

PENSION COMMITTEE
Terms of Reference

1. Scope

The Pension Committee will be responsible for overseeing all aspects pertaining to the efficient management of the Retirement Plan for the Employees of IATA, Canadian Group and the Retirement Plan for the Tax-Exempt Employees of IATA (the "Plan") and will carry out duties as delegated by the Director General.

2. Membership

- 2.1 The Pension Committee consists of ten members of which six are appointed by the Director General; three are elected by staff participating in the Plan; and one retiree representative is elected by retired members of the Plan. Among the members appointed by management, at least one must be outside the Corporate Human Capital and Finance Departments.
- 2.2 Employees appointed and elected to the Pension Committee must be active participants of the Plan, with the exception of the retiree representative, who must be a retired member of the Plan.
- 2.3 A Pension Committee Member's mandate, with the exception of the retired member, terminates automatically once active participation in the Plan is terminated.
- 2.4 The term of the Members of the Pension Committee is for a three-year period. They are immediately eligible for re-nomination.
- 2.5 The term of a Member of the Pension Committee who fails to attend three consecutive meetings (either in person or via phone/video conference) will be terminated after the third such meeting.

3. Responsibilities

The Pension Committee will perform such duties as are specified under the Plan rules (refer to Appendix A) and other duties as may be specified by the Director General.

The Pension Committee will promote awareness and understanding of the Plan among members.

The Pension Committee shall recommend proposals for pension benefit enhancements for approval by the Director General where changes do not entail additional costs and to the Board of Governors when changes increase the cost to the Association.

The Pension Committee will settle all questions of interpretation of the provisions of the Plan in the event of a dispute.

3.1 Funding

- Review and endorse actuarial valuations;
- Recommend changes to the assumptions. Any changes which involve additional expenditure to the Association will require the approval of the Board of Governors;
- Review and endorse audited financial statements.

3.2 Investment

- Establish Statements of Investment Policies and Procedures, as applicable, and recommend changes as required;
- Review and monitor the Statements of Investment Policies and Procedures at least annually and ensure compliance with guidelines set by the Canada Revenue Agency (Income Tax Act and Regulations) and the Office of the Superintendent of Financial Institutions (Pension Benefits Standards Act and Regulations);
- Appoint 3rd party advisors and providers of pension related services as needed (including custodian or plan administrator), to assist in meeting the needs and objectives of the Plan;
- Select the investment options offered to members with defined contribution provisions;
- Monitor the management of Plan assets, including the performance of any providers;
- Review the asset allocation mix on a regular basis to ascertain not only that the existing portfolio conforms to the desired targets and ranges, but also that the targets and ranges remain suitable and represent an appropriate asset allocation mix for the Plan;
- Monitor the performance to determine whether or not the rate of return objectives are being met and that the Statements of Investment Policies and Procedures are being followed; and
- Take appropriate action if objectives are not met or if the Statements of Investment Policies and Procedures are not followed.

3.3 Plan Design

- Review and recommend enhancements in Plan design and employee funding. Changes involving additional expenditure by the association will require the approval of the Board of Governors;
- Monitor and ensure compliance with appropriate governing legislative body.

3.4 Communication

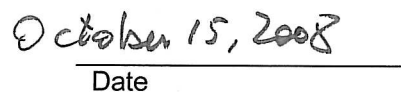
- Provide regular reports to active and retired members of the Plan of the Pension Committee's actions and fund performance as well as promote awareness and understanding of the Plan.

4. Rules of Procedure

- 4.1 Elections for the Chairman and Vice-Chairman will be held every three years;
- 4.2 The Secretary is appointed by the DG;
- 4.3 The Committee will hold a meeting at least twice a year;
- 4.4 Members may attend to a meeting personally or via phone/video conference;
- 4.5 Agenda items must be submitted to the Secretary three weeks before the meeting;
- 4.6 An Agenda will be circulated two weeks prior to the meeting;
- 4.7 Documents to be presented and/or discussed at the meeting will be circulated one week prior to the meeting;
- 4.8 The quorum for any meeting must consist of six Members. If a decision is not reached during a meeting, an e-mail vote of all Members who attended the meeting can be organized after the meeting. Appropriate documentation, as well as a summary of comments made during the meeting, must be provided for the vote;
- 4.9 Each Member of the Pension Committee shall have one vote on any matter put to a vote. In the case of a tie-vote, the Chairman of the Pension Committee shall have a casting vote. Decisions require the approval of the majority of the Members to be valid. An approval by e-mail or a written resolution signed by the Members of the Pension Committee shall have the same force as a vote taken during a meeting.
- 4.10 The Secretary will issue the minutes of the meeting and a summary to staff and retired members following each meeting. The summary will contain an abstract of the action(s) taken and inform staff of the date of the next meeting. The minutes will be produced no later than 4 weeks after the meeting and the summary to staff no later than 6 weeks.

Deliberations of the Committee are confidential


Giovanni Bisignani
Director General & CEO


Date

ANNEX A

(Extract from the Retirement Plan for the Employees of IATA, Canadian Group – Section 11)

11.4 Powers of the Committee

Subject to the limitations hereof, the Committee shall establish rules for the transaction of its business and the administration of the Plan. The Committee shall have the right to interpret the terms and provisions of the Plan and to determine any and all questions arising thereunder in connection with the administration thereof, including the right to remedy possible ambiguities, inconsistencies or omissions. All such interpretations and decisions of the Committee shall be subject to ratification by the Association whose decisions in respect to any matter or question hereunder shall be final, conclusive and binding upon all person affected thereby.

(Extract from the Retirement Plan for the Tax-Exempt Employees of IATA)

Similar wording will be introduced when the plan rules of this pension plan are finalized (subject to the Director General approval).