

INDIGO BOOKS & MUSIC INC.
(the "Corporation")

HUMAN RESOURCES, COMPENSATION AND GOVERNANCE COMMITTEE CHARTER

1. PURPOSE

The purpose of the Human Resources, Compensation and Governance Committee (the "Committee") of the Board of Directors (the "Board") of the Corporation is to assist the Board in fulfilling its oversight responsibilities in the areas of leadership, human resource planning, compensation and corporate governance, including:

- to review and make recommendations to the Board pertaining to the Corporation's executive compensation programs and its elements, and to assist the Board in executing its responsibilities in regard to executive management's compensation;
- to review and make recommendations to the Board in all matters pertaining to the Corporation's corporate governance framework, including structure and organization and to develop appropriate systems, policies and procedures;
- to review and make recommendations to the Board with respect to Board membership and Board committee membership, as well as director compensation; and
- to assist the Board in executing its responsibilities regarding significant human resource or organizational policies and matters generally impacting employees of the Corporation.

2. COMPOSITION

The Committee shall be comprised of a minimum of three (3) directors, all of whom shall be persons who are not officers or employees of the Corporation or any of its subsidiaries. Members of the Committee, as well as its Chair, shall be appointed by the Board annually. In any year that the Board does not make an appointment of the Chair, the incumbent Chair shall continue in office until his/her successor has been appointed.

3. MEMBER QUALIFICATIONS

Committee members shall have an understanding of human resources and compensation principles and practices, as well as corporate governance issues, or shall commit to acquiring such knowledge in a timely manner.

4. MEETINGS

The Committee will meet as frequently as the Committee deems necessary to fulfill its mandate. The timing of meetings shall be determined by the Committee.

A quorum for the transaction of business at a Committee meeting shall be a majority of the Committee members.

In the absence of the Committee Chair, the Committee members shall appoint an Acting Chair.

5. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

I. Human Resources and Compensation:

(a) Review and recommend for Board approval:

- (i) CEO's position description;
- (ii) CEO compensation;
- (iii) process for assessing CEO performance, including the review of corporate goals and objectives relevant to compensation, as approved by the Board;
- (iv) appointment of officers;
- (v) executive compensation programs;
- (vi) short- and long-term incentive plan design/amendments/criteria;
- (vii) equity-based compensation plan design/amendments; and
- (viii) executive compensation disclosure prior to public dissemination, including Compensation Discussion and Analysis in the Corporation's Management Information Circular, in accordance with applicable rules and regulations.

(b) Review and approve, with respect to compensation programs, policies and plans, including:

- (i) broad-based employee compensation philosophy, including employee benefit and retirement programs;
- (ii) policies and practices to enable the Corporation to attract, develop and retain the talent required to meet its business objectives;
- (iii) all components of executive management compensation ("Executive Compensation Guidelines"), including, short-term and (if appropriate) long-term incentive program payouts and stock option grants;
- (iv) CEO's recommended compensation arrangements that fall outside such Executive Compensation Guidelines;
- (v) all material terms with respect to employment contracts for executive management;
- (vi) all stock option grants pursuant to equity-based compensation plans; and
- (vii) all payouts under short- and (if appropriate) long-term incentive plans.

- (c) Oversee risk identification and management in relation to compensation policies and practices.
- (d) Monitor the succession planning for the CEO, executive management and any other senior positions for which an unplanned vacancy would have a material impact on the Corporation's performance and report any concerns or recommendations to the Board.
- (e) Monitor the Corporation's compliance with legislative and regulatory requirements for occupational health and safety practices, ensuring appropriate policies and procedures are in place for the promotion of a safe and healthy work environment within its businesses.
- (f) Oversee the Corporation's diversity and inclusion strategic initiatives, including monitoring and assessing the establishment and ongoing progress of such programs.

II. Corporate Governance:

- (a) Review and assess on a regular basis the Corporation's corporate governance framework, including policies and practices, making recommendations to the Board on best practices for corporate governance.
- (b) In conjunction with the Chair of the Board where appropriate, establish the qualifications required for new directors, evaluate proposed directors against this criteria, recommend director nominees to the Board, and oversee the orientation program for new directors, as well as continuing education for directors.
- (c) Review competencies and skills of Board members, including financial qualifications of audit committee members.
- (d) Provide recommendations as to the size and structure of the Board and its committees, including committee membership and chairs.
- (e) Review compensation for eligible members of the Board (as per eligibility set out in the Corporation's Directors' Deferred Stock Unit Plan) and, if appropriate, recommend changes to compensation levels to the Board for approval.
- (f) Establish a process for identifying and monitoring actual or potential conflict of interest issues involving directors and officers and the Corporation.
- (g) Review director and officer indemnification policies.
- (h) Assess the effectiveness of the Board, its committees and individual directors on a regular basis. This would include the completion of a questionnaire of Board members on corporate governance and the effectiveness of the Board.
- (i) Review succession planning process for the Board and make recommendations to the Board as appropriate.
- (j) Review the Mandate of the Board and the charter of each of its committees for adequacy on an annual basis and recommend any amendments to the Board for approval, as well as ensuring that each Board committee executes a similar process with its respective charter.

- (k) Review the Corporation's Code of Conduct ("Code") on a regular basis and recommend any amendments to the Board for approval.
- (l) Approve any material waivers of the Code sought by directors or officers, as delegated by the Board.
- (m) Review reports from management or others regarding the Corporation's compliance with applicable governing legislation and the Code and assess whether the Corporation's policies and procedures are operating effectively in this regard.
- (n) Prepare/produce, in conjunction with management, and recommend to the Board, corporate governance disclosure for the Corporation's Management Information Circulars, in accordance with applicable rules and regulations.

III. General:

- (a) Report to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next scheduled Board meeting.
- (b) Perform such other functions as may be assigned to the Committee by the Board from time to time.
- (c) Have the authority in appropriate circumstances to:
 - (i) engage independent counsel, consultants and other advisors as it determines necessary to carry out its duties;
 - (ii) set and pay the compensation for any advisors employed by the Committee, ensuring the independence of its compensation advisors; and
 - (iii) conduct or authorize investigations into matters within its scope of responsibility.