESG targets:

- Achieve representation on the Board of Directors that is at least 50% women and/or visible minorities by 2022.
- Aspire to achieve net-zero GHG emissions by 2050 meanwhile working towards our industry’s commitment to reduce net aviation CO2 emissions by 50% by 2050 as part of our membership with IATA.
- Introduce executive pay compensation with up to 30% of total package based on achievement of emission targets.
- Improve fuel efficiency by 24% by 2030.
- Acquire eight (8) large, wide-body Boeing 777 fleet by 2025.
- Improve safety performance annually.

Below is a brief overview of certain 2021 ESG achievements and objectives:

**Environment:**

- We aspire to net zero emissions by 2050 across our operations. We are in the process of calculating our GHG emissions baseline which will inform our next steps towards our ambition of net zero emissions in our operations by 2050.
- Over the past five years, Cargojet has undertaken a fleet renewal program to replace the original aircraft in the system as a significant step in reducing GHG emissions.
- In coming years, we recognize there is lot to do and we are committed to introducing long range high efficiency aircraft fleet such as the Boeing 777 freighter aircraft, which are scheduled to join our fleet in 2023.
- Implemented many initiatives regarding maintenance and engineering to reduce our carbon footprint and enhance our aircraft’s fuel efficiency.



### **Social Responsibility:**

- Throughout the COVID-19 pandemic, Cargojet has implemented many initiatives to protect the health and safety of our team, including the provision of PPE to team members and their families, hero pay to compensate team members for the greater costs of coming to work during the pandemic, and COVID testing to team members and their families.
- Continue to promote and improve resources, tools and programs for employee's development, engagement and well-being, especially in the face of the continued pandemic, including through:
  - Our Managing Your Work Hours Policy to provide flexible work schedules to team members.
  - Regular team engagement surveys which cover various aspects including work environment, relationship management, career development and work engagement.
  - Creation of in-house mentoring program.

### **Corporate Governance:**

- Amended the mandate of the Corporate Governance Committee to specifically reference responsibility over ESG issues. The Corporate Governance Committee reviews ESG issues and activities at Cargojet on a quarterly basis, along with whistleblower updates and responsible for the review and monitoring of the ESG Report.
- Updated our ESG Policy, a long-standing document that articulates the company's values and ESG priorities. To better communicate our expectations around key sustainability topics such as climate change, diversity, safety and community, we updated the policy to reflect our renewed commitment to sustainability and its importance to our leadership, our team members and our customers and suppliers.
- Created an ESG Report that will be monitored by the Corporate Governance Committee.

## **CORPORATE PERFORMANCE AND COMPENSATION LINKAGES**

### **2021 Key Accomplishments**

In 2021, Cargojet was able to achieve numerous important performance milestones and accomplish key strategic objectives. The following is a summary of these accomplishments, among others:

- continued its diversification strategy to develop and focus on other lines of business such as ACMI and All-in Charters, including the expansion of its dedicated ACMI aircraft agreement with DHL Express, with a positive impact on year-on-year growth and overall margins;
- completed a bought deal offering of 1,713,500 common voting shares (including the over-allotment option) for gross proceeds to the Company of \$365 million;
- expanded upon the existing commercial relationship with Amazon to operate two Amazon-owned aircrafts as part of the Amazon Air network;
- completed a strategic minority investment in 21 Air LLC;
- expanded its fleet and routes with the acquisition of five new aircrafts to meet domestic and international growth opportunities;
- strengthened its balance sheet with an overall reduction of \$265.2 million in net debt in 2021;
- record revenue of \$756.8 million, \$88.3 million or 13.2% over 2020;

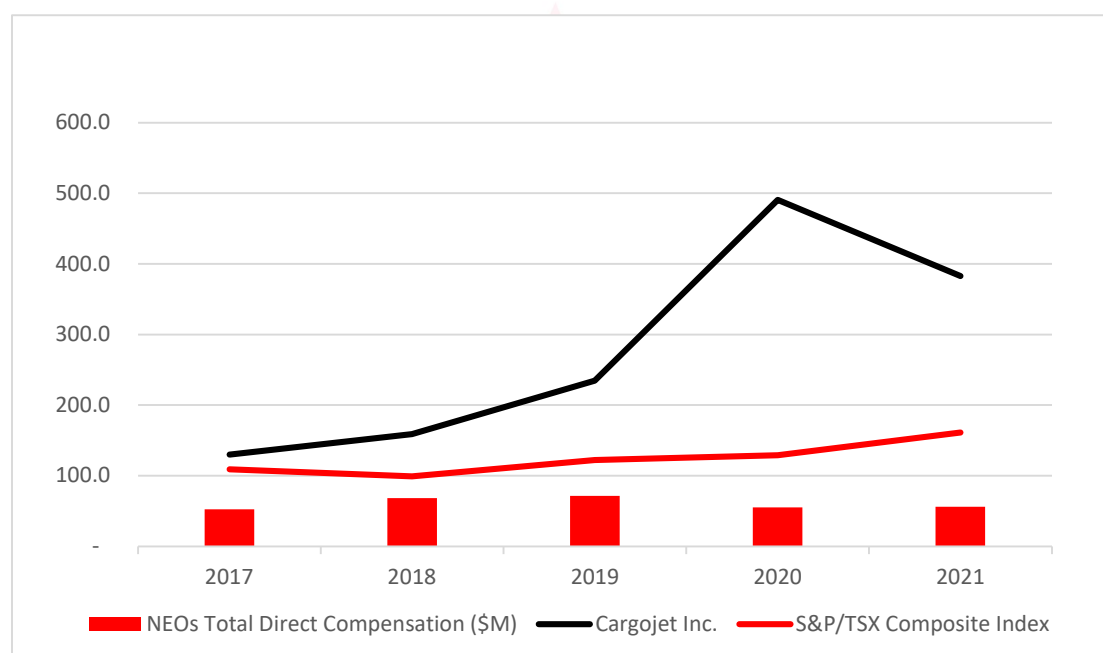


- record Adjusted EBITDA<sup>(1)</sup> of \$293.1 million, \$11.4 million or 4% over 2020;
- achieved Net income of \$167.4 or \$9.73 earning per share compared to a Net loss of \$87.8 million or \$5.63 loss per share in 2020; and
- created an ESG Report that will be monitored by the Corporate Governance Committee.

(1) Non-GAAP financial measure and not a standardized financial measure recognized by IFRS. See “Non-GAAP Measures” and “End Notes” in the Company’s most recent MD&A available on SEDAR at [www.sedar.com](http://www.sedar.com) for a discussion of the composition of non-GAAP financial measures, use and purpose and a quantitative reconciliation to the most directly comparable financial measure presented in the Company’s primary financial statements. This information is incorporated by reference into this Circular.

### Performance Graph – Total Shareholder Return and NEO Direct Compensation

The following graph compares the yearly percentage change in the cumulative total shareholder return for \$100 invested in Voting Shares on January 1, 2017 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Company, assuming the reinvestment of all distributions and dividends, as applicable.



	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021
Cargojet Inc.	130.2	159.0	234.5	490.7	382.7
S&P/TSX Composite Index	109.1	99.4	122.1	129.0	161.3
NEOs Total Direct Compensation (\$M)	8.7	11.4	11.9	9.2	9.3
Number of NEOs	5	6	6	5	5
Adjusted EBITDA <sup>(1)</sup> (\$M)	109.5	128.0	156.0	281.7	293.1
NEO TDC as a % of Adjusted EBITDA	7.9%	8.9%	7.6%	3.3%	3.2%
Net Income	23.7	20.2	11.6	(87.8)	167.4

During the period from January 1, 2017 to December 31, 2021, the Company’s cumulative total shareholder return was 282.7% compared to the S&P/TSX Index increase of 61.3%. During this same period, the total direct

compensation awarded to our NEOs generally followed an upward trend, but of a lower magnitude as a result of the Board's commitment to tying executive compensation to corporate performance and in accordance with the evolution of the Company's scope and size. Consistently, the cost of NEOs' total direct compensation as a percentage of Adjusted EBITDA has declined sharply in 2020 and 2021 relative to previous years since NEO compensation has increased at a much slower pace than Adjusted EBITDA has.

### 2017-2021 CEO Compensation Lookback – Dr. Ajay Virmani

As part of the Company's continuing improvement process of compensation framework in step with its growth and evolving best practices, the Company will start disclosing a lookback table for Dr. Virmani, who has been CEO of the Company for more than 20 years.

The CEO lookback table compares the total direct compensation awarded to the CEO for each of the last five years and the actual value on December 31, 2021.

- The actual value includes realized value (base salary, short-term incentive payouts, vested share-based awards and exercised stock options) and realizable value (outstanding share-based awards and unexercised in-the-money stock options) on December 31, 2021.

The table also compares the actual value for each \$100 of compensation awarded to the value earned by shareholders, represented by the cumulative value of a \$100 investment in the Company's common shares made on the first trading day of the period indicated, assuming reinvestment of dividends.

