



DISCOVERY AIR INC.

Confidential Submissions Policy

**Confidential Submissions of Wrongdoing in the Workplace
(the “Confidential Submissions Policy”)**

Board Approved: December 9, 2010
Amended: March 1, 2012

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1. Introduction

Discovery Air Inc. (“DA”) is committed to a corporate environment that demonstrates and encourages ethical behaviour at all levels of the organization. Conducting day-to-day activities in an ethical way is the right thing to do and makes good business sense. DA is committed to complying with all applicable laws to which it is subject and to protecting Employees and all of its assets and resources.

DA’s continued success depends on Employee commitment to ethical behaviour. That commitment includes an obligation to report any Wrongdoing, as further described in this Confidential Submissions Policy.

This policy replaces the *Anonymous Employee Reporting Procedures* policy and the *Complaint Policy*, both of which were adopted by the Board of Directors of DA on January 30, 2006 and amended on August 30, 2006.

2. Definitions

“Audit Committee” means the Audit Committee of the Board of Directors of DA;

“Board of Directors” means the Board of Directors of DA;

“EP” means EthicsPoint, Inc.;

“Corporate Compliance Officer” means an individual, appointed by the President and Chief Executive Officer of DA (the “CEO”), who is responsible for administering this Confidential Submissions Policy;

“Employee” means any individual who is an employee, officer or director of DA or any subsidiary of DA;

“Improper Report” means a Report that is frivolous, contains false or misleading information, or is made in bad faith, and includes, but is not limited to, providing false information, submitting a Report that the Reporter knows is baseless, or submitting repeated Reports concerning matters that have been previously examined and resolved;

“Leadership Team” means those Employees who are officers of DA or of any subsidiary of DA;

“Report” means a report of Wrongdoing submitted by a Reporter in accordance with this Confidential Submissions Policy;

“Reporter” means an individual who submits a Report pursuant to this Confidential Submissions Policy;

“Reprisal” means any of the following actions taken against an Employee by reason of the Employee having, in good faith, submitted a Report under this Confidential Submissions Policy or having, in good faith, cooperated in an investigation carried out under this Confidential Submissions Policy:

- (i) a disciplinary measure including demotion or termination;
- (ii) any measure that adversely affects the employment or working conditions of the Employee; or
- (iii) a threat to take any of the measures referred to in any of paragraphs (i) or (ii) above;

“subsidiary” means a body corporate described as a subsidiary in section 2(5) of the *Canada Business Corporations Act*;

“Wrongdoing” means an act or omission that has occurred or is about to occur and is within one or more of the following categories:

- (i) a misuse of DA’s funds or assets;
- (ii) gross mismanagement of DA’s resources;
- (iii) questionable and/or improper accounting, internal control or auditing practices or conduct (including fraud, deliberate error or misrepresentation);
- (iv) a violation of DA’s Code of Business Conduct ; and
- (v) Reprisal against an Employee.

Employees who are in doubt about whether an act or omission may be characterized as a Wrongdoing under this Confidential Submissions Policy may consult with the Corporate Compliance Officer. Any such consultation can be made anonymously without fear of Reprisal.

The Corporate Compliance Officer may be reached by mail, e-mail or telephone as follows:

<p>Mail: 170 Attwell Drive Suite 370 Toronto, ON M9W 5Z5 Attention: David Kleiman</p>	<p>E-mail: David.Kleiman@discoveryair.com</p>	<p>Telephone: 416-246-2684, ext. 3182</p>
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3. **Scope and Applicability**

This Confidential Submissions Policy applies to all Employees who witness or become aware of any Wrongdoing.

4. **Objective**

The purpose of this Confidential Submissions Policy is to:

- (i) encourage Employees, acting in good faith, to report Wrongdoings;
- (ii) provide an effective process for reporting Wrongdoing that is free from fear of Reprisal;
- (iii) ensure that participants in an investigation are treated fairly and appropriately; and
- (iv) ensure that DA maintains a process that favours transparency and accountability.

