



## HUMAN RESOURCES COMMITTEE CHARTER DISCOVERY AIR INC.

Board Approved:  
September 7, 2012

### 1. PURPOSE

The Board of Directors (the “Board”) is responsible for the stewardship of Discovery Air Inc. (the “Corporation”). That stewardship consists primarily of the duty to supervise the management of the business and affairs of the Corporation. To discharge that duty, the Board must supervise all significant aspects of the management of the business and affairs of the Corporation and its subsidiaries.

**A. Corporate Obligations to Be Supervised.** The following obligations of the officers of the Corporation and Presidents of the Corporation’s subsidiaries and business units (“Management”), the Board and the Corporation (the “Human Resources Obligations”) are, amongst others, significant aspects of the management of the business and affairs of the Corporation:

- (a) the existence within the Corporation of effective policies and practices to enable the Corporation to attract, develop and retain the human resources required by the Corporation to meet the primary objective(s) (the “Approved Primary Objective(s)”) which, with the approval of the Board, the President and Chief Executive Officer of the Corporation (the “CEO”) proposes to pursue in managing the business and affairs of the Corporation;
- (b) the appointment, performance evaluation and compensation of the CEO and other members of Management;
- (c) the succession planning systems and processes relating to members of Management;
- (d) the compensation structure for members of Management including salaries, annual and long-term incentive plans;
- (e) benefit plans for members of Management;
- (f) the design of any profit sharing or other incentive programs for employees (other than members of Management) of the Corporation and its subsidiaries and affiliates; and
- (g) the share ownership guidelines (if any) for members of Management.

**B. Authority.** The fundamental duty of the Board in supervising efforts to meet the Human Resources Obligations is to gain and maintain reasonable assurance that the Human Resources

Obligations are being met. The Board believes its duty in this regard will be most effectively discharged if the Board is assisted by a committee of the Board which is empowered and required

- (a) to take all action (“Diligent Action”) which, in the opinion of the Board or the committee, is necessary or desirable for the committee to gain and maintain reasonable assurance that the Human Resources Obligations are being met, and
- (b) to report to the Board the conclusions reached by the committee as a result of taking Diligent Action.

## 2. ESTABLISHMENT/CONTINUATION OF HUMAN RESOURCES COMMITTEE

The Board has established and hereby continues the existence of a committee of the Board known as the Human Resources Committee (the “Committee”). The Committee is hereby empowered and required to take Diligent Action and to report to the Board the conclusions reached by the Committee as a result of taking Diligent Action.

## 3. COMPOSITION

- A. Composition.** The Committee shall consist of at least three directors of the Corporation (collectively, the “Members”), one of whom shall serve as the Chair of the Committee (the “Committee Chair”). A majority of the Members shall be independent (as that term is defined herein). All Members shall have or develop an understanding of management resources and compensation principles and practices.
- B. Appointment and Removal.** The Board shall appoint, and may remove, any of the Members and the Committee Chair at any time and from time to time.
- C. Definitions.** For the purpose of this Charter, a Member is “independent” if (a) the Member has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Member’s independent judgment, and (b) the Member is not an individual who is considered to have a material relationship with the Corporation under section 1.4 of *National Instrument 52-110 - Audit Committees*.

## 4. RELIANCE ON EXPERTS

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to the Member by an officer of the Corporation or in a written report of the auditor of the Corporation to fairly reflect the financial condition of the Corporation, or
- (b) a report of a person whose profession lends credibility to a statement made by that person.

## 5. STANDARD OF CARE

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of a Member’s duties is supervising and taking Diligent Action to gain and maintain reasonable assurance that

the Human Resources Obligations are being met and to enable the Committee to report thereon to the Board.

## 6. OPERATING PROCEDURES

- A. **Frequency of Meetings.** The Committee shall meet four times annually or more frequently as circumstances dictate. Regular meetings of the Committee shall be held in accordance with a schedule prepared by the Corporate Secretary in consultation with the Chair of the Board of Directors of the Corporation (the “Board Chair”) and the Committee Chair. Additional meetings of the Committee may be called at any time by the Board Chair, the Committee Chair or any Member.
- B. **Notice of Meetings.** Notice of the time and place of each meeting of the Committee shall be given to each Member not less than 48 hours before the time when the meeting is to be held. Notwithstanding the foregoing, if the Board or the Committee fixes by resolution the time and place of one or more meetings of the Committee and a copy of such resolution is sent to each Member, no notice shall be required to be given to the Members for the meeting(s) whose times and places are so fixed.
- C. **Meeting Agendas.** Committee meeting agendas shall be prepared by the Corporate Secretary in consultation with the Board Chair, the Committee Chair and the CEO, in all cases having regard to the matters required to be considered by the Committee under this Charter and/or pursuant to a request of the Board or the Committee.
- D. **Transaction of Business.** The powers of the Committee may be exercised at a meeting of the Committee at which a quorum is present or by resolution in writing signed by all of the Members who would have been entitled to vote on that resolution at a meeting of the Committee.
- E. **Meetings by Telephone or Electronic Means.** If all of the Members present at or participating in a meeting consent, then any Member may participate in such meeting by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate simultaneously and instantaneously.
- F. **Quorum.** A majority of the Members shall constitute a quorum for the transaction of business at all meetings of the Committee.
- G. **Votes to Govern.** At all meetings of the Committee, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote. Any question at a meeting of the Committee shall be decided by a show of hands unless a ballot is required or demanded.
- H. **Attendance by Other Directors.** Any director of the Corporation (a “Director”) who is not a Member shall be entitled to be present at and to participate in all meetings of the Committee as a non-voting participant.
- I. **Secretary of Meetings.** Unless the Committee otherwise specifies, the Corporate Secretary or Assistant Corporate Secretary shall act as secretary of all meetings of the Committee.
- J. **Chair of Meetings.** The Committee Chair shall act as chair of all meetings of the Committee at which the Committee Chair is present. In the absence of the Committee Chair at any meeting of the Committee, the Members shall appoint a Member to serve as acting chair at the meeting.
- K. **In Camera Sessions.** At each meeting of the Committee, the Committee shall meet in an executive session with the CEO and shall meet in a separate *in camera* session. The Committee