The following table reflects compensation for Dr. Virmani from 2017 to 2021. With strong shareholder performance over the last five years, the CNC is satisfied with the conclusions that remain consistent with our emphasis on aligning pay and shareholder return.

Year	Total Direct Compensation Awarded (\$) <sup>(1)</sup>	Actual Value (Realized and Realizable) on December 31, 2021 (\$) <sup>(2)</sup>	Period	Value of \$100	
				President & CEO	Shareholders
2017	4,875,027	5,347,370	Jan. 1, 2017 to Dec. 31, 2021	\$110	\$383
2018	6,535,386	12,213,158	Jan. 1, 2018 to Dec. 31, 2021	\$187	\$294
2019	8,287,500	9,760,315	Jan. 1, 2019 to Dec. 31, 2021	\$118	\$241
2020	5,362,500	6,081,291	Jan. 1, 2020 to Dec. 31, 2021	\$113	\$163
2021	5,362,500	5,108,226	Jan. 1, 2021 to Dec. 31, 2021	\$95	\$78
<b>Average</b>				<b>\$125</b>	<b>\$232</b>

Notes:

- (1) Includes base salary, annual short-term incentive payouts, and LTIP value at time of grant (RSUs, PSUs and stock options).
- (2) Includes base salary, annual short-term incentive payouts, RSU/PSU value at vesting, exercised stock options and outstanding share-based awards (RSU/PSU) and in-the-money stock options at common stock share price on the Toronto Stock Exchange from December 31, 2021 of \$167.67.

## **EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation and Nominating Committee Letter to Shareholders**

Dear fellow Shareholders,

On behalf of the Board of Directors, the CNC oversees the Company's approach to executive compensation, including the Company's overall compensation philosophy and decisions regarding Named Executive Officer ("NEO") compensation. The CNC is also committed to maintaining a healthy, constructive and ongoing dialogue with you regarding the Company's compensation practices and processes, and to continuously improving the Company's compensation framework in step with its growth and evolving best practices.

### ***Compensation and Governance Highlights***

Our primary concern in 2021 was to ensure the safety of our employees, clients and business partners during this second pandemic year. Since the COVID-19 outbreak, several of our employees have had to make persistent extraordinary efforts to keep our environment safe while managing our continued growth and the strengthening of our balance sheet.

While significant efforts were exerted to respond to pandemic-related and other business imperatives, 2021 compensation-related changes were limited:

- Ms. Pauline Dhillon's base salary was adjusted in connection with her promotion the year prior to Chief Corporate Officer.
- Mr. Sanjeev Maini's pay was adjusted in connection with his appointment to Interim Chief Financial Officer;
- The target pay of other NEOs remained unchanged;
- Management bonuses paid at maximum as a result of our record Adjusted EBITDA performance;
- Long-term incentive grants were awarded at target;
- There were no special awards in 2021;
- Dr. Ajay Virmani's pension compensatory value was negative because of his voluntarily agreement to cap his pension entitlement under the Individual Pension Plan and Supplemental Pension Plan at an annual lifetime annuity of \$1,500,000; and
- Created an ESG Report that will be monitored by the Corporate Governance Committee.

### ***2021 Cargojet Performance and CEO Compensation***

2021 was another year of excellent operational performance for Cargojet. The year over year growth of revenue was of 13.2% and of Adjusted EBITDA was of 4.0%, both above our 2021 targets. These improvements were achieved over 2020 results which were already very strong.

As a result, our CEO received a STIP award corresponding to 250% of target, the maximum under the STIP, as well as an LTIP grant at target allocated 66.67% in PSUs and 33.33% in stock options. The PSUs have no minimum vesting and vest based on absolute ROIC goals and on the Company's TSR relative to the S&P/TSX Composite Index over the 2021-2023 performance cycle.

The Board and the CNC have been very successful at linking CEO compensation to company performance and Shareholder return. Our lookback analysis shows that, since 2017, annual investments of \$100 by shareholders increased in value to \$252 on average, while each \$100 of total direct compensation awarded to Dr. Virmani led to an average of \$125 of realized and realizable pay as of the end of 2021. See “2017 - 2021 CEO Compensation Lookback – Dr. Ajay Virmani”.

### ***Engagement with Shareholders***

We are committed to engaging effectively and continuously with shareholders. We value the feedback we receive through these interactions, as evidenced by recent changes to our compensation program and compensation governance and risk management practices, and we will certainly continue to welcome your comments, suggestions and questions at [pdhillon@cargojet.com](mailto:pdhillon@cargojet.com).

On behalf of the CNC and the Board of Directors, I encourage you to take some time to read the Executive Compensation Discussion and Analysis.

Sincerely,

“ John Webster”

\_\_\_\_\_  
John Webster, Chair  
Compensation and Nominating Committee



## Introduction

This Executive Compensation Discussion and Analysis (“**CD&A**”) discloses certain financial and other information relating to the compensation of the Company’s Founder / President & CEO, the Chief Financial Officer and the Company’s three most highly compensated executive officers (other than the CEO and CFO) (together with the CEO and CFO, the “**Named Executive Officers**” or “**NEOs**”).

This CD&A is intended to provide Shareholders with an understanding of the Company’s approach to compensation, including a description of the decisions and processes involved, the different components of the Company’s compensation program, components of NEO compensation for the financial year ended December 31, 2021, and the rationale for NEO compensation levels. The NEOs for the financial year ended December 31, 2021 were:

- (a) Dr. Ajay Virmani, Founder / President & Chief Executive Officer (“**CEO**”)
- (b) Jamie Porteous, Chief Strategy Officer (“**CSO**”)
- (c) Pauline Dhillon, Chief Corporate Officer (“**CCO**”)
- (d) John Kim, Chief Financial Officer (“**Former CFO**”)<sup>(1)</sup>
- (e) Sanjeev Maini, Interim Chief Financial Officer (“**Interim CFO**”)<sup>(1)</sup>
- (f) Paul Rinaldo, Senior Vice President Engineering and Maintenance

<sup>(1)</sup> Effective May 31, 2021, Mr. Kim retired as Chief Financial Officer of the Company, and Mr. Maini, the then Vice President of Finance, assumed the position of Interim CFO.

## Executive Compensation Philosophy

The Company’s executive compensation practices are designed to attract, motivate and retain a leadership team that will create long-term and sustainable value for Shareholders. Accordingly, the Company’s executive compensation program is based on the following principles:

- (a) compensation levels should be fair and competitive with the market;
- (b) compensation should help to retain and motivate executives who are critical to the Company’s long-term success;
- (c) compensation should reward overall business performance and should encourage an environment of teamwork and collaboration;
- (d) compensation should align the interests of the Company’s executives with those of Shareholders; and
- (e) compensation should not encourage the Company’s executives to expose the Company to inappropriate or excessive risk.

In order to achieve these objectives, the compensation paid to executive officers consists primarily of the following three components: (a) base salary; (b) short-term incentive in the form of the short-term incentive plan (the “**STIP**”) participation; and (c) long-term incentive in the form of the long-term incentive plan (“**LTIP**”) participation.

## Compensation and Nominating Committee’s Mandate

The responsibilities of the CNC include assisting the Board in fulfilling its oversight responsibilities with respect to, among other things:

- ensuring that compensation programs are competitive so that the Company can attract, motivate and retain high caliber individuals and make recommendations to the Board as to such matters;
- reviewing the performance and compensation of the President and Chief Executive Officer and other executive officers;
- reviewing performance objectives for STIP and LTIP purposes and review long-term incentive grants;
- determining individual participation in, and the level of participation thereof, in the LTIP, along with the LTIP award conditions in accordance with its terms;
- assisting the Board concerning the appointment, hiring, compensation, benefits and termination of executive officers and all other significant employees of the Company;
- reviewing all aspects of compensation paid to the members of the Board; and
- reviewing the Company’s approach to matters of nominations to the Board.

The CNC met four times in 2021 and worked closely with the independent executive compensation advisor to ensure that the Company’s compensation programs are aligned with Shareholders’ interest and fully support the Company’s business strategy.

#### **Composition of the Compensation and Nominating Committee**

The CNC is comprised of John Webster (Chair), Paul Godfrey, and Arlene Dickinson, all of whom have relevant direct experience in matters of executive compensation and are “independent” within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

The Board recognizes that the current members of the CNC have the experience and knowledge to review and make recommendations to the Board regarding executive compensation and human resources matters. Specifically, the biographies of the current members of the CNC as set out under “*Director Nominees*” highlight their skills and experiences relevant to the CNC’s responsibility with respect to executive compensation.

