

## **BOMBARDIER INC.**

### **CHARTER OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (the "Committee")**

#### **1. MEMBERSHIP AND QUORUM**

The Committee shall be comprised of three or more directors who shall all be independent. One of the members of the Committee, appointed by the Board of Directors (the "**Board**"), shall act as Chair. Members of the Committee should have experience that is relevant in Human Resources, namely executive compensation, and skills and experience that enable the Committee to make decisions on the suitability of compensation policies and practices.

A quorum shall be a majority of the Committee members. All decisions and recommendations made by the Committee shall be made by a majority vote.

#### **2. MEETINGS**

The Committee will meet at least three times per year, or more frequently, if required for the Committee to fulfill its responsibilities. Meetings are normally held in conjunction with Bombardier Board meetings.

The Senior Vice President, People and Sustainability shall attend all meetings, except such part of the meetings for which the Committee determines that his or her presence is not required.

#### **3. CHAIR OF THE COMMITTEE**

The Chair of the Committee shall:

- a) In consultation with the Senior Vice President, People and Sustainability, review the annual work plan while setting the agenda of the Committee to ensure that all required business is brought before the Committee. Circulate the agenda to the members of the Committee prior to the meetings. Ensure that the conduct of the Committee's meetings provides adequate time for discussion of relevant issues.
- b) Oversee the Committee's structure and composition and ensure that the Committee has procedures in place and access to all relevant and adequate information it requires to conduct and support its work effectively and efficiently.
- c) Provide the leadership to enable the Committee to act effectively in carrying out its duties and responsibilities, while working as a cohesive team.
- d) Ensuring that the outcome of the meetings of the Committee and any material matters reviewed at such meetings are reported to the Board at its next regular meeting.

## 4. MANDATE

### 4.1 Compensation

Compensation issues under the Committee's responsibilities are divided into three categories as defined below :

#### Committee and Board Responsibilities as defined in Appendix A

- Terms and conditions for hiring, promotions and/or terminations of Senior Executives.
- Performance assessments.
- Total compensation, including base salary increases, short-term incentive targets and the granting of long-term incentives.

#### Committee Reviews & Recommends for Board Approval

- Introduction of new compensation plans namely, special equity based incentive plans.
- Modifications to existing compensation plans, such as Performance Share Unit Plan, Restricted Share Unit Plan, Deferred Share Unit Plan and Stock Option Plan.
- Assessment of the performance of the President and Chief Executive Officer ("CEO") against his or her objectives set at the beginning of each fiscal year, in light of such factors as the Committee deems appropriate and in the best interests of Bombardier.
- Executive compensation disclosure and analysis for inclusion in Bombardier's management proxy circular.
- Clawback Policy.

#### Committee Approves & Reports to the Board for Information

- Total compensation policy that takes into consideration (i) base salary, (ii) short-term incentive, (iii) long-term incentives and (iv) retirement benefits.
- Global salary budgets for non-regulated employees.
- Short-term incentive plan designs, including key performance indicators and targets, and the assessment of the actual results compared with the pre-established targets to determine the quantum of the payout.
- Provisions of equity-based plans such as Performance Share Unit Plan, Restricted Share Unit Plan, Deferred Share Unit Plan and Stock Option Plan.
- Performance measures, targets and vesting for Performance Share Unit Plan and Deferred Share Unit Plan.
- Executive Stock Ownership Guidelines and target progress.
- Composition of the comparator group for the benchmarking of senior executives' positions to ensure its relevance.
- Review and assessment of compensation and incentive plan risks.

## **4.2 Succession**

The Committee ensures that appropriate mechanisms are in place with regards to succession planning and that assessments in that respect are presented to the Board for (i) the President and CEO and (ii) Vice-Presidents and above reporting to the CEO.

## **4.3 Pension**

The Committee oversees modifications to Bombardier's pension plans, as per one of the following categories:

- 1 - Committee reviews and recommends for Board approval;
- 2 - Committee approves and reports to the Board for information;
- 3 - Committee is informed; or
- 4 - delegated to management.

Pension modifications are allocated to one of the four categories above based on their strategic importance, based on the following criteria:

- a) defined benefit or defined contribution plans;
- b) cost impact for pension plan changes;
- c) market positioning for pension plan changes
- d) pension risk reduction initiatives, as reviewed by the Audit Committee; and
- e) changes being made to reflect new collective bargaining agreements, to comply with new legislation or to improve plan administration.

The pension governance matrix is provided in Appendix B and the applicable definitions are listed in Appendix C.

## **4.4 Other**

- a) The Committee reviews quarterly reports on occupational health and safety matters and reports to the Board on these matters.
- b) The Committee ensures that appropriate human resources policies, procedures, practices and systems, such as hiring policies, competency profiles, training policies and compensation structures, including retirement benefits, are in place so that Bombardier can attract, motivate and retain the qualified personnel required to meet its business objectives.
- c) The Committee ensures that monitoring is in place regarding social issues such as employment equity, harassment and discrimination, and ensures compliance with Bombardier's Policy Regarding Diversity.

