

# **D-BOX**

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**NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS AND  
MANAGEMENT PROXY CIRCULAR**

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**D-BOX TECHNOLOGIES INC.**

July 14, 2014



**D-BOX TECHNOLOGIES INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that an Annual Meeting of Shareholders of D-BOX Technologies Inc. (the “**Corporation**”) will be held at the McCord Museum, 690 Sherbrooke West Street, Montreal, Québec, on August 13, 2014 at 10:00 a.m. for the following purposes:

1. To receive and consider the consolidated financial statements of the Corporation for the fiscal year ended March 31, 2014 and the auditors’ report thereon;
2. To elect directors;
3. To appoint Ernst & Young LLP as auditors of the Corporation and authorize the directors to fix their remuneration;
4. To transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on August 11, 2014 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED at Longueuil, Québec  
July 14, 2014

BY ORDER OF THE BOARD OF DIRECTORS

*(s) Louis Brunel*  
Chairman of the Board of Directors

## D-BOX TECHNOLOGIES INC.

### MANAGEMENT PROXY CIRCULAR

#### SOLICITATION OF PROXIES BY MANAGEMENT

**This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation by the management of D-BOX Technologies Inc. (the “Corporation”) of proxies to be used at the annual meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting.** It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to certain beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Holders of Shares” below.

#### INTERNET AVAILABILITY OF PROXY MATERIALS

Rules recently adopted by the Canadian securities administrators, known as the “notice and access” distribution option, allow companies to send to shareholders a notice to the effect that proxy materials are available via the Internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of proxy materials to shareholders. In the future, the Corporation may take advantage of the “notice and access” distribution option. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation’s notice of meeting and management proxy circular via the Internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

#### APPOINTMENT AND REVOCATION OF PROXIES

##### **Appointment of Proxy**

A shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on August 11, 2014 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**A shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the shareholder’s appointee should be legibly printed in the blank space provided. In addition, the shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the shareholder’s shares are to be voted.**

Shareholders who are not registered shareholders should refer to “Notice to Beneficial Holders of Shares” below.

##### **Revocation of Proxy**

A shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney or authorized agent and deposited with Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on August 11, 2014 (i) by mail or by hand

delivery to Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775, or deposited with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

### **Notice to Beneficial Holders of Shares**

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders do not hold shares of the Corporation in their own name. Shareholders who do not hold their shares of the Corporation in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name on the records of the Corporation. Those shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular, and a voting instruction form or form of proxy, as applicable (collectively, the “**Meeting Materials**”), directly to NOBOs and indirectly through intermediaries to OBOs. National Instrument 54-101 allows the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. The cost of the delivery of the Meeting Materials by intermediaries to OBOs will be borne by the Corporation.

The Corporation has used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list. If the Corporation’s transfer agent, Computershare Investor Services Inc., has sent these materials directly to a NOBO, such NOBO’s name and address and information about its holdings of common shares of the Corporation have been obtained from the intermediary holding such shares on the NOBO’s behalf in accordance with applicable securities regulations. As a result, any NOBO of the Corporation can expect to receive a voting instruction form from Computershare Investor Services Inc. NOBOs should complete and return the voting instruction form to Computershare Investor Services Inc. in the envelope provided. In addition, telephone voting and internet voting are available; instructions in respect of the procedure for telephone and internet voting can be found on the voting instruction form. Computershare Investor Services Inc. will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their

intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation’s transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

### EXERCISE OF DISCRETION BY PROXIES

**Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted for the: (i) election of directors and (ii) appointment of auditors.** Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

### VOTING SHARES

As at July 14, 2014, there were 163,781,129 issued and outstanding Class A common shares of the Corporation. There are no other issued and outstanding shares. Each common share entitles the holder thereof to one vote. The Corporation has fixed July 9, 2014 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof. The list of shareholders is available for inspection during usual business hours at the registered office of the Corporation, 2172 rue de la Province, Longueuil, Québec J4G 1R7 and at the Meeting.

### PRINCIPAL SHAREHOLDERS

As at July 14, 2014, to the best knowledge of the Corporation, the following is the only person who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

<u>Name and municipality of residence</u>	<u>Number of common shares held</u>	<u>Percentage</u>
Caisse de dépôt et placement du Québec..... Montreal, Québec	19,108,882 <sup>(1)</sup>	11.67%

(1) The information was taken from the SEDI website at [www.sedi.ca](http://www.sedi.ca), on July 14, 2014. This information is generated from insider reports filed on SEDI and is not within the direct knowledge of the Corporation.