#### **Risk Oversight**

The Board knows that compensation practices can have unintended risk consequences. The CNC is responsible for risk oversight of the Company’s compensation policies and practices and in that regard, works to identify and stop any compensation practice that might encourage an employee to expose the Company to inappropriate or excessive risk and have a material adverse effect on the Company. The CNC considers the balance between long-term objectives and short-term financial goals incorporated into the Company’s executive compensation program. The Board rewards individuals for the success of the Company once that success has been demonstrated. In addition, a significant portion of each executive’s total compensation is equity-based with extended vesting periods in order to motivate executives to focus on long-term results. The Company has adopted the following practices to mitigate compensation-related risks:

- a cap on all STIP payouts and PSU vesting;
- a Clawback Policy that enables the Board, at its discretion, to cancel some or all vested or unvested incentive awards to executives and to recoup incentive awards that have been already paid or vested taking into account any considerations it deems appropriate, including, the applicable governing law including the likelihood of success and the cost of pursuing recovery, any prejudice to the interests of the Company, including in any related proceeding or investigation, and the participation of the executive officer in the circumstances relating to serious misconduct, a breach to the Company’s Code, non-compliance with

applicable laws and regulations and accounting fraud or actions that results in the need for the correction or restatement of financial results;

- an anti-hedging provision in the Company’s Insider Trading Policy prohibits the Company’s employees from directly or indirectly buying or selling a call, a put or any other financial instruments on Company’s securities designed to hedge, monetize or offset a decrease in the market value of Company’s securities;
- executive officer share ownership guidelines; and
- a “double-trigger” change of control provision in respect of the acceleration of vesting of awards in the Company’s Omnibus Long-Term Incentive Plan (the “**Omnibus Incentive Plan**”) and Performance Share Unit Plan (the “**PSU Plan**”) (and in each of the Company’s Restricted Share Unit Plan (the “**RSU Plan**”) and Stock Option Plan (the “**Option Plan**”), which requires two events to accelerate the vesting of awards. The “double-trigger” provision requires that a change of control occurs and that the participant’s employment be terminated without cause within 24 months of the change of control.

### **Role of Management in Compensation Decisions**

The CFO assists the CEO in developing and presenting to the CNC all of management’s recommendations and supporting material pertaining to the compensation of the NEOs and other senior executives. In addition, the CFO works with the Chair of the CNC to plan the annual agenda and to prepare materials for each meeting of the CNC. The CEO is invited to attend all regular meetings of the CNC. An *in camera* session, during which management is not in attendance, which is held during each CNC meeting.

### **Role of Independent Advisors in Compensation Decisions**

The CNC has the authority to select, engage and compensate external executive compensation consultants to carry out its duties. In 2020 and 2021, Hexarem Inc. (“**Hexarem**”), was engaged as an external independent advisor to provide ongoing advisory services to the CNC, including ongoing compensation advisory services to the CNC and analyses of market trends and practices. The following table presents the fees paid to Hexarem:

<b>Fiscal Year</b>	<b>Advisor</b>	<b>Executive compensation-related fees (\$)</b>	<b>All other fees (\$)</b>
2021	Hexarem	23,834	--
2020	Hexarem	33,875	--

### **Liability Insurance**

The Company provides insurance for the benefit of the directors and officers of the Company against liability incurred by them in acting within their capacities. The current annual policy limit is \$40.0 million, including Difference in Conditions (DIC) excess liability coverage of \$10.0 million, and a policy deductible of \$50,000 and a deductible of \$100,000 for securities claims only. For the policy year of November 1, 2021 to November 1, 2022, the Company paid an annual premium of \$124,340 for this insurance. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the directors and officers of such entity.



## Named Executive Officers' Compensation

The total direct compensation awarded to NEOs consists primarily of the following three components described in this section:

- base salary;
- short-term incentives; and
- long-term incentives.

### 2021 Direct Pay Mix at Target

The direct compensation mix varies based on the level of the executive to reflect the impact of more senior roles on overall Company performance. The base salary portion of executive compensation is fixed, while the annual short-term and long-term incentive portions are performance-based and are variable. The target mix of the direct compensation components for the NEOs for fiscal 2021 is shown in the following table:

Name	Total Direct Compensation Mix at Target <sup>(1)</sup>			Variable Compensation <sup>(1)</sup>
	Base Salary	Short-term Incentives	Long-term Incentives	
Dr. Ajay Virmani	31%	46%	23%	69%
Jamie Porteous	47%	30%	23%	53%
Pauline Dhillon	49%	32%	20%	51%
John Kim	-	-	-	-
Sanjeev Maini <sup>(2)</sup>	61%	24%	15%	39%
Paul Rinaldo	56%	22%	22%	44%

Note:

- (1) Percentages have been rounded to the nearest whole number.
- (2) Pay mix reflects long-term incentive awards granted prior to appointment as Interim CFO.

### Executive Ownership Guidelines

The Board believes it is important that the members of the executive team demonstrate their commitment to the Company's long-term performance through share ownership. The Company has implemented share ownership guidelines for its Chief Executive Officer and members of senior management, being those executives holding the titles of Senior Vice President and above. The Chief Executive Officer is required to maintain a minimum investment in Cargojet shares equal to three times the annual base salary. The members of management holding the title of Senior Vice President and above are required to maintain a minimum investment in Cargojet shares equal to one time their annual base salary. In both cases, such investment may be satisfied in the form of Voting Shares, PSUs, RSUs and "in-the-money" vested Options. Each member of the executive team must satisfy these guidelines by the later of: (i) March 1, 2019 and (ii) within 5 years of their appointment to an eligible position. As at the date hereof, all NEOs have met the required level of share ownership.

Name	Share Ownership						Ownership Requirement (\$)	Meets Requirement
	Voting Shares	RSUs	PSUs	Options	Total Number of Units	Total Value of Units (\$) <sup>(1)</sup>		
Dr. Ajay Virmani	411,500	-	12,335	14,533	438,368	71,217,899	2,925,000	Yes
Jamie Porteous	13,859	1,572	4,175	4,919	24,525	3,475,525	495,000	Yes
Pauline Dhillon	10,207	953	2,175	2,647	15,982	2,322,836	650,000	Yes
Sanjeev Maini <sup>(2)</sup>	-	-	805	961	1,766	173,235	211,000	In progress
Paul Rinaldo	2,625	318	1,687	1,987	6,617	855,953	250,000	Yes

Note:

- (1) The Company's Voting Shares, trading under the symbol "CJT" on the TSX, closed at \$166.57 per share on December 31, 2021. The market value of the Company's Voting Shares, RSUs and PSUs units was calculated as the closing price of the Company's Voting Shares, on December 31, 2021 multiplied by the number of Voting Shares, RSUs or PSUs. PSUs are shown at target. The in-the-money value of vested Options is included in the Total Value of Units.
- (2) Effective May 31, 2021, Mr. Maini, the then Vice President of Finance, assumed the position of Interim CFO.

### Competitive Benchmarking

In order to attract and retain effective and innovative leadership, the Company seeks to ensure that its executive compensation programs remain competitive with its market. Hexarem benchmarks the CEO's total compensation against relevant market practices reflecting current job scope, company challenges and individual track record at the request of the CNC.

The Company has adopted the following peer group to establish the CEO's compensation:

Companies (n=20)	North American Peer Group														
Air Transport Services Group Inc.	<ul style="list-style-type: none"> <li>• The air cargo marketplace does not count a sufficient number of publicly-traded companies to create a robust enough comparator group for benchmarking purposes</li> <li>• In North America, the very few similar and publicly-traded companies include Atlas Air Worldwide and Air Transport Services Group</li> <li>• Consequently, we have broadened our selection criteria by selecting:                             <ul style="list-style-type: none"> <li>– Companies in sectors where skill sets and challenges are comparable to those of Cargojet's</li> <li>– Similarly-sized companies in terms of EBITDA, enterprise value and total return to shareholders</li> </ul> </li> <li>• 20 companies (13 are US-based and 7 Canadian-based) were selected</li> </ul> <div style="margin-top: 20px;"> <table border="0" style="margin-left: 40px;"> <tr> <td>Supply chain and logistics software</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Third-party logistics</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Airline / Cargo</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Aerospace</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Ground transportation and logistics</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Digital e-commerce solutions</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Warehouse and transportation</td> <td style="text-align: right;">1</td> </tr> </table> </div>	Supply chain and logistics software	4	Third-party logistics	4	Airline / Cargo	4	Aerospace	3	Ground transportation and logistics	2	Digital e-commerce solutions	2	Warehouse and transportation	1
Supply chain and logistics software		4													
Third-party logistics		4													
Airline / Cargo		4													
Aerospace		3													
Ground transportation and logistics		2													
Digital e-commerce solutions		2													
Warehouse and transportation		1													
Americold Realty Trust															
ArcBest Corp.															
Atlas Air Worldwide Holdings Inc.															
CAE Inc.															
Descartes Systems Group Inc.															
Echo Global Logistics Inc.															
Forward Air Corp.															
Hawaiian Holdings Inc.															
Heroux Devtek Inc.															
Kinaxis Inc.															
Landstar System Inc.															
Magellan Aerospace Corp.															
Manhattan Associates Inc.															
Pitney Bowes Inc.															
Radiant Logistics Inc.															
SPS Commerce Inc.															
Stamps.com Inc.															
TFI International Inc.															
WestJet Airlines Ltd.															