- d) Without limiting the generality of the foregoing, on a periodic basis, the Committee:
- assesses the effectiveness of the appointment process for management positions at achieving Bombardier’s diversity objectives;
  - measures the annual and cumulative progress in achieving its gender diversity targets, and any other approved diversity targets, for management; and
  - monitors the implementation of Bombardier’s Policy Regarding Diversity with respect to management appointments, and recommends to the Board for approval any modifications to such policy.

## **5. INDEPENDENT CONSULTANTS**

The Committee retains independent consultants to advise on total compensation policy matters, including fixing such consultants’ fees and other terms and conditions.

## **6. MISCELLANEOUS**

The Committee shall conduct an annual review and assessment of its performance and effectiveness, including a review of the relevance of its terms of reference, as stated in this Charter, and report the results and make recommendations to the Corporate Governance and Nominating Committee of the Board.

Nothing contained in the above mandate is intended to transfer to the Committee the Board’s responsibility to ensure Bombardier’s compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Committee.

With respect to any policies, procedures, plans, documents, filings, disclosures, transactions, contracts, agreements, assessments, budgets, initiatives, decisions or other similar actions or events that are subject to approval by the Committee or to recommendation to the Board of Directors for approval, in the event of any discrepancy between this Charter and the Delegation of Authority Matrix policy approved by the Board, from time-to-time, as regards the required level of approval, the terms of the Delegation of Authority Matrix policy shall prevail.

For any reference herein to the title of an officer, employee or other individual who performs a particular function, should an individual no longer hold that particular title, the reference shall be substituted with an individual performing an equivalent function.

## Appendix A – HRCC Responsibilities with Respect to Senior Executives

- 1 - Committee Reviews and Recommends for Board Approval
- 2 - Committee Approves and Reports to the Board for Information
- 3 - Delegated to Management

	President and CEO	Vice Presidents and above reporting to the CEO
Terms and Conditions related to the Hiring <sup>(1)</sup> , Promotion and/or Termination	1	2
Performance Assessment	1	3
Total Compensation (including Short-term Incentive targets, and Long-term Incentive Plan grants)	1	2

<sup>(1)</sup> For avoidance of doubt, appointment of the named officers of Bombardier, including their titles, remains within the authority of the Board

## Appendix B – Pension Governance Matrix

- 1 - Committee Reviews and Recommends for Board Approval
- 2 - Committee Approves and Reports to the Board for Information
- 3 - Committee is Informed
- 4 - Delegated to Management

Type of Change	Defined Benefit	Defined Contribution
<b>Significant pension change</b>	1	2
<ul style="list-style-type: none"> <li>• Impacting a large plan member population and with a high financial impact</li> </ul>		
<b>Changes to executive pension plans</b>		
<ul style="list-style-type: none"> <li>• High financial impact</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• Medium or low financial impact</li> </ul>	2	2
<b>Creation of a new pension plan</b>		
<ul style="list-style-type: none"> <li>• Required by law</li> </ul>	4	4
<ul style="list-style-type: none"> <li>• Other</li> </ul>	2	2
<b>Changes to salaried employees' pension plans</b>		
<ul style="list-style-type: none"> <li>• High financial impact</li> </ul>	2	2
<ul style="list-style-type: none"> <li>• Medium financial impact</li> </ul>	3	4
<ul style="list-style-type: none"> <li>• Low financial impact</li> </ul>	4	4
<b>Reflect collective bargaining agreements negotiated with unions</b>	3	3
<b>Change to align with new legislation, change in administration practices and other low financial impact changes</b>	4	4

**Appendix C – Pension Governance Definitions**

**Defined Benefit Pension Plan**

A pension plan sponsored by Bombardier, in any country, that is accounted for as a Defined Benefit Pension Plan under IFRS accounting rules in Bombardier’s financial statements. This excludes non-pension plans such as Other Post-Employment Benefits (OPEB), Termination Indemnities or Jubilee Benefits.

**Defined Contribution Pension Plan**

A pension plan sponsored by Bombardier, in any country, that is accounted for as a Defined Contribution Pension Plan under IFRS accounting rules in Bombardier’s financial statements.

**Financial Impact** is defined between Low, Medium and High as follows:

Criteria	Low Impact	Medium Impact	High Impact
Increase in either of:			
• Accounting obligation for past services	Below	Between	Above
• Accounting cost over next 12 months	USD 5 Million	USD 5 Million and	USD 25 Million
• Funding obligation for past services		USD 25 Million	
• Funding cost over next 12 months			

**Delegation to Management**

Delegated to the Head of Total Rewards and as approved by the Senior Vice President, Human Resources.