### ELECTION OF DIRECTORS

The Board of Directors currently consists of six members. It should be noted that Jean-Pierre Desrosiers resigned from the Board of Directors on May 16, 2014, Jean Colbert does not intend to run for re-election to the Board of Directors and three new nominees are running for election to the Board of Directors. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote for the election of the eight nominees whose names are set forth below. Each director will hold office until the next annual meeting of shareholders or until the election of his or her successor, unless the director resigns or his or her office becomes vacant by removal, death or any other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her principal occupation, the year in which such

person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below. Moreover, if Jean Lamarre is elected at the annual meeting of August 13, 2014, he is expected to be appointed as Chairman of the Board of Directors.

<u>Name, municipality of residence and position with the Corporation</u>	<u>Principal occupation</u>	<u>First year as director</u>	<u>Number of shares beneficially owned or over which control is exercised as at July 14, 2014</u>
Louis Brunel <sup>(2)</sup> ..... Ile Bizard, Québec, Canada Chairman of the Board	Corporate Director and Corporate Consultant	2008	300,000
Kit Dalaroy <sup>(1)</sup> ..... Montreal, Québec, Canada Director	Chief Financial Officer Landry Investment Management	2013	—
Jean Lamarre <sup>(1)(2)</sup> ..... Montreal, Québec, Canada Director	President Lamarre Consultants	2013	75,000
Claude Mc Master ..... St. Lambert, Québec, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	2006	2,407,756
Élaine C. Phénix <sup>(1)</sup> ..... Verdun, Québec, Canada Director	President Phénix Capital Inc.	2004	340,000
Louis P. Bernier ..... St. Lambert, Québec, Canada Nominee	Partner Fasken Martineau DuMoulin LLP	—	90,000
Pierre Gabriel Côté ..... Verdun, Québec, Canada Nominee	Consultant & Corporate Director	—	1,000
Sylvain Lafrance ..... Montreal, Québec, Canada Nominee	Chairman of the Board of Directors for the Québec Film and Television Council, Adjunct Professor - HEC Montréal	—	—

(1) Member of the Audit Committee.

(2) Member of the Compensation and Corporate Governance Committee.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

The following is a brief *curriculum vitae* of Louis P. Bernier.

Louis P. Bernier is a partner at Fasken Martineau. He specializes in labour, employment, public and constitutional law. He also represents businesses in all sectors of economic activities, particularly in communications, high technology, business, food, manufacturing and mining, as well as Crown and semi-public corporations. He is a member of the International Society for Labour and Social Security Law and a member of the board of directors and executive committee of the Fédération des chambres de commerce du Québec, where he serves as chairman of the labour committee. He is a member of the board of directors for l'Orchestre symphonique de Longueuil. He is recognized by *The Best Lawyers in Canada* as an expert in labour and employment law. He is also recognized by Lexpert in employment law (repeatedly recommended) and labour law (consistently recommended).

The following is a brief *curriculum vitae* of Pierre Gabriel Côté.

Pierre Gabriel Côté was President and Chief Executive Officer of Fibrek, a pulp producer, from July 2008 until May 2012 when the company was subject to a hostile takeover. From July 2006 to July 2008, he was President of Bombardier, Business Aircraft. Prior to that, he was Executive Vice President, Tissue and Containerboard of Kruger Inc. from July 2005 to July 2006. From October 2001 to July 2005, he was President and Chief Executive Officer of Rogers Sugar Income Fund. Prior to this juncture, Mr. Côté was Senior Vice President International Operations and Energy of Abitibi Consolidated Inc. from September 2000 to September 2001, and Vice President of US Operations of Donohue Inc. from September 1999 to August 2000. Mr. Côté has been an active member of the Board of Maison Michel Sarrazin Foundation since 2008. Mr. Côté sits on the board of the Centre de Commercialisation en Innovation Manufacturière and he was a member of the advisory committee for TELUS Québec from 2011 until 2014.

The following is a brief *curriculum vitae* of Sylvain Lafrance.