shall also be entitled to meet with one or more other officers or employees of the Corporation or its subsidiaries.

- L. Circulation of Minutes.** A copy of the minutes of each meeting of the Committee shall be provided to the Members in a timely fashion and shall be provided to any Director upon request.
- M. Reports to the Board.** The chair of each meeting of the Committee shall report on the matters considered at that meeting to the next-following regularly-scheduled meeting of the Board.
- N. Retention of External Advisors.** To assist the Committee in discharging its responsibilities, the Committee is authorized to
  - (a) engage any advisors (including independent counsel) as it determines necessary to carry out its duties,
  - (b) set and pay, at the expense of the Corporation, the compensation for any advisors engaged by the Committee, and
  - (c) communicate directly and privately with any advisor engaged by the Committee.
- O. Annual Evaluation of this Charter, the Committee and its Compliance with this Charter.** Annually, or more frequently at the request of the Corporate Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:
  - (a) review and assess the adequacy of this Charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Charter to the Board for its approval, except for minor technical amendments to this Charter, authority for which is delegated to the Corporate Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting; and
  - (b) conduct a review and evaluation of the Committee's performance including its ability to meet the requirements to this Charter, in accordance with an evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.
- P. Miscellaneous.** To assist the Committee in discharging its responsibilities, the Committee may conduct any investigation and have access to any officer, employee or agent of the Corporation.

## **7. DILIGENT ACTION**

- A.** For the purpose of gaining and maintaining reasonable assurance that Management, the Board and the Corporation meet the Human Resources Obligations, the Committee shall take Diligent Action to satisfy itself that:
  - (a) the Corporation's overall compensation philosophy for all employees balances the objectives (the "Compensation Objectives") of (i) attracting, developing and retaining highly competent employees, (ii) appropriately and fairly incenting and rewarding strong performance by employees and the Corporation in both the short term and the longer term, and (iii) maintaining the Corporation's employee costs at a competitive level;
  - (b) the compensation program for members of Management consists of an appropriate combination (an "Appropriate Compensation Combination") of base salary, a short term incentive plan, a longer term incentive plan and other benefits;

- (c) the Corporation establishes and maintains an appropriate succession plan (a “Succession Plan”) which identifies the potential short-term and longer-term successors to the CEO and the holders of all other Management positions in the Corporation; and
- (d) the Corporation establishes and maintains effective policies and practices (“Training Policies and Practices”) which, in connection with the Succession Plan, provide for training, monitoring and continuously improving the skills of members of Management.

**B.** The Committee shall also take Diligent Action to:

- (a) review and recommend for Board approval a clear written position description for the CEO which reflects the Board’s delegation to the CEO of powers and authority to manage the business and affairs of the Corporation and which delineates the CEO’s responsibilities;
- (b) review and recommend for Board approval as the CEO a person whom the Committee believes is capable of managing the business and affairs of the Corporation in a manner which will enable the Corporation to achieve the Approved Primary Objective(s);
- (c) review and recommend for Board approval the terms and conditions (including any severance provisions) of the CEO’s employment by the Corporation, as well as any changes to such terms and conditions;
- (d) establish, maintain and implement a formal process for annually assessing the performance of the CEO, taking into account the CEO’s position description and the Approved Primary Objectives(s) which the CEO is responsible for meeting;
- (e) after consultation with the CEO, recommend to the Board the appointment of all other members of Management and review and recommend for Board approval the terms and conditions (including any severance provisions) of each such person’s employment by the Corporation, as well as any changes to such terms and conditions;
- (f) review and recommend for Board approval comprehensive compensation and benefits programs for the CEO and for other members of Management, including the criteria (which shall incorporate the Approved Primary Objective(s)) against which the performance of the Corporation, the CEO and other members of Management will be evaluated for purposes of any incentive plans (“Incentive Plans”) included in such compensation programs;
- (g) advise the Board of the Committee’s evaluation of the actual performance of the Corporation, the CEO and each other member of Management against the criteria approved by the Board for purposes of the Incentive Plans, and make recommendations to the Board with respect to compensation levels (including the CEO’s compensation level) based on such evaluations;
- (h) review and recommend to the Board for approval any proposed public disclosure of executive compensation by the Corporation before the Corporation publically discloses such information;
- (i) determine at least annually, as a separate and supplementary contingency plan to the Succession Plan, the identity of immediate replacements in the event of an emergency for the CEO, the Chief Financial Officer and all other members of Management;