5. **Procedures for Reporting Wrongdoing**

5.1 **Duty to Report**

Ethical behaviour is everyone's responsibility at DA. DA's commitment to the highest standards of business conduct is reflected in its policies, procedures, guidelines and processes. Subject to applicable laws, all Employees who witness or become aware of Wrongdoing should immediately report it in accordance with the disclosure procedures set out in this Confidential Submissions Policy.

The Confidential Submission Policy is not an emergency response system. If you require emergency assistance, please call 911 or appropriate local authorities.

5.2 **Submitting a Report**

Employees should feel free to raise issues with their immediate supervisor or manager; however, it is recognized that in some circumstances Employees may not be comfortable raising a Wrongdoing with their immediate supervisor or manager or may not be satisfied with their resolution of the Wrongdoing. For these reasons, DA has engaged EP, an independent third party, to service and support a number of dedicated communication mediums (including toll-free "hotline", web site and mail service) that are available year-round, 24 hours a day, 7 days a week to receive Reports. Employees with information about a Wrongdoing are encouraged to submit their Report through one of the following EP channels:

- (i) EP hotline at: 1-866-865-0048
- (ii) EP web site at: www.discoveryair.ethicspoint.com

All information provided to EP will be immediately forwarded to the Corporate Compliance Officer, or the CEO if the Report involves the Corporate Compliance Officer, for review and investigation with a copy to the Chair of the Audit Committee and the Chair of the Board of Directors.

5.3 Information Needed to Support Investigation

Reporters should provide as much information as possible about the Wrongdoing. When providing information, Reporters are encouraged to identify themselves and include their contact information. This information will assist in the investigation of the matter, including any follow-up discussions that may be needed.

In some cases, it may not be possible to initiate or properly conduct an investigation without this information. Reporters may, however, choose to submit their Report anonymously, and if they do so, their choice will be respected.

A Report should be factual and not speculative. It should contain sufficient, precise and relevant information to allow for the proper assessment of the situation, including its urgency. Without this information, an investigation may not be possible or warranted.

Set out below is a checklist (which is not meant to be exhaustive) of the type of information that is needed to facilitate a proper investigation:

- a description of the Wrongdoing;
- the name(s) of person(s) involved, including witnesses and their contact information;
- a detailed account of the events that took place, including the date(s) and place(s) of those events and the person(s) involved;
- the Reporter's rationale for why the incident may constitute a Wrongdoing;
- the steps, if any, the Reporter has taken prior to reporting the Wrongdoing, including discussions with a supervisor or manager and the actions taken by the supervisor/manager;
- whether any other individuals or organizations are aware of the Wrongdoing; and
- any additional documentation or other information that is available to support the Report.

All information provided to EP will be immediately forwarded to the Corporate Compliance Officer for review and investigation with a copy to the Chair of the Audit Committee and the Chair of the Board of Directors.

5.4 Report Involving Senior Management

A Report involving a member of the Leadership Team or a member of the Board of Directors will be immediately forwarded to the Chair of the Audit Committee and Chair of the Board of Directors for review and investigation. The Chair of the Audit Committee and Chair of the Board of Directors will determine how to proceed (for example, the Chairs may instruct the Corporate Compliance Officer to conduct an investigation, retain a law firm or other professional advisor(s) to conduct an investigation or otherwise as appropriate).

6. Reprisal

6.1 Reprisal Protection

Employees who act in good faith will not be disciplined, discharged, demoted, suspended, threatened, harassed, harmed in any other manner, discriminated against or subjected to any other Reprisal as a result of:

- (i) submitting a Report;
- (ii) seeking guidance on how to handle a Wrongdoing; or
- (iii) assisting with the investigation of a Wrongdoing.

Appropriate disciplinary action (which, depending on the circumstances, may include termination of employment) may be taken against any Reporter if he or she has taken part in a Wrongdoing or submitted a Report that is determined to be an Improper Report (as further described in paragraph 8 below).

