

## CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

### 1. PURPOSE

The Compensation Committee is appointed by the Board of Directors (the “**Board**”) to discharge the Board’s duties and responsibilities relating to the compensation of The Descartes Systems Group Inc.’s (the “**Company’s**”) Chief Executive Officer and Executives (as defined herein), as well as to review the Company’s compensation and benefit plans, policies and programs for Company employees.

### 2. MEMBERSHIP AND ORGANIZATION

1. **Composition** - The Compensation Committee shall consist of not less than three independent members of the Board. At the invitation of the Compensation Committee, the Chief Executive Officer and/or the Executives and/or others may attend Compensation Committee meetings as the Compensation Committee considers necessary or desirable; provided that no member of management shall be present during any voting or discussion regarding his or her compensation.
2. **Appointment and Removal of Compensation Committee Members** - Each member of the Compensation Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company’s shareholders at which the member’s term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Compensation Committee or from the Board. The Board may fill a vacancy in the membership of the Compensation Committee.
3. **Chair** - At the time of the annual appointment of the members of the Compensation Committee, the Board shall appoint a Chair of the Compensation Committee. The Chair shall: be a member of the Compensation Committee, preside over all Compensation Committee meetings that he or she attends, coordinate the Compensation Committee’s compliance with this mandate, work with management to develop the Compensation Committee’s annual work-plan, and provide reports of the Compensation Committee to the Board.
4. **Independence** - Each member of the Compensation Committee shall meet any requirements of applicable law and any applicable requirements promulgated by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, “**Applicable Requirements**”) relating to independence.

### 3. MEETINGS

1. **Meetings** - The members of the Compensation Committee shall hold meetings as are required to carry out this mandate, provided that the Compensation Committee shall meet not less than three (3) times per year. The Chair, any member of the Compensation Committee, the Chair of the Board, the Lead Director (if applicable) or the Chief Executive Officer may call meetings of the Compensation Committee by notifying the Corporate Secretary who will notify the members of the Compensation Committee. The Chair shall preside over all Compensation Committee meetings or, in the absence of the Chair, the members of the Compensation Committee present may appoint a chair from their number for a meeting.
2. **Secretary and Minutes** - The Corporate Secretary, his or her designate or any other person the Compensation Committee requests, shall act as secretary at Compensation Committee meetings. Minutes of Compensation Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Compensation Committee for approval.
3. **Quorum** - A majority of the members of the Compensation Committee shall constitute a quorum.
4. **Access to Management and Outside Advisors** - The Compensation Committee shall have unrestricted access to the Company’s management and employees. The Compensation Committee

shall have the authority to conduct investigations into any matters within its scope of responsibilities, retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation of these advisors without consulting or obtaining the approval of the Board or any Company officer. The Company shall provide appropriate funding, as determined by the Compensation Committee, for the services of these advisors. With respect to any external compensation consultant or advisor retained by the Compensation Committee or the Board for determining executive or director compensation, the Compensation Committee must pre-approve any other services that management has requested be provided to the Company or management by such external compensation consultant or advisor or its affiliates.

#### **4. FUNCTIONS AND RESPONSIBILITIES**

The Compensation Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Compensation Committee by the Board. In addition to these functions and responsibilities, the Compensation Committee shall perform the duties required of a compensation committee by Applicable Requirements.

##### **1. Chief Executive Officer Performance, Evaluation, Compensation and Hiring**

- a. Performance Goals - At least annually, the Compensation Committee shall review and, if advisable, approve and recommend for Board approval performance goals for the Chief Executive Officer.
- b. Chief Executive Officer Evaluation - At least annually, the Compensation Committee shall evaluate the performance of the Chief Executive Officer in relation to his or her performance goals and shall co-ordinate with the Chair of the Board or, where the Chair of the Board is not independent, the Lead Director, with respect to the process for that evaluation. The Compensation Committee may delegate to the Chair of the Compensation Committee and/or one of the Chair of the Board or the Lead Director, as applicable, responsibility to conduct the Chief Executive Officer's evaluation, which shall be presented to the Board for its review prior to discussion with the Chief Executive Officer.
- c. Compensation - At least annually, the Compensation Committee shall review, and, if advisable, approve and recommend for Board approval the Chief Executive Officer's compensation package. The compensation package recommendation shall be based on the Chief Executive Officer's performance evaluation conducted pursuant to subsection 4(1)(b) of this mandate, as well as other factors and criteria as may be determined by the Compensation Committee from time to time.
- d. Employment Arrangements - The Compensation Committee shall review, and, if advisable, approve and recommend for Board approval any arrangement with the Chief Executive Officer relating to employment terms, termination, severance, change in control or any similar arrangements. In undertaking this review, the Compensation Committee shall take into account the overall structure, costs and general implications of these arrangements.
- e. Hiring - The Compensation Committee shall consider and, if advisable, raise for consideration by the Board, the hiring of a new Chief Executive Officer or the termination of the employment of any existing Chief Executive Officer.

##### **2. Appointment and Compensation of Executives**

- a. Executives - The Compensation Committee shall require that the Chief Executive Officer provide recommendations to the Compensation Committee respecting the appointment, compensation and other terms of employment of the Chief Financial Officer, all senior management reporting directly to the Chief Executive Officer and all other officers appointed by the Board of Directors (collectively, "**Executives**"), which recommendations shall include and be consistent with the information required to be disclosed by the Company in the Company's Compensation Discussion and Analysis section of its management information circulars (the "CD&A"). The Compensation Committee shall review the Chief Executive Officer's recommendations and, if advisable and subject to such modifications, if any, as it considers appropriate, approve and recommend for Board approval any such appointment, compensation and other terms of employment.