North American Peer Group compensation data were also supplemented with statistics from a group of similarly-sized Canadian publicly-traded companies from the general industry.

### Cost of Compensation

During 2021, the Company's NEOs earned an aggregate amount of total compensation equal to \$7,763,923. This cost of compensation represents 0.01% of the Company's annual revenues and 0.03% of the Company's 2021 Adjusted EBITDA.

### **Base Salary**

Individual executive salaries are typically set with a view towards offering market-competitive fixed compensation in order to attract and retain leaders with the appropriate skill sets. The CNC, following discussions with the CEO, makes an annual recommendation to the Board for each NEO's annual salary, taking the following into consideration:

- the NEO's current positioning versus the salaries for similar roles at market comparators;
- the NEO's experience, knowledge, and performance; and
- the NEO's total compensation (i.e. including incentive compensation at target).

<b>Name</b>	<b>2021 Base Salary</b>	<b>2020 Base Salary (\$)</b>
Dr. Ajay Virmani	975,000	975,000
Jamie Porteous	495,000	495,000
Pauline Dhillon	650,000	400,000
John Kim	275,000	275,000
Sanjeev Maini	211,000	200,000
Paul Rinaldo	250,000	250,000

Ms. Dhillon's base salary was increased in 2021 in connection with her promotion to Chief Corporate Officer in 2020, whereas Mr. Maini's base salary was increased in 2021 in connection with his appointment as Interim CFO. Other NEO salaries remained unchanged.

### **Short- and Long-Term Incentive Plans**

Pay for performance is an important underlying principle of the Company's executive compensation philosophy, with the result that variable compensation represents a substantial proportion of total compensation. See "2021 Direct Pay Mix at Target" above.

The STIP is based on the Company meeting specific Adjusted EBITDA targets and the NEOs achieving specific personal performance objectives. Each year, the CNC recommends for approval by the Board the STIP design, including business performance measures, weightings, and threshold, target and maximum goals. At the end of the fiscal year, management determines the results of the STIP performance measures, and these are compared to the pre-established financial and non-financial goals. No STIP awards are normally paid for a performance measure if the result falls below the established threshold.

PSUs and stock options are normally awarded according to individual LTIP targets each year. In addition, two-thirds of the NEOs' long-term incentives are awarded in the form of PSUs which vest based on three-year post-grant performance whereas the other third is awarded in the form of stock options which vest ratably over three years and have a five-year term. The minimum PSU vesting is at 0% if three-year performance is below threshold.

### **2021 Performance and Compensation Decisions**

At the beginning of 2021, management and the CNC agreed in regard to the STIP Adjusted EBITDA threshold, target and maximum goals. The maximum STIP goal was set at \$238.9 million before management bonuses for the year ending December 31, 2021. Consistently, for the fiscal year ending on December 31, 2021, the Board has approved the following STIP payouts to each NEO based on the 2021 actual Adjusted EBITDA of \$293.1 million (Net Income of \$167.4 million) before management bonuses and their personal performance:

2021 Adjusted EBITDA Before Management Bonuses	
Maximum Goal	Actual
\$238.9 million	\$304.7 million

Name	STIP Awards Based on Adjusted EBITDA and Individual Performance (% of Base Salary)	
	Target Award	2021 Actual
Dr. Ajay Virmani	150%	375%
Jamie Porteous	65%	130%
Pauline Dhillon	65%	130%
John Kim	40%	--
Sanjeev Maini	40%	83%
Paul Rinaldo	40%	70%

All NEOs received a 2021 STIP award corresponding to their individual maximum, with the exception of Mr. Maini's whose 2021 actual STIP award was adjusted above his normal maximum to reflect his appointment as Interim CFO.

### 2021 LTIP Grants

The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Company's ability to attract, retain and motivate key personnel and reward officers and key employees for achieving long-term corporate financial targets. Pursuant to the LTIP, awards are comprised of grants from the Company's PSU Plan and Omnibus Incentive Plan.

The 2021 PSU and stock option grants were awarded according to individual LTIP targets as follows:

Name	2021 Target LTIP Award (%)	Number of PSUs Granted	PSU Grant Value (\$) <sup>(1)</sup>	Number of Stock Options Granted	Stock Option Grant Value (\$) <sup>(2)</sup>
Dr. Ajay Virmani	75%	2,761	487,500	4,813	243,750
Jamie Porteous	50%	935	165,000	1,629	82,500
Pauline Dhillon	40%	604	106,667	1,053	53,333
John Kim	40%	--	--	--	--
Sanjeev Maini <sup>(2)</sup>	25%	199	35,167	347	17,583
Paul Rinaldo	40%	378	66,667	658	33,333

Note:

- (1) Key valuations assumptions are presented in the notes to the "Equity-based Awards" table.
- (2) Mr. Maini's 2021 LTIP grants were based on his pre-promotion target LTIP and base salary.

PSU vesting over the 2020-2022 cycle will be calculated according to the following goals:

Indicators	Weight	Threshold Goal (performance multiplier of 0.0x)	Target Goal (performance multiplier of 1.0x)	Maximum Goal (performance multiplier up to 2.5x)
Annual Absolute ROIC	50%	2020: 2.3% 2021: 4.8% 2022: TBD%	2020: 3.0% 2021: 6.4% 2022: TBD%	2020: 3.8% 2021: 8.0% 2022: TBD%
Relative TSR	50%	Cargojet's 3-year cumulative TSR is 25% below the S&P/TSX Composite Index or less	Cargojet's 3-year cumulative TSR is equal to the S&P/TSX Composite Index	Cargojet's 3-year cumulative TSR is 25% above the S&P/TSX Composite Index or more

Performance multiplier between threshold and target or between target and maximum will be interpolated according to results recorded over the three-year cycle.

The rationale to select absolute ROIC as long-term performance indicator in the PSU Plan is as follows:

- support profitable growth;
- encourage disciplined capital investments; and
- market prevalent indicator in capital intensive companies, including at direct peers.

The rationale to select relative total shareholder return (“TSR”) as long-term performance indicator in the PSU Plan is as follows:

- align executive compensation with shareholder return;
- filter-out the impact on Cargojet’s performance of Canada-wide economic conditions by using the S&P/TSX Composite Index as benchmark; and
- market prevalent indicator encouraged by institutional shareholders.

The Board believes that the S&P/TSX Composite Index is the most appropriate performance peer group for relative performance assessment purposes in the PSU Plan. As a result, it is used instead of our benchmarking peer group for relative performance evaluation purposes.

The following tables outline the burn rate for the past three years as of December 31, 2021, calculated using the TSX prescribed methodology. The burn rate is calculated by dividing the number of RSUs or stock options, as applicable, during the relevant fiscal year by the weighted average number of securities of the Company outstanding for the applicable fiscal year. Since the Company’s PSU Plan and DSU program for Directors are non-dilutive, the burn rate for outstanding PSUs and DSUs was nil for each of the last three completed fiscal years indicated in the table below:

Year	Weighted Average Number of Securities Outstanding	RSUs		Stock Options	
		Number Granted	Annual Burn Rate	Number Granted	Annual Burn Rate
2021	17,324,258	-	-	12,357	0.07%
2020	15,597,068	12,339	0.10%	26,168	0.20%
2019	15,575,084	78,336	0.50%	29,915	0.20%

The following table provides a summary, as at December 31, 2021, of the Company’s compensation plans under which equity securities of the Company are authorized for issuance:

	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights as at December 31, 2021	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at December 31, 2021 (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in The First Column) as at December 31, 2021
<b>Equity Compensation Plans Approved by Shareholders</b>			
• RSU Plan	4,115	--	Nil <sup>(2)</sup>
• Stock Option Plan	10,280	98.90	Nil <sup>(2)</sup>
• Omnibus Incentive Plan <sup>(1)</sup>	30,405	134.05	501,097 <sup>(3)</sup>
<b>Equity Compensation Plan not Approved by Shareholders</b>	--	--	--
<b>Total</b>	44,800	125.17	501,097

Notes:

- (1) Awards granted under the Omnibus Incentive Plan as of December 31, 2021 were in the form of Options.
- (2) No further awards will be granted under the RSU Plan or the Option Plan.
- (3) The maximum number of Voting Shares reserved for issuance upon the exercise or settlement for all Awards granted under the Omnibus Incentive Plan (together with any other security based compensation arrangements) is 545,897, being equal to 3.50% of the outstanding Voting Shares as of the adoption date.

The following are summaries of the Omnibus Incentive Plan, the RSU Plan, the Option Plan, and the PSU Plan.