Sylvain Lafrance joined Société Radio-Canada in 1978 as a journalist. He rapidly progressed through the organization to become Line Producer, Director and General Manager of Radio. In 1998, he became Vice-President, French Radio of CBC. In the fall of 2005, the Board of Directors of CBC/Radio-Canada appointed him Executive Vice President, French Services of CBC and entrusted him with the mandate to proceed with the integration of CBC's radio, television and Internet services in order to create one of the most important French language public broadcasting groups - the only one in North America. Mr. Lafrance is a Knight of the Ordre de la Pléiade, awarded by the Parliamentary Assembly of the Francophonie, Knight of the Ordre des Arts et des Lettres and Knight of the Légion d'honneur of the French Republic. He is also a member of the Order of Canada. He is currently an adjunct professor at HEC Montréal and sits on the boards of Directors of the Société des alcools du Québec, Victoria Square Group and the Orchestre Symphonique de Montréal and he is Chairman of the Québec Film and Television Council.

### **Majority Voting for Directors**

In March 2013, the Board of Directors adopted a majority-voting policy. Under this policy, in an uncontested election of directors, any nominee proposed for election as a director who receives a greater number of "withheld" votes than "for" votes is expected promptly following the date of the shareholders' meeting at which the election occurred to tender his or her resignation to the Chairman of the Board of Directors for consideration by the Compensation and Corporate Governance Committee of the Board of Directors, with the resignation to take effect upon acceptance by the Board of Directors. This policy applies only to "uncontested elections", that is, elections where the number of nominees for director is equal to the number of directors to be elected.

The Board of Directors will act on the Corporate Governance Committee's recommendation within 90 days following the date of the shareholders' meeting at which the election occurred. Following the Board of Directors' decision on the Corporate Governance Committee's recommendation, the Board of Directors will promptly disclose, by way of a press release, the Board of Directors' decision whether or not to accept the director's offer of resignation, together with an explanation of the process by which the decision was made and, if applicable, the Board's reason or reasons for rejecting the tendered resignation.

The Compensation and Corporate Governance Committee will be expected to accept the resignation except in situations where extenuating circumstances would warrant that the director continues to serve on the Board of Directors. In considering whether or not to accept a resignation, the Compensation and Corporate Governance Committee will consider all factors deemed relevant by the Corporate Governance Committee, including the stated reason or reasons why shareholders "withheld" votes from the election of that nominee, the length of service and the qualifications of the director whose

resignation has been tendered (including, for example, the impact the director's resignation would have on the Corporation's compliance with the requirements of applicable corporate and securities laws and the rules of any stock exchange on which the Corporation's securities are listed or posted for trading), such director's contributions to the Corporation, and whether the director's resignation from the Board of Directors would be in the best interests of the Corporation.

The Compensation and Corporate Governance Committee will also consider a range of possible alternatives concerning the director's tendered resignation as the Compensation and Corporate Governance Committee deem appropriate, including acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Compensation and Corporate Governance Committee to have substantially resulted in the "withheld" votes.

A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation will be accepted.

Shareholders should note that, as a result of the majority-voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election.

To the knowledge of the Corporation, none of the nominees for election as a director of the Corporation:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets with the exception of Mr. Jean Lamarre who, until October 6, 2009, was a director of Medical Intelligence Technologies Inc. which filed for and obtained protection under the *Companies' Creditors Arrangement Act* and made an assignment of its property on February 9, 2010; he resigned on October 21, 2011 as a director of privately-held Mechtronix World Corporation and certain of its Canadian subsidiaries ("Mechtronix") and that, on or about May 15, 2012, Mechtronix filed a notice of intention under the *Companies Creditors Arrangement Act* and its assets were liquidated on May 18, 2012; until June 2012, Mr. Lamarre was a director of Mango Copper Industries Inc. which filed on April 17, 2012 a notice of intention under the *Companies' Creditors Arrangement Act* and obtained protection from its creditors on September 24, 2012; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the foregoing nominees for election as director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### Compensation Discussion & Analysis

This discussion describes the Corporation's compensation program for each person who acted as President and Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the CEO and the CFO, whose total compensation was more than \$150,000 in the Corporation's last fiscal year (each a "Named Executive Officer" or "NEO" and collectively the "Named Executive Officers"). This section will address the Corporation's philosophy and objectives and provide a review of the process that the Compensation and Corporate Governance Committee follows in deciding how to compensate the Named Executive Officers. This section will also provide discussion and analysis of the Compensation and Corporate Governance Committee's specific decisions about the compensation of the Named Executive Officers for the fiscal year ended March 31, 2014. The Corporation had four Named Executive Officers during the fiscal year ended March 31, 2014, namely Claude Mc Master, President and Chief Executive Officer, Luc Audet, Chief Financial Officer, Philippe Roy, Chief Business Development Officer and Sylvain Trottier, Vice-President, Operations.

