

**CHARTER OF THE
SAFETY, HEALTH, ENVIRONMENT AND
SECURITY COMMITTEE
(the “Committee”)
OF THE BOARD OF DIRECTORS
OF AIR CANADA**

1. **General Purpose**

The purpose of the Committee is to assist the Board of Directors (the “Board”) in the discharge of its oversight responsibilities concerning safety, health, environment and security matters including in relation to: (i) strategies, policies, systems and processes of Air Canada and its wholly-owned subsidiaries (collectively, the “Corporation”); (ii) management of risks relating to safety, health, environment and security matters; and (iii) compliance with statutory and regulatory obligations.

2. **Composition and Qualification**

- (a) The Committee shall be comprised of three or more directors as determined by the Board, all of whom shall be independent (as defined under applicable legislation in effect from time to time).
- (b) The members of the Committee generally do not represent themselves as experts in the field of safety, health, environment or security matters. Committee members are entitled to rely on management on matters within their responsibility and on the expertise of external advisors. Committee members may rely upon and assume the accuracy of information provided by such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.
- (c) The members of the Committee shall be appointed by the Board to hold office from the time of their appointment until the next annual meeting of the shareholders or until their successors are appointed. Unless a Chair and a Secretary are appointed by the Board, the members of the Committee may designate a Chair and a Secretary by a majority vote of all the Committee members.
- (d) The Committee may invite, from time to time, such person as it may see fit to attend its meeting and to take part in discussion and consideration of the

business and affairs of the Committee. However, any such persons invited may not vote at any meeting of the Committee.

- (e) The Board may, at any time, remove any member of the Committee at its discretion and may accept the resignation of any member of the Committee. Vacancies at any time occurring on the Committee shall be filled by the Board.

3. **Meetings and Procedure**

- (a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Such meetings may be held by telephone, video conference or by any other means which enables all participants to communicate with each other simultaneously.
- (b) The Committee may fix its own procedure at meetings and for the calling of meetings except as may be otherwise provided by the Board.
- (c) A quorum for the transaction of business at a Committee meeting shall be a majority of the Committee members. All decisions and recommendations made by the Committee shall be made by a majority vote of the members present at the meeting.
- (d) The Committee shall have the authority to delegate any of its responsibilities to individual members and subcommittees as the Committee may deem appropriate in its sole discretion.
- (e) Notice of meetings shall be given by letter, facsimile, email or telephone not less than 24 hours before the time fixed for the meeting. Notice of meetings shall state the date, the place and the hour at which such meetings will be held. Members may waive notice of any meeting.
- (f) The minutes of the Committee meetings shall accurately record the significant discussions of, and decisions made by, the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to Committee members as well as to all the directors of the Corporation, with copies to the Chief Executive Officer.
- (g) The Committee, through its Chair, shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board may require or as the Committee in its discretion may consider advisable.
- (h) To carry out its duties, the Committee will have access to independent advisors at the expense of the Corporation as well as having access to data and information relative to the Corporation. The Committee shall be free to choose advisors as it deems appropriate. These advisors will be given access to

management and the work carried out by management for presentation to the Committee.

4. **Responsibilities and Duties**

To achieve its objectives, the Committee shall:

- (a) Review the strategies, policies, systems, standards and processes established by management to protect the Corporation's reputation as one of the world's safest and secure airlines, and to promote a culture of safety, health, security and environmental protection.
- (b) Review and recommend to the Board for approval major corporate policies related to safety, health, environment and security.
- (c) Review the effectiveness of the Corporation's risk management framework in relation to safety, health, environment (including climate change) and security matters.
- (d) Through the receipt of periodic reports from the Vice President, Safety, or his or her designate, review and discuss with management all key enterprise risk exposures related to safety, health, environment and security, and the steps management has taken to monitor/control and mitigate those exposures. The Chair of the Committee shall periodically report to the Board on any major issues arising with respect to the management of these risks. The Committee may also request reports from legal, corporate audit and advisory, and any other department as it deems appropriate.
- (e) Review the adequacy of safety, health, environment and security systems for the reporting of actual or potential accidents, breaches and incidents, as well as investigations and remedial actions.
- (f) Receive regular reports on safety performance at Air Canada that is measured in line with both lead and lag indicators, and review remedial actions if any.
- (g) Receive regular reports on environmental performance at Air Canada including improvements in the environmental management system and management's annual review.
- (h) Review and recommend to the Board the five-year plans of Air Canada's climate action plan. The Committee shall monitor and evaluate progress on each of the five-year plans in achieving its goals, objectives and targets, through the receipt of regular reports from the Senior Director, Environmental Affairs including quarterly updates on key projects, initiatives and other developments.

- (i) Review overall trends related to climate change adaption and mitigation including extreme weather events, insurance coverage, operational risks related to increasing temperatures, emerging regulatory risks and stakeholder disclosure expectations in corporate reporting, and review management's processes in response thereto.
- (j) (Review the Corporation's compliance with all relevant statutory and regulatory obligations and its adoption of policies, standards and processes in accordance with best practices of the airline industry, and review actions for any significant non-compliance.
- (k) Review reports from the Vice President, Safety on matters before the Corporate Safety Board and the Corporate Environment Board on performance, audit findings, major incidents, remedial actions and regulators' recommendations or directives.
- (l) Receive reports from the Vice President, Safety on the Corporation's oversight of the safety and security programs and processes of the Air Canada Express carriers.
- (m) Receive reports from the Vice President, Safety on the Corporation's oversight of the safety and security processes maintained by code-share and joint venture partners.
- (n) Monitor plans and progress for improvement initiatives and ongoing development of organizational capability.
- (o) Review industry trends and risks, including potential liabilities and changes in legislation, community expectations, research findings and technological changes, and where appropriate, the mitigation actions.
- (p) Perform such other functions as may be delegated from time to time by the Board.

5. **Annual Review**

- (a) The Committee shall review this Charter on an annual basis and recommend to the Board any changes to it that the Committee considers advisable.
- (b) The Committee shall assess the performance of the Committee on an annual basis in accordance with performance assessment guidelines formulated by the Governance and Nominating Committee.