***Omnibus Long-Term Incentive Plan***

The Omnibus Incentive Plan was approved by shareholders at the 2020 Shareholder Meeting. The Omnibus Incentive Plan allows for a variety of equity based awards that provide different types of incentives, particularly options and restricted share units (“RSUs”), to be granted to certain of our executive officers, employees and consultants. Non-executive directors will not be eligible participants. Options and RSUs are collectively referred to herein as “Awards”. The following discussion is qualified in its entirety by the text of the Omnibus Incentive Plan.

Under the terms of the Omnibus Incentive Plan, the Board, or if authorized by our Board, the CNC may grant Awards to eligible participants, as applicable. Participation in the Omnibus Incentive Plan is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, other than by will or the laws of descent and distribution.

The Omnibus Incentive Plan provides that appropriate adjustments, if any, will be made by our Board in connection with a reclassification, reorganization or other change of our Voting Shares, share split or consolidation, distribution, merger or amalgamation, in the Voting Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the Omnibus Incentive Plan.

The number of Voting Shares reserved for issuance upon the exercise or settlement for all Awards granted under the Omnibus Incentive Plan, together with any other share compensation arrangements, is 545,897, being equal to 3.50% of the outstanding Voting Shares as of the adoption date. In addition, there is a second limit under the Omnibus Incentive Plan of 155,970 RSUs, being equal to 1.00% of the outstanding Voting Shares as of the adoption

date. Any Awards exercised or settled for Voting Shares under the Omnibus Incentive Plan will not be available for future grants. As at December 31, 2021, a total of 26,168 Awards in the form of Options were issued and outstanding under the Omnibus Incentive Plan, and a total of 4,115 RSUs and 14,517 Options were issued and outstanding under the RSU Plan and Option Plan, respectively, which collectively represents approximately 0.3% of the outstanding Voting Shares as of the adoption date. As at December 31, 2021, there were no RSUs issued and outstanding under the Omnibus Incentive Plan. Accordingly, as at December 31, 2021, 501,097 Voting Shares remained available for future issuance under the Omnibus Incentive Plan, representing approximately 3.2% of the issued and outstanding Voting Shares as of the adoption date.

For the purposes of calculating the maximum number of Voting Shares reserved for issuance under the Omnibus Incentive Plan, any issuance from treasury by the Company that is issued in reliance upon an exemption under applicable stock exchange rules applicable to equity based compensation arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an insider of the Company shall not be included.

The maximum number of Voting Shares that may be: (i) issued to insiders of the Company within any one-year period; or (ii) issuable to insiders of the Company at any time, in each case, under the Omnibus Incentive Plan alone, or when combined with all of the Company's other security-based compensation arrangements, including the Option Plan and the RSU Plan, cannot exceed 10% of the aggregate number of Voting Shares issued and outstanding from time to time.

An option shall be exercisable during a period established by our Board which shall commence on the date of the grant and shall terminate no later than five years (subject to Board discretion to a maximum of ten years) after the date of the granting of the option or such shorter period as the Board may determine. The minimum exercise price of an option will be determined based on the average closing price of the Voting Shares on the TSX on the five trading days prior to the date such option is granted. The Omnibus Incentive Plan provides that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 business days after the last day of the black-out period. In order to facilitate the payment of the exercise price of the Options, the Omnibus Incentive Plan has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker assisted "cashless exercise" or a "net exercise" (in cash or Voting Shares) subject to the procedures set out in the Omnibus Incentive Plan, including the consent of the Board, where required.

The following table describes the impact of certain events upon the rights of holders of Awards under the Omnibus Incentive Plan, including termination for cause, resignation, retirement, termination other than for cause, and death or long-term disability, subject to the terms of a participant's employment agreement, grant agreement and the change of control provisions described below:



Event Provisions	Options	RSUs
Termination for cause	Immediate forfeiture of all unexercised vested and unvested Options.	Immediate forfeiture of all unvested RSUs.
Resignation, retirement and termination other than for cause	Forfeiture of all unvested Options and the earlier of the original expiry date and 90 days after resignation to exercise vested Options or such longer period as our Board may determine in its sole discretion.	Forfeiture of all unvested RSUs and the Company shall issue Shares in satisfaction of any vested RSUs.
Death or long-term disability	Forfeiture of all unvested Options and the earlier of the original expiry date and 12 months after date of death or long-term disability to exercise vested Options or such longer period as our Board may determine in its sole discretion.	RSUs shall continue to vest for a maximum period of 12 months or until the vesting date set out in the participant's grant agreement (whichever is shorter) and settle within 30 days of such period.

In connection with a change of control of the Company, the Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity, provided that the Board may accelerate the vesting of Awards if: (i) the required steps to cause the conversion or exchange or replacement of Awards are impossible or impracticable to take or are not being taken by the parties required to take such steps (other than the Company); or (ii) the Company has entered into an agreement which, if completed, would result in a change of control and the counterparty or counterparties to such agreement require that all outstanding Awards be exercised immediately before the effective time of such transaction or terminated on or after the effective time of such transaction. If a participant is terminated without cause during the 24 month period following a change of control, any Awards then outstanding shall automatically vest so that (i) Options may be exercised in whole or in part by the participant for 90 days thereafter or prior to the expiry date in respect thereof, whichever is sooner, and; (ii) RSUs shall vest and the participant shall be entitled to receive and the Company shall issue Voting Shares in satisfaction of such RSUs.

The Board may, in its sole discretion, suspend or terminate the Omnibus Incentive Plan at any time, or from time to time, amend, revise or discontinue the terms and conditions of the Omnibus Incentive Plan or of any securities granted under the Omnibus Incentive Plan and any grant agreement relating thereto, subject to any required regulatory and TSX approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Incentive Plan or as required by applicable laws.

Our Board may amend the Omnibus Incentive Plan or any securities granted under the Omnibus Incentive Plan at any time without the consent of a participant provided that such amendment shall: (i) not adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Incentive Plan; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX; and (iii) be subject to shareholder approval, where required by law, the requirements of the TSX or the Omnibus Incentive Plan, provided however that shareholder approval shall not be required for the following amendments and our Board may make any changes which may include but are not limited to:

- any amendment to the vesting provisions, if applicable, or assignability provisions of Awards;
- any amendment regarding the effect of termination of a participant's employment or engagement;
- any amendment which accelerates the date on which any Award may be exercised under the Omnibus Incentive Plan;

- any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body;
- any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Omnibus Incentive Plan, correct or supplement any provision of the Omnibus Incentive Plan that is inconsistent with any other provision of the Omnibus Incentive Plan, correct any grammatical or typographical errors or amend the definitions in the Omnibus Incentive Plan;
- any amendment regarding the administration of the Omnibus Incentive Plan; and
- any other amendment that does not require the approval of shareholders pursuant to the amendment provisions of the Omnibus Incentive Plan, provided that the alteration, amendment or variance does not:
  - reduce the exercise price of Awards benefitting an insider of the Company;
  - extend expiration date of an Award benefitting an insider of the Company, except in the case of an extension due to black-out period;
  - remove or exceed the insider participation limits;
  - increase the maximum number of Voting Shares issuable under the Omnibus Incentive Plan, other than an adjustment pursuant to a change in capitalization;
  - amend the amendment provisions of the Omnibus Incentive Plan.

#### ***Restricted Share Unit Plan***

As at December 31, 2021, a total of 4,115 RSUs are issued and outstanding under the RSU Plan, representing negligible percentage of the issued and outstanding Voting Shares of the Company on both a non-diluted and fully-diluted basis as of the adoption date of the Omnibus Incentive Plan. All prior RSUs granted under the RSU Plan are governed by the terms of the RSU Plan. However, no further RSUs will be granted under the RSU Plan. Awards granted following the approval of the Omnibus Incentive Plan by shareholders at the 2020 Shareholder Meeting are and will be hereafter granted under and governed by the Omnibus Incentive Plan (or any successor plan).

#### ***Stock Option Plan***

As at the end of our most recently completed financial year ended December 31, 2021, a total of 40,685 options are issued and outstanding under the Option Plan, representing approximately 0.2% of the issued and outstanding Voting Shares of the Company on both a non-diluted and fully-diluted basis as of the adoption date of the Omnibus Incentive Plan. All prior options granted under the Option Plan are governed by the terms of the Option plan. However, no further options will be granted under the Option Plan. Awards granted following the approval of the Omnibus Incentive Plan by shareholders at the 2020 Shareholder Meeting are and will be hereafter granted under and governed by the Omnibus Incentive Plan (or any successor plan).

#### ***Performance Share Unit Plan***

In 2019, the Company introduced cash-settled performance share units granted under the Performance Share Unit Plan to its LTIP. The Company believes that PSUs are aligned with its compensation philosophy, reward executives for demonstrated performance and ensure strong long-term alignment between executive and employee interests with those of Shareholders.