Employees who believe that they have been the subject of Reprisal should immediately report their concern to the Corporate Compliance Officer directly or via one of the EP channels.

6.2 Reprisal Remedies

If an investigation determines that the Reporter has been subject to Reprisal, DA will take all necessary measures (where appropriate) to:

- (i) permit the Reporter to return to his or her duties;
- (ii) reinstate the Reporter;
- (iii) pay to the Reporter compensation in an amount not greater than the amount that, in DA's opinion, is equivalent to the remuneration that would, but for the Reprisal, have been paid to the Reporter by DA;
- (iv) rescind any measure or action, including any disciplinary action, taken in respect of the Reprisal; and
- (v) pay to the Reporter an amount equal to any reasonable and actual expenses and any other reasonable and actual financial losses incurred by the Reporter as a direct result of the Reprisal.

7. Investigations

All Reports of Wrongdoing will be taken seriously. The Corporate Compliance Officer, the Chair of the Audit Committee or the Chair of the Board of Directors (or such other independent person as the circumstance may warrant) will immediately and thoroughly investigate, or cause to be investigated, all Reports provided sufficient information has been submitted.

All Employees have a duty to cooperate in the investigation of a Wrongdoing (including a Reprisal). Employees will be subject to appropriate disciplinary action, up to and including termination of employment, if they fail to cooperate in an investigation or deliberately provide false information during an investigation.

If, at the conclusion of its investigation, DA determines that Wrongdoing has taken place, it will take all required remedial action. This action may include disciplinary action against the party found to have taken part in the Wrongdoing, up to and including termination of employment. Appropriate steps will also be taken to prevent the Wrongdoing from happening again.

8. Improper Report

No Reporter may misuse this Confidential Submissions Policy by, among other things, making an Improper Report. An Improper Report will be viewed as Employee misconduct and will be subject to appropriate disciplinary action, which, depending on the circumstances, may include termination of employment.

9. Confidentiality

EP, the Corporate Compliance Officer, members of the Board of Directors and all Employees who participate in, or are involved in any way in, any investigation under this Confidential Submissions Policy shall:

- (i) keep information relating to any investigation under this Confidential Submissions Policy confidential to the extent reasonably practicable; and
- (ii) refrain from discussing any Report or the fact of their involvement in an investigation, except to the extent required for the purposes of any investigation, resolution or to comply with this Confidential Submissions Policy or applicable laws.

10. Corporate Compliance Officer

The Corporate Compliance Officer shall be appointed by the CEO and shall be responsible for:

- (i) overseeing the administration of this Confidential Submissions Policy and maintaining appropriate records;
- (ii) establishing, communicating and distributing appropriate procedures, forms and guidelines under this Confidential Submissions Policy;
- (iii) receiving, recording and reviewing Reports;
- (iv) determining, where appropriate, if there are sufficient grounds for further action and review;
- (v) alerting the Chairs of the Audit Committee and the Board of Directors of any Report requiring urgent attention;

- (vi) alerting the Board of Directors where a Report concerns the conduct of the Chair of the Audit Committee or the Chair of the Board of Directors;
- (vii) conduct investigations in accordance with and subject to this Confidential Submissions Policy; and
- (viii) prepare regular reports to the Audit Committee summarizing activities, including Reports received in each fiscal quarter and how material matters (if any) were resolved.

The Corporate Compliance Officer may, where appropriate, engage the assistance of one or more delegates to assist in carrying out his/her responsibilities as provided for in this Confidential Submissions Policy.

11. Legal Assistance for the Reporter

To encourage good faith Reports, the Chair of the Audit Committee and/or the Chair of the Board of Directors, or such other person as appropriate, may in his/her sole discretion, arrange for the Reporter to receive advice from an independent law firm at DA's reasonable expense. In such instances, the role of the independent law firm will be to represent the Reporter with respect to the Report, pursuant to a retainer agreement to be entered into between DA and the independent law firm. Any such determination to retain an independent law firm will be made based on the merits of and circumstances surrounding the Report. The independent law firm will act in the interests of the Reporter.