### Compensation Committee

As at the date hereof, the Compensation and Corporate Governance Committee is composed of three directors, namely Jean Lamarre, Louis Brunel and Jean Colbert. Messrs. Lamarre, Brunel and Colbert are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. The Board of Directors believes that the Compensation and Corporate Governance Committee has the knowledge, experience and required background to fulfill its mandate, and each member of the Compensation and Corporate Governance Committee has direct experience that is relevant to his or her responsibilities in executive compensation. In particular, Jean Lamarre is currently Executive Chairman of the Board of Semafo Inc. and sits on the boards of various other public and private companies in addition to having served as an executive at large international corporations; Louis Brunel has been President and Chief Executive Officer of the International Institute of Telecommunications and Chairman of the Board of Directors and General Manager of the University of Public Administration (ENAP); Jean Colbert was President and Director of the *Association des propriétaires de cinémas et cinéparcs du Québec* and was President of the *Association des distributeurs de films vidéo du Québec*, while operating movie theatres. These collective skills and vast experience allow the Compensation and Corporate Governance Committee to make decisions affecting the relevance of policies and practices of the Corporation's compensation.

The mandate of the Compensation and Corporate Governance Committee is to annually review and make recommendations to the Board of Directors with respect to the Corporation's compensation and benefit programs for the Named Executive Officers and directors as well as other members of senior management of the Corporation, including base salaries, bonuses and stock option grants. In the assessment of the annual compensation of the Named Executive Officers, the Compensation and Corporate Governance Committee consults with senior management to develop, recommend and implement compensation philosophy and policy. The Compensation and Corporate Governance Committee also takes into consideration the competitiveness of the compensation packages offered to the Named Executive Officers. Compensation decisions are usually made in the first quarter of a fiscal year, in respect of performance achieved in the prior fiscal year.

### Comparative Group and External Compensation Consultant

To ensure the competitiveness of the compensation offered to the Named Executive Officers and other senior executives of the Corporation, the Compensation and Corporate Governance Committee may retain, from time to time, the services of executive compensation consultants to provide advice on executive compensation. All decisions with respect to executive compensation are made by the Board of Directors upon recommendation of the Compensation and Corporate Governance Committee and may reflect factors and considerations that differ from information and recommendations provided by such consultants, such as merit and the need to retain high-performing executives. The Corporation did not retain the services of a compensation consultant to provide advice on executive compensation to the Board of Directors or the Compensation and Corporate Governance Committee for the fiscal years ended March 31, 2014 and 2013.

As part of the review process, the Compensation and Corporate Governance Committee conducted an analysis to examine and compare the Corporation's compensation programs with a group of comparable companies to ensure the competitiveness and reasonableness of the compensation offered. In 2012, the Corporation's compensation levels and practices were compared to those of ten companies (collectively, the "Comparative Group"), including companies with market capitalization, revenues and financial performance comparable to those of the Corporation, taking into consideration the size

of the Corporation, the geographic markets in which it operates and the responsibilities of its executive officers. The Comparative Group is comprised of the following companies:

COMPARATIVE GROUP				
TSO3	DEQ Digital Entertainment	BioTEQ Environmental Technologies	PROSEP	IPlayCo
H2O Innovation	Tecsys	Miranda Technologies	GuestLogix	Firan Technologies

## Compensation Program Philosophy and Objectives

### *Philosophy*

The Corporation’s executive compensation philosophy and program objectives are directed primarily by two guiding principles. First, the program is intended to provide competitive levels of compensation, at expected levels of performance, in order to attract, motivate and retain talented executives. Second, the program is intended to create an alignment of interests between the Corporation’s executives and shareholders, so that a significant portion of each executive’s compensation is linked to maximizing shareholder value. In support of this philosophy, the executive compensation program is designed to reward performance that is directly relevant to the Corporation’s short-term and long-term success. The Corporation attempts to provide both short-term and long-term incentive compensation that varies based on corporate and individual performance.

### *Purpose*

The Corporation’s executive compensation program has been designed to accomplish the following long-term objectives:

- a) create a proper balance between building shareholder wealth and competitive executive compensation while maintaining good corporate governance;
- b) produce long-term, positive results for the Corporation’s shareholders;
- c) align executive compensation with corporate performance and appropriate peer group comparisons; and
- d) provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

## Compensation Process

The executive compensation program is administered by the Compensation and Corporate Governance Committee. The Corporation adopted a formal policy with respect to the remuneration of its Named Executive Officers in March 2009. The Compensation and Corporate Governance Committee has the authority to retain independent consultants to advise it on compensation matters.