The following is a brief summary of certain attributes and characteristics of the PSU Plan. Capitalized terms not defined in this section have the meanings given to them in the PSU Plan.

The PSU Plan consists of cash-settled units vesting based on three-year performance objectives approved on the grant date, specifically vesting of the PSUs is tied to performance indicators related to ROIC and relative TSR. There is no guaranteed minimum vesting of PSUs. See “2021 LTIP Grants”.

The cash amount payable by the Company to a participant in respect of the applicable number of vested PSUs will be determined by multiplying the number of such PSUs by the Fair Market Value on the date a determination is required, namely the earliest of (i) the last date of any Applicable Period, (ii) the Termination Date, (iii) the vesting date set out in any Grant Agreement, or (iv) the Latest Settlement Date.

The PSU Plan includes various provisions in respect of vesting and settlement of PSUs in the event of a participant’s termination of service with the Company. Subject to the terms of a participant’s employment agreement, grant agreement and the change of control provisions described below:

- in the event of a participant’s death or disability, unvested PSUs will continue to vest for a maximum period of 12 months or until the vesting date set out in the grant agreement (whichever is shorter and being the “**Applicable Period**”) and settle within 30 days of such period on a pro-rata basis based on the number of months of active service or employment between the Award Date and the last date of the Applicable Period, and assuming target performance objectives have been achieved;
- in the event of a participant’s termination with Cause or resignation without Good Reason, the date on which any unvested PSUs held by such participant expire is the participant’s Termination Date, subject to the Board determining otherwise;
- in the event of a participant’s retirement, any unvested PSUs will vest and settle within 30 days of the Termination Date on a pro-rata basis based on the number of months of active service or employment between the Award Date and the Termination Date, and assuming target performance objectives have been achieved; and
- upon a participant’s Good Leaver Termination, any unvested PSUs will vest and settle at the end of the applicable performance period (following the determination of the Board) on a pro-rata basis based on the number of completed months of active service or employment between the Award date and the Termination Date, at the performance level actually achieved by the Company, as determined by the Board.

Subject to any provisions with respect to vesting of PSUs in a participant’s employment agreement with the Company, in the event of a Change of Control of the Company (as such term is defined in the PSU Plan), all PSUs then outstanding shall automatically vest based on a pro-rata assessment of performance up to the time of the Change of Control upon an involuntary termination of employment or resignation for good reason within 24 months of the Change of Control.

## Summary Compensation Table

The following table provides information for the financial years ended December 31, 2021, 2020 and 2019 regarding compensation paid to or earned by the NEOs.

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$) <sup>(2)</sup>	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation - Annual Incentive Plans (\$) <sup>(1)</sup>	Pension Value (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation (\$) <sup>(5)</sup>
Dr. Ajay Virmani <sup>(1) (5)</sup> Founder, President & Chief Executive Officer	2021	975,000	487,500	243,750	3,656,250	(2,424,790)	211,200	3,148,910
	2020	975,000	487,500	243,750	3,656,250	6,307,000	219,322	11,888,822
	2019	975,000	3,412,500	243,750	3,656,250	1,233,730	211,200	9,732,430
Jamie Porteous Executive Vice President and Chief Commercial Officer	2021	495,000	165,000	82,500	643,500	13,915	110,400	1,510,315
	2020	495,000	660,000	82,500	563,063	13,915	2,611,415	4,425,893
	2019	495,000	165,000	82,500	563,063	13,250	110,400	1,429,213
Pauline Dhillon Chief Corporate Officer	2021	550,077	106,667	53,333	845,000	13,915	64,616	1,633,608
	2020	400,000	380,000	40,000	455,000	13,615	1,549,846	2,838,461
	2019	300,000	80,000	40,000	210,000	13,250	48,000	691,250
Sanjeev Maini <sup>(6)</sup> Interim Chief Financial Officer and Vice-President	2021	211,000	35,167	17,583	175,000	10,550	24,000	473,300
	2020	199,969	30,833	15,417	219,375	9,998	24,923	500,515
	2019	170,010	84,970	15,417	54,141	8,944	24,000	357,482
John Kim Former Chief Financial Officer	2021	387,115	-	-	-	5,606	19,569	412,290
	2020	275,000	173,333	36,667	165,000	13,615	49,846	713,461
	2019	275,000	73,333	36,667	165,000	13,750	48,000	611,750
Paul Rinaldo Senior Vice President Engineering and Maintenance	2021	250,000	66,667	33,333	175,000	12,500	48,000	585,500
	2020	250,000	166,667	33,333	150,000	12,981	49,846	662,827
	2019	250,000	66,667	33,333	150,000	12,500	48,000	560,500

### Notes:

- (1) No compensation was paid to Dr. Virmani in his capacity as a director.
- (2) Regular share-based awards were granted in the form of PSUs for 2021, 2020 and 2019. See "2021 LTIP Grants – Performance Share Unit Plan". The special 2019 bonus awarded to Dr. Virmani in connection with the closing of the strategic agreement with Amazon was settled in RSUs in lieu of cash to increase shareholder alignment over the first years of the agreement. The special 2020 bonus awarded to the other NEOs in connection with the 2019 closing of the strategic agreement with Amazon was settled in RSUs in lieu of cash to increase shareholder alignment over the first years of the agreement.
- (3) Compensatory value of the pension arrangements (SRP and IPP) for Dr. Virmani. Amounts contributed by the Company to the Company's Deferred Profit Sharing Plan for other NEOs.
- (4) Details of all other compensation are provided in the following tables.
- (5) On March 3, 2021, Dr. Virmani voluntarily agreed, and the Board approved, that his pension entitlement under the IPP and SRP (defined herein) will be capped at an annual lifetime annuity of \$1,500,000 effective December 31, 2020. Absent Dr. Virmani's voluntary agreement, the Pension Value in this table would have been \$10,079,000, consistent with the change in compensatory pension value accrued in the Company's audited annual financial statements in respect of the year ended December 31, 2020 which were issued on March 1, 2021. This accrual was required in the annual financial statements as a result of the impact of the significant appreciation of the Company's Voting Shares in fiscal 2020 on Dr. Virmani's total earnings for the same period. The Company currently expects a partial reversal of this accrual to reflect the updated change in pension benefit value in its interim financial statements in the respect of the first quarter of fiscal 2021.
- (6) Effective May 31, 2021, Mr. Maini, was appointed Interim CFO. Mr. Maini previously served as Vice President of Finance.

### Perquisites and Benefits

Dr. Virmani, Mr. Porteous and Ms. Dhillon are provided with an annual car allowance and home office allowance, health and other benefits. For 2021, the aggregate annual perquisites and benefits amounted to \$211,200 for Dr. Virmani, \$110,400 for Mr. Porteous and \$64,616 for Ms. Dhillon. For 2021, Mr. Maini and Mr. Rinaldo were each provided with a car allowance of \$24,923, and \$48,000, respectively.

Name	Year	Automobile Allowance (\$) <sup>(1)</sup>	Home Office Allowance (\$)	Health Club and Other Memberships (\$)	Proposed Pension Arrangement (\$)	Total All Other Compensation (\$)
Dr. Ajay Virmani	2021	120,000	43,200	48,000	-	211,200
	2020	124,615	44,861	49,846	-	219,322
	2019	120,000	43,200	48,000	-	211,200
Jamie Porteous	2021	84,000	14,400	12,000	-	110,400
	2020	84,000	14,953	12,462	2,500,000	2,611,415
	2019	84,000	14,400	12,000	-	110,400
Pauline Dhillon	2021	56,308	4,486	3,462	-	64,616
	2020	49,846	-	-	1,500,000	1,549,846
	2019	48,000	-	-	-	48,000
Sanjeev Maini	2021	24,923	-	-	-	24,923
	2020	24,000	-	-	-	24,000
	2019	19,846	-	-	-	19,846
John Kim	2021	19,569	-	-	-	19,569
	2020	49,846	-	-	-	49,846
	2019	48,000	-	-	-	48,000
Paul Rinaldo	2021	48,000	-	-	-	48,000
	2020	49,846	-	-	-	49,846
	2019	48,000	-	-	-	48,000

Note:

- (1) Automobile allowances are paid to NEOs per their respective employment agreements for the capital or lease cost of the vehicle and all related operating costs including, fuel, repairs, parking, and insurance.
- (2) One-time compensatory value of special pension arrangements for two NEOs, with which was proposed in fiscal 2020 and the final design approved in fiscal 2021.
- (3) Effective May 31, 2021, Mr. Maini, was appointed Interim CFO. Mr. Maini previously served as Vice President of Finance.

### All-Employee Pension Plan

The Company offers a Deferred Profit Sharing Plan (“DPSP”) to all permanent full-time and part-time employees. The Company matches employee contributions made in the year to the employee’s group RRSP. For employees with less than five years of continuous service the rate is 3%, for employees with more than five years of continuous service the rate is 4% and for employees with more than ten years of continuous service the rate is 5%. DPSP contributions become vested upon the completion of two years of plan membership.