- (j) review with the CEO any proposed major changes in the organization or personnel of the Corporation and its subsidiaries and affiliates and, if advisable, recommend approval of such changes to the Board;
  - (k) establish the terms and conditions, and approve in each instance, the participation of the CEO on the board of directors of any other corporation, commercial or not-for-profit, not directly related to the interests of the Corporation (an “Outside Board”), and review and approve participation by any other member of Management, as approved by the CEO, on any Outside Board;
  - (l) review and approve annually share ownership guidelines for members of Management, if any, and review as required (i) the actual ownership position of all members of Management relative to ownership guidelines, and (ii) transactions in the Corporation’s securities by members of Management, if any; and
  - (m) review the results of periodic employee opinion surveys.
- C. For the purpose of satisfying itself that (1) the Corporation’s overall compensation philosophy for all employees balances the Compensation Objectives, and (2) the compensation program for members of Management consists of an Appropriate Compensation Combination, the Committee shall
- (a) in assessing each existing or proposed component (the “Component”) of a compensation program (“Program”) for a member of Management,
    - (i) consider the Component in the context of the total Program for such member of Management,
    - (ii) compare the Component and the Program against the components and total compensation programs provided to officers or employees of similar rank and responsibility (1) by the Corporation, and (2) by other companies selected by the Committee with which the Corporation competes for employees,
    - (iii) obtain the advice of an unconflicted compensation consultant as to whether the Component and the Program (1) reflect a compensation philosophy for all employees of the Corporation which balances the Compensation Objectives, and (2) contribute effectively to an Appropriate Compensation Combination; for purposes of this Charter, a compensation consultant is unconflicted if the compensation consultant has no direct or indirect relationship with the Corporation which, in the view of the Committee, could reasonably be expected to interfere with the compensation consultant’s provision of objective, independent and unbiased opinions and advice to the Committee; and
    - (iv) review any Incentive Plan comprising or included in the Component and/or the Program with a view to satisfying itself (1) that the Incentive Plan could not reasonably be expected to create or constitute an incentive for such member of Management to engage in unethical behavior or take inappropriate or excessive risks, or (2) that the Corporation has in place internal controls which could reasonably be expected to prevent unethical behaviour or the taking of inappropriate or excessive risks which might be incited by the Incentive Plan; and
  - (b) obtain the opinion of the CEO as to whether the Component and the Program are consistent with maintaining the Corporation’s employee costs at a competitive level.

- D.** For the purpose of satisfying itself that the Corporation has established and maintains an appropriate Succession Plan and effective Training Policies and Practices, the Committee shall:
- (a) annually review the Succession Plan with the CEO;
  - (b) annually review with the CEO the performance of the other members of Management;
  - (c) annually review with the CEO and/or with other members of Management selected by the Committee the Training Policies and Practices; and
  - (d) annually review with the CEO and/or with other members of Management selected by the Committee the time periods within which the CEO and/or such other members of Management believes that each high-potential manager will be qualified for promotion.
- E.** In establishing, maintaining and implementing a formal process for annually assessing the performance of the CEO, the Committee shall:
- (a) utilize a process which enables all Directors and all of the CEO's direct reports to assess the CEO's performance anonymously;
  - (b) require the CEO to assess his or her own performance using the same criteria as are used by each Director;
  - (c) require the Board Chair, the Committee Chair or an independent consultant to consolidate the results of the assessments of the CEO's performance made by Directors, the CEO and the CEO's direct reports into a single composite assessment (a "Composite Assessment");
  - (d) provide a copy of the Composite Assessment to each Director and the CEO; and
  - (e) provide an opportunity for the Board and the CEO to discuss the Composite Assessment.
- F.** Prior to appointing any officer of the Corporation, the Committee shall gain reasonable assurance that the person proposed to be so appointed is not an inappropriate person to hold the officership to which such person is proposed to be appointed.
- G.** The Committee shall perform such other Diligent Action as the Board may reasonably specify from time to time.

## **8. UNUSUAL COMPENSATION PROGRAMS**

The Board acknowledges

- (a) that in connection with the acquisition by the Corporation of business units, the Board has in the past established and may in the future establish compensation programs for members of Management which (i) may not meet the requirements of this Charter, and/or (ii) may not enjoy the support of the Committee; and
- (b) that notwithstanding anything contained in this Charter, the Committee is not required to address, consider or otherwise deal with such compensation programs in any way.