## Components of Executive Compensation

The Corporation’s executive compensation program is structured into three main components: base salary, annual incentives (bonuses) and long-term incentives, including stock options (“**Options**”) granted pursuant to the Corporation’s Stock Option Plan established in 1999 and replaced by a new Stock Option Plan in 2011, as amended from time to time (the “**Stock Option Plan**”). The following discussion describes the Corporation’s executive compensation program by component of compensation and discusses how each component relates to the Corporation’s overall executive compensation objective. In establishing the executive compensation program, the Corporation believes that:

- a) base salaries provide an immediate cash incentive for the Named Executive Officers and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent;
- b) annual incentive bonuses encourage and reward performance over the fiscal year compared to predefined goals and objectives and reflect progress toward company-wide performance objectives and personal objectives; and

- c) options ensure that the Named Executive Officers are motivated to achieve long term growth of the Corporation, continuing increases in shareholder value and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary and Options as short-term and long-term incentives, respectively. Annual incentive bonuses are related to performance and may form a greater or lesser part of the entire compensation package in any given year.

#### *Base Salaries*

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, qualifications and experience of the officer and market conditions.

The base salaries of the Named Executive Officers are reviewed annually to ensure they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each NEO, skill and competencies of NEO, retention considerations and level of demonstrated performance.

Base salaries, including that of the CEO, are reviewed by the Compensation and Corporate Governance Committee on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the CEO to the Corporation's long-term growth and the Compensation and Corporate Governance Committee members' knowledge of remuneration practices in Canada.

#### *Variable Cash Incentive Awards – Bonuses*

The Compensation and Corporate Governance Committee's philosophy with respect to Named Executive Officer bonuses is to align the payment of bonuses with the performance of the Corporation, based on predefined goals and objectives established by the Compensation and Corporate Governance Committee and management and the relative contribution of each of the executive officers, including the CEO, to that performance. During the fiscal year ended March 31, 2014, the Compensation and Corporate Governance Committee approved the payment of an aggregate of \$251,430 in bonuses to the Named Executive Officers. For fiscal 2014, bonuses were determined by the Compensation and Corporate Governance Committee on the basis of a combination of two elements: (i) the progress achieved in respect of the projects, targets and financial performance-related objectives of the Corporation, as well as the implementation of the business plan and various strategies, such as the attainment of sales, production cost-cutting, technology deployment and brand recognition objectives; and (ii) the Named Executive Officer's individual contribution to the foregoing positive results.

The following table shows the personal and corporate objectives for each of the Named Executive Officers for the fiscal year ended March 31, 2014, expressed as a percentage of base salary:

<b>NAME</b>	<b>PERCENTAGE OF BASE SALARY AS BONUS</b>	<b>PERSONAL OBJECTIVES (20%)</b>	<b>CORPORATE OBJECTIVES (80%)</b>
Claude Mc Master	50%	<ul style="list-style-type: none"> <li>• Increase global sales of the Corporation and improve the general performance of theatres for D-BOX films.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase global sales of the Corporation</li> <li>• Maintain a positive EBITDA (Net income before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest income and income taxes)</li> </ul>
Luc Audet	30%	<ul style="list-style-type: none"> <li>• Strict management of inventories, investments and working capital.</li> <li>• Develop and implement a disaster recovery plan.</li> </ul>	
Philippe Roy	45%	<ul style="list-style-type: none"> <li>• Increase sales in the commercial theatre sub-market.</li> </ul>	
Sylvain Trottier	20%	<ul style="list-style-type: none"> <li>• Reduce the cost of products.</li> <li>• Optimize the availability of products and procurement.</li> </ul>	

## Long-Term Incentive Plans

The Corporation provides long-term incentive compensation to the Named Executive Officers through the Stock Option Plan.