### Founder / President & Chief Executive Officer Pension Arrangements

The Company has an Individual Pension Plan (“IPP”) and Supplemental Pension Plan (“SRP”) for the Founder / President & CEO. In approving the IPP and SRP, the Board considered the exceptional growth achieved by the Company under the CEO’s leadership and recognized that Cargojet had reached a substantially higher level of market capitalization over the past several years. The Board determined that the CEO was essential to the past and future success of Cargojet. In light of Cargojet’s success, the Board completed a comprehensive compensation analysis of the competitive and comparative companies in the industry. To recognize the CEO’s many years of service with the Company, his founding of Cargojet, and his leadership in the building and success of the Company, and as an incentive for retention, the Board approved the IPP and SRP for the CEO.

The IPP is a registered, defined contribution pension plan that requires the Company to make monthly contributions to the IPP in an amount equal to the lesser of (i) the Money Purchase Limit (as defined in Section 147.1 of *Income Tax Act* (Canada)) for the year and (ii) 18% of the CEO's compensation, as defined for this purpose in the *Income Tax Act* (Canada), from the Company for the month, until such time as such contributions in respect of the year equals the lesser of (i) the Money Purchase Limit for the year and (ii) 18% of the CEO's compensation from the Company for the year. The Money Purchase Limit, and therefore the Company's maximum required contribution under the IPP, was \$29,210 for 2021 and will be **\$30,780** for 2022. The amount contributed by the Company will be made to an account with London Life Insurance Company and will be invested in accordance with instructions provided by the Company and applicable laws. Under the IPP, the amount of the pension payable to the CEO on his retirement or death will be an amount that can be purchased from the net balance in the IPP account. The CEO may elect to take the pension in monthly intervals in accordance with the *Pension Benefits Standards Act* for the remainder of his lifetime or over a guaranteed period not exceeding 15 years. If the CEO dies, his spouse will be entitled to 60% of the amount payable to the CEO in respect of his pension under the IPP. The following table present the current status of the IPP as at December 31, 2020:

Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Non-Compensatory (\$)	Accumulated Value at End of Year (\$)
Dr. Ajay Virmani	121,735	29,210	16,628	167,573

The SRP is an unfunded, non-registered supplemental defined benefit pension arrangement. The benefits under the SRP will be offset by the actuarial equivalent of the IPP account balance. In combination with the IPP, the SRP will provide the CEO with an annual pension equal to 2% of his 3-year final average earnings for each year of credited service subject to an annual lifetime annuity cap of \$1,500,000 (see table below). Credited service under the SRP includes service from the CEO's date of hire, and pensionable earnings include employment income as reported on the Canada Revenue Agency Form T4 *Statement of Remuneration Paid*, excluding (i) LTIP earnings; (ii) other securities-based earnings; and (iii) earnings in respect of a partial calendar year. The SRP pension is payable upon cessation of the CEO's employment and is fully vested since December 31, 2020.

The SRP does not provide benefit for pre-retirement death, however, his spouse would receive 60% of the amount he was receiving, or would have received under the SRP if he commenced the pension on the date of his death, for the rest of her life. The following table present the current status of the SRP as at December 31, 2021:

Name	Number of Years Credited Service <sup>(1)</sup>	Annual Benefits Payable (\$) <sup>(2)</sup>		Opening Present Value of Defined Benefit Obligation (\$) <sup>(3)</sup>	Compensatory Changes (\$) <sup>(4)</sup>	Non-compensatory Changes (\$) <sup>(5)</sup>	Closing Present Value of Defined Benefit Obligation (\$) <sup>(6)</sup>
		At Year End	At Age 65				
Dr. Ajay Virmani	20.25	1,500,000	1,500,000	26,043,000	(2,454,000)	1,149,000	24,738,000

Notes:

- (1) The number of years credited service reflects Dr. Virmani's actual tenure with the Company as at December 31, 2021.
- (2) Annual benefits payable are calculated as the amount equal to two percent of Dr. Virmani's 3-year final average earnings for each year of credited service, with an overall cap on the target pension (before offsets) of \$1,500,000. Annual benefits are 100% vested as of December 31, 2020.
- (3) The pension plan was established on December 31, 2016. The opening present value of defined benefit obligation represents the value of pension benefits for company service rendered prior to December 31, 2020 and is based on actuarial assumptions as at December 31, 2019. The actual assumptions include the following:
  - i. Discount Rate: 2.5% per year
  - ii. Increase in pensionable earnings: 2.0% per year
  - iii. Inflation: 2.0% per year
  - iv. Longevity post retirement: CPM2014 mortality table with generational mortality improvements using CPM-B Improvement Scale



- v. Retirement age: 65 years
- (4) Compensatory changes represent the value of pension benefits accrued during the Company's most recently completed financial year due to the accumulation of company service and changes in salaries or terms of the pension plan. It includes services costs, differences between actual and estimated earnings and any plan changes that have retroactive impact. On March 3, 2021, Dr. Virmani voluntarily agreed, and the Board approved, that his pension entitlement under the IPP and SRP (defined herein) will be capped at an annual lifetime annuity of \$1,500,000 effective December 31, 2020. Absent Dr. Virmani's voluntary agreement, the Pension Value in this table would have been \$10,079,000, consistent with the change in compensatory pension value accrued in the Company's audited annual financial statements in respect of the year ended December 31, 2020 which were issued on March 7, 2022. This accrual was required in the financial statements as a result of the impact of the significant appreciation of the Company's Voting Shares in fiscal 2020 on Dr. Virmani's total pensionable earnings for the same period.
- (5) Non-compensatory changes include changes to the pension plan assumptions including the discount rate and inflation rate.
- (6) The closing present value of defined benefit obligation at the end of the Company's most recently completed financial year represents the value of pension benefits for company service rendered prior to December 31, 2020 and is based on actuarial assumptions as at December 31, 2021. The actuarial assumptions include the following:
- Discount Rate: 3.1% per year
  - Increase in pensionable earnings: 2.0% per year
  - Inflation: 2.0% per year
  - Longevity post retirement: CPM2014 mortality table with generational mortality improvements using CPM-B Improvement Scale
  - Retirement age: 66 years

### Equity-based Awards

The following table presents the grant-date value of share-based and option-based grants awarded to NEOs over the last three years.

Name	Year	Share-based Awards			Options-based Awards (\$) <sup>(2)</sup>
		RSU Grants (\$) <sup>(1)</sup>	PSU Grants (\$) <sup>(1)</sup>	Total (\$)	
Dr. Ajay Virmani	2021	-	487,500	487,500	243,750
	2020	-	487,500	487,500	243,750
	2019	2,925,000	487,500	3,412,500	243,750
Jamie Porteous	2021	-	165,000	165,000	82,500
	2020	495,000	165,000	660,000	82,500
	2019	-	165,000	165,000	82,500
Pauline Dhillon	2021	-	106,667	106,667	53,333
	2020	300,000	80,000	380,000	40,000
	2019	-	80,000	80,000	40,000
Sanjeev Maini <sup>(3)</sup>	2021	-	35,167	35,167	17,583
	2020	-	30,833	30,833	15,417
	2019	54,137	30,833	84,970	15,417
John Kim	2021	-	-	-	-
	2020	100,000	73,333	173,333	36,667
	2019	-	73,333	73,333	36,667
Paul Rinaldo	2021	-	66,667	66,667	33,333
	2020	100,000	66,667	166,667	33,333
	2019	-	66,667	66,667	33,333

#### Notes:

- (1) Regular share-based awards were granted in the form of PSUs for 2021, 2020 and 2019. See "2021 LTIP Grants – Performance Share Unit Plan". The special 2019 bonus awarded to Dr. Virmani in connection with the closing of the strategic agreement with Amazon was settled in RSUs in lieu of cash to increase shareholder alignment over the first years of the agreement. The special 2020 bonus awarded to the other NEOs in connection with the 2019 closing of the strategic agreement with Amazon was settled in RSUs in lieu of cash to increase shareholder alignment over the first years of the agreement. The dollar amounts of the awards represent the fair value of RSUs on the date they were granted. The grant date for the RSUs was at least 10 trading days after the release of Cargojet's financial results. The value of each RSU and PSU was determined based on the volume weighted average price of the Voting Shares on the TSX for the 5 trading days preceding the grant date. RSUs normally vest annually at the rate of one third. PSUs vest at the conclusion of a three-year performance period.
- (2) The value of each Option awarded in 2021 was determined by using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:



- i. Risk free rate: 0.25%
  - ii. Dividend yield: 0.59%
  - iii. Expected volatility: 34.62%
- 3) Effective May 31, 2021, Mr. Maini, was appointed Interim CFO. Mr. Maini previously served as Vice President of Finance.