- b. Executive Compensation Principles, Policies, Programs and Plans - At least annually, the Compensation Committee shall require that the Chief Executive Officer provide recommendations to the Compensation Committee respecting the Company's compensation principles, policies, programs and plans for management, including the establishment of performance measures and evaluation processes, which recommendations shall include and be consistent with the information required to be disclosed by the Company in the CD&A. The Compensation Committee shall review the Chief Executive Officer's recommendations and, if advisable and subject to such modifications, if any, as it considers appropriate, approve and recommend for Board approval such compensation principles, policies, programs and plans. The Compensation Committee shall oversee the development and implementation of these principles, policies, programs and plans.
- c. Employment Arrangements - The Compensation Committee shall require that the Chief Executive Officer provide recommendations to the Compensation Committee respecting arrangements with the Executives relating to material or non-standard employment terms, termination, severance, change in control or any similar arrangements, which recommendations shall include and be consistent with the information required to be disclosed by the Company in the CD&A. The Compensation Committee shall review the Chief Executive Officer's recommendations and, if advisable and subject to such modifications, if any, as it considers appropriate, approve and recommend for Board approval any such arrangements. In undertaking this review, the Compensation Committee shall take into account the overall structure and costs of these arrangements.

### **3. Succession Planning and Executive Development**

The Compensation Committee shall require the Chief Executive Officer to provide recommendations to the Compensation Committee respecting:

- a. Major changes to the structure, organization and responsibilities of the Chief Executive Officer or any of the Executives' functions;
- b. The succession, emergency preparedness and development plan for the Chair of the Board, Lead Director (if applicable) and Chief Executive Officer, at least annually; and
- c. The succession, emergency preparedness and development plans for each of the Executives, at least annually.

and the Compensation Committee shall review such recommendations and, if advisable and subject to such modifications, if any, as it considers appropriate, approve and recommend for Board approval any such recommendations.

### **4. Compensation of Directors**

- a. Compensation - The Compensation Committee shall review, and, if advisable, approve and recommend for Board approval the compensation package for directors. The compensation package recommendation shall be based on factors and criteria as may be determined by the Compensation Committee from time to time.

### **5. Equity-Based Compensation Plans**

- a. Equity-Based Compensation Plans - At least annually, the Compensation Committee shall review the Company's equity-based compensation plans and shall determine whether these plans are consistent with the Company's compensation principles and policies.
- b. Administer Equity-Based Compensation Plans - On an ongoing basis, the Compensation Committee shall administer and interpret the Company's equity-based compensation plans and its policies respecting the grant of compensation pursuant thereto.
- c. Equity-Based Compensation Awards - On an ongoing basis, the Compensation Committee shall require that the Chief Executive Officer provide recommendations to the Compensation Committee respecting the grant of equity-based awards for employees of the Company other than the Chief Executive Officer. The Compensation Committee, if advisable and subject to such modifications, if any, as it considers appropriate shall review and recommend for approval of the Board the Chief Executive Officer's recommendations respecting the grant of any awards of equity compensation and the terms thereof. The Compensation Committee may

make a recommendation for approval of the Board respecting the grant of equity awards for the Chief Executive Officer and the terms thereof.

## **6. Equity Ownership and Retention Policies**

- a. Equity Ownership and Retention Policies - On an ongoing basis, the Compensation Committee shall establish, administer and interpret the Company's equity ownership and retention policies applicable to directors and Executives, including establishing and monitoring the appropriate ownership levels pursuant to such policies. At least annually, the Compensation Committee shall review these plans and shall determine whether these policies are consistent with the Company's desire to have the Company's directors and Executives establish and maintain a meaningful equity ownership interest in the Company over a reasonable period of time following their election to the Board or appointment as Executives, as applicable.

## **7. Pension and Benefit Plans**

On an ongoing basis, the Compensation Committee shall administer and interpret the Company's retirement, pension and benefit plans as may be in effect from time to time. At least annually, the Company shall review these plans.

## **8. Risk Identification and Management**

- a. Compensation Risk Oversight – The Compensation Committee shall provide risk oversight of the Company's compensation policies and practices.
- b. Compensation Risk Mitigation – The Compensation Committee shall identify and mitigate compensation policies and practices that could encourage an Executive to take inappropriate or excessive risks.

## **9. Disclosure**

- a. Compensation Committee Report on Executive Compensation - The Compensation Committee shall prepare, to the extent required under Applicable Requirements, in conjunction with management, the CD&A for inclusion in the Company's management information circulars. The CD&A must be approved by the Compensation Committee prior to its dissemination.
- b. Executive Compensation Disclosure - The Compensation Committee shall review and, if advisable, approve all executive compensation disclosure required by Applicable Requirements prior to its public release.
- c. Risk Disclosure - The Compensation Committee shall review and discuss with management all disclosure required under Applicable Requirements related to risks associated with the Company's compensation policies and practices.

## **10. Assessment of Regulatory Compliance**

The Compensation Committee shall annually review management's assessment of compliance with Applicable Requirements as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.

## **11. Delegation**

The Compensation Committee may, to the extent permissible under Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Compensation Committee deems appropriate.

## **5. REPORTING TO THE BOARD**

1. The Chair shall report to the Board on material matters arising at Compensation Committee meetings and, where applicable, shall present the Compensation Committee's recommendations to the Board for its approval.

## **6. GENERAL**

1. The Compensation Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Compensation Committee's discretion, to exercise its powers and fulfill the duties under this mandate.

## **7. CURRENCY OF THE COMPENSATION COMMITTEE CHARTER**

This charter was last revised and approved by the Board on March 2, 2016.