### **Outstanding Share-based and Option-based Awards**

The following table provides information regarding outstanding share-based and option-based awards as of December 31, 2021:

Name	Option-based Awards				Share-based Awards		
	Number of Unexercised Options	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-the-money Options (\$) <sup>(1)</sup>	Number of Shares or Units that Have not Vested	Market Value of Shares or Units that Have Not Vested (\$) <sup>(2)</sup>	Market Value of Vested Shares or Units that Have Not Been Distributed (\$) <sup>(3)</sup>
Dr. Ajay Virmani	3,434	98.90	Nov 28, 2024	232,382	4,929	821,024	-
	6,286	104.95	Mar 06, 2025	387,321	4,645	773,718	-
	4,813	176.56	Mar 16,2026	-	2,761	459,900	-
Jamie Porteous	1,162	98.90	Nov 28, 2024	78,634	3,240	539,687	-
	2,128	104.95	Mar 06, 2025	131,120	1,572	261,848	-
	1,629	176.56	Mar 16,2026	-	935	155,743	-
Pauline Dhillon	563	98.90	Nov 28, 2024	38,099	1,762	293,496	-
	1,031	104.95	Mar 06, 2025	63,527	762	126,926	-
	1,053	176.56	Mar 16,2026	-	604	100,608	-
Sanjeev Maini	217	98.90	Nov 28, 2024	14,685	312	51,970	-
	397	104.95	Mar 06, 2025	24,462	294	48,972	-
	347	176.56	Mar 16,2026	-	199	33,147	-
John Kim	-	98.90	Nov 28, 2024	-	318	52,969	-
	946	104.95	Mar 06, 2025	58,289	699	116,432	-
	-	176.56	Mar 16,2026	-	-	-	-
Paul Rinaldo	470	98.90	Nov 28, 2024	31,805	992	165,237	-
	859	104.95	Mar 06, 2025	52,928	635	105,772	-
	658	176.56	Mar 16,2026	-	378	62,963	-

Notes:

- (1) The Company's Voting Shares, trading under the symbol "CJT" on the TSX, closed at \$166.57 per share on December 31, 2021. The market value of unexercised in-the-money Options was calculated as the difference between exercise strike price and the closing price of the Company's Voting Shares, trading under the symbol "CJT" on the TSX on December 31, 2021 multiplied by the number of unexercised in-the-money Options.
- (2) The market value of the units that have not vested was calculated as the closing price of the Company's Voting Shares, trading under the symbol "CJT" on the TSX on December 31, 2021 multiplied by the number of RSUs that have not vested or PSUs that have not vested, at target.
- (3) There were no vested but undistributed units as at December 31, 2021.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table provides information regarding outstanding share-based and option-based awards vested or earned during the year ended December 31, 2021:

Name	Option-based Awards		Share-based Awards		Value of Non-equity Incentive Plan Compensation Earned During the Year (\$)
	Number of Options Vested During the Year	Value of Option-based Awards Vested During the Year (\$) <sup>(1)</sup>	Number of Voting Shares Vested During the Year	Value of Share-based Awards Vested During the Year (\$)	
Dr. Ajay Virmani	21,576	1,961,136	19,861	3,506,615	3,656,250
Jamie Porteous	7,227	655,982	3,110	549,095	643,500
Pauline Dhillon	6,080	581,681	1,703	300,678	845,000
Sanjeev Maini	2,083	158,111	207	36,547	175,000
John Kim	472	29,083	334	58,970	-
Paul Rinaldo	4,232	399,346	845	149,191	175,000

Note:

- (1) The earned value of vested in-the-money Options was calculated as the difference between exercise strike price and the volume weighted average price of the Company's Voting Shares, trading under the symbol "CJT" on the TSX on the vesting dates multiplied by the number of vested in-the-money Options.

### ***Termination and Change of Control Benefits***

Pursuant to the Company's employment agreements with Messrs. Virmani, Porteous and Rinaldo and Ms. Dhillon, respectively (the "**NEO employment agreements**"), these NEOs may resign by providing not less than six months written notice, with certain exceptions. The NEO employment agreements provide that if the NEO is terminated without cause, he or she is entitled to a lump sum severance payment less any required deductions. In the event that the NEO is terminated for cause, he or she is entitled to receive his or her compensation (including unused vacation pay) to the date of notice of termination.

Pursuant to their respective employment agreements, Messrs. Virmani and Porteous are bound by non-competition provisions during the period of their employment and for a period of two years after the termination of their employment for cause or voluntarily by the NEO, or for a period of one year after the termination of their employment without cause, with certain exceptions. Additionally, the employment agreements of Messrs. Virmani and Porteous include a non-solicitation provision during the term of employment of Messrs. Virmani and Porteous and for a period of two years following the termination of his employment, with or without cause.

Pursuant to their respective employment agreements, Ms. Dhillon and Mr. Rinaldo are bound by non-competition provisions during the period of their employment and for a period of one year after the termination of their employment for cause or voluntarily by Ms. Dhillon Mr. Rinaldo, or for a period of one year after the termination of their employment without cause, with certain exceptions. Additionally, the employment agreements of each of Ms. Dhillon and Mr. Rinaldo include a non-solicitation provision during the term of employment of Ms. Dhillon and Mr. Rinaldo and for a period of one year following the termination of his employment, with or without cause.

The following table provides details regarding the estimated incremental payments from the Company to each NEO on termination without cause, assuming a triggering event occurred on December 31, 2021.

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) <sup>(1)(2)</sup>
Dr. Ajay Virmani	36	2,925,000	39,946,394	644,462	43,515,856
Jamie Porteous	24	990,000	5,724,296	230,687	6,944,982
Pauline Dhillon	12	550,077	3,083,403	68,665	3,702,145
John Kim	12	-	-	-	-
Sanjeev Maini	-	-	-	-	-
Paul Rinaldo	12	250,000	873,921	50,425	1,174,347
<b>Total</b>		4,715,077	49,628,013	994,239	55,337,330

Notes:

- (1) All payments are gross of any withholding taxes and other required deductions.
- (2) Based on the T4 statements for the year ended December 31, 2021.
- (3) Mr. Maini's employment agreement not yet finalized.

Under the NEO employment agreements, each NEO will continue to receive benefits, with certain exceptions, for one year following such termination without cause.

Under the NEO employment agreements, each NEO will also receive lump sum severance payment and benefits if within one year after a "Change of Control" (as defined in the applicable employment agreement) he or she is terminated without cause or resigns for "Good Reason" (as defined in the applicable employment agreement), which is treated as a Double-Trigger. The following table provides details regarding the estimated incremental payments from the Company to each of the NEOs on a change of control assuming a triggering event occurred on December 31, 2021:

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) <sup>(1)(2)</sup>
Dr. Ajay Virmani	36	2,925,000	39,946,394	644,462	43,515,856
Jamie Porteous	24	990,000	5,724,296	230,687	6,944,982
Pauline Dhillon	24	1,100,154	6,166,806	137,330	7,404,290
John Kim	24	-	-	-	-
Sanjeev Maini	-	-	-	-	-
Paul Rinaldo	24	500,000	1,747,842	100,851	2,348,693
<b>Total</b>		5,515,154	53,585,337	1,113,330	60,213,821

Notes:

- (1) All payments are gross of any withholding taxes and other required deductions
- (2) Based on the T4 statements for the year ended December 31, 2021.
- (3) Mr. Maini's employment agreement not yet finalized.

## **OTHER IMPORTANT INFORMATION**

### **Indebtedness of Directors, Executive Officers and Employees**

As at the date hereof, no current or former director, executive officer or employee of the Company or any of its subsidiaries, as applicable, is indebted to the Company or any of its subsidiaries, nor has the indebtedness of any of them to another entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

## **Interests of Informed Persons in Material Transactions**

No informed person of the Company, proposed nominee for election as a director of the Company, or any associate or affiliate of such persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **Shareholder Engagement**

We believe that engaging and communicating directly with shareholders and other stakeholders is important for providing timely and meaningful feedback. The Board encourages shareholder attendance and participation at the Company's annual shareholder meetings as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters. Outside of the Company's annual meeting, shareholders may contact the Board at the following email address: [fgarcia@cargojet.com](mailto:fgarcia@cargojet.com). Directors make themselves available throughout the year and at every annual meeting to engage and respond to questions from shareholders. The Corporate Secretary has been designated by the Board as its agent to receive and review communications and meeting requests addressed to the Board.

## **Requesting Documents**

Current financial information for the Company is provided in the Company's audited comparative financial statements and related MD&A for the most recently completed financial year. This information and additional information relating to the Company can be found on the SEDAR website under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.cargojet.com](http://www.cargojet.com).

These documents may be obtained upon request to the Company's Investor Relations group. The Company may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder.

The Investor Relations group can be contacted via email at the address of 2281 North Sheridan Way, Mississauga, Ontario, L5K 2S3, to the attention of Investor Relations Group or by mail at: [pdhillon@cargojet.com](mailto:pdhillon@cargojet.com).