### Stock Option Plan

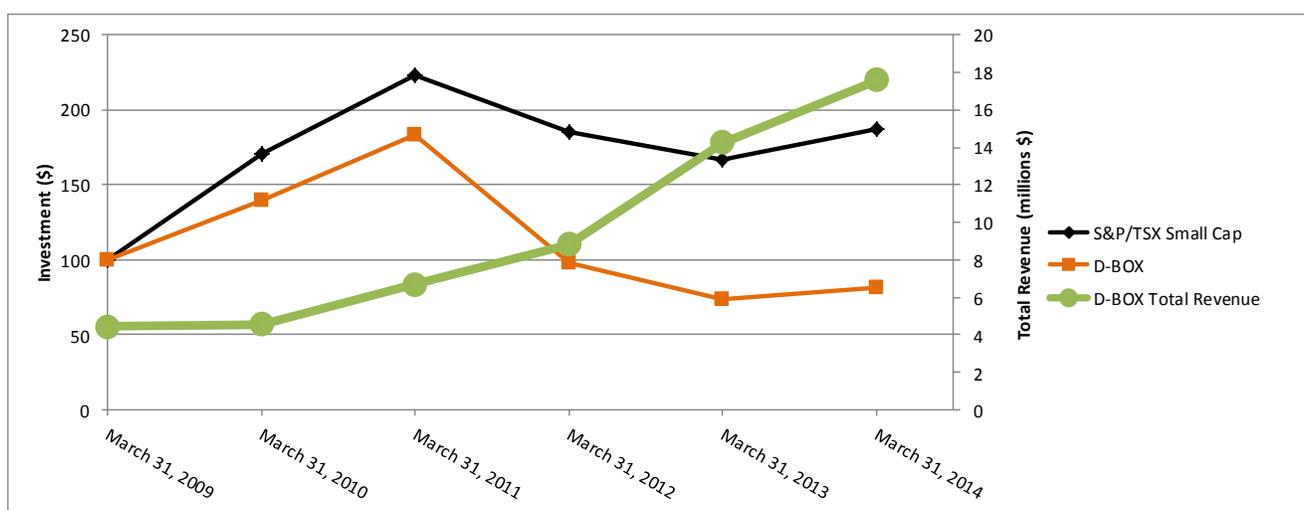
The Corporation provides long-term incentive compensation to its Named Executive Officers through the Stock Option Plan. The Compensation and Corporate Governance Committee recommends the granting of Options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the number of Options already outstanding and overall market conditions. The Compensation and Corporate Governance Committee views the granting of Options as a means of promoting the success of the Corporation and higher returns to its shareholders. As such, the Compensation and Corporate Governance Committee does not grant Options in excessively dilutive numbers or at exercise prices not reflective of the Corporation's underlying value. During the fiscal year ended March 31, 2014, the Compensation and Corporate Governance Committee recommended the granting of Options in respect of a total of 3 952 534 Class A common shares to the Named Executive Officers which are detailed in the table entitled "Incentive Plan Awards" on page 14. See "**Stock Option Plan**" for a description of the material aspects of the Stock Option Plan.

### Group Benefits/Perquisites

The officers of the Corporation have the option to benefit from life, medical and long-term disability insurance. None of the officers benefits from any retirement plan. All such benefits are offered to the Corporation's employees.

### Performance Graph

The line graph below illustrates the cumulative total shareholder return over the five most recently completed financial years of the Corporation, assuming that \$100 was invested at the closing price on March 31, 2009, compared with the cumulative total return of the same amount invested in the S&P / TSX SmallCap Index since March 31, 2010 (assuming all dividends are reinvested). This graph also illustrates the notable upward trend of the Corporation's total revenue during the same period.



FISCAL ENDED MARCH 31	2009	2010	2011	2012	2013	2014
S&P/TSX SmallCap	\$100	\$170,95	\$223,49	\$185,28	\$167,21	\$187,04
D-BOX	\$100	\$140,00	\$183,33	\$98,33	\$73,33	\$81,67
D-BOX Total Revenue	\$4,443 k	\$4,540 k	\$6,685 k	\$8,832 k	\$14,253 k	\$17,593 k

In the context of the annual performance appraisal for Named Executive Officers, the Compensation and Corporate Governance Committee considers, in particular, market price for shares, sales growth and the adjusted EBITDA of the Corporation (net income before items not affecting cash, the foreign exchange gain or loss, financial expenses, interest income and income taxes). Members of the Compensation and Corporate Governance Committee carefully consider, amongst other factors, financial objectives that are set on an annual basis, the development, over the years, of new products and new markets, and the competitive positioning of the Corporation.

It is also important to note that the trading price depends on several factors that are beyond the Corporation's control, such as investors' perceptions in relation to the future of the Corporation's industry and unfavorable economic conditions, to only name a few.

The total compensation of the Named Executive Officers, as shown in the Summary Compensation Table, consists, in part, of options to purchase shares that have a value which does not constitute a cash amount received by the Name Executive Officer in question. These amounts are at risk and may even be equal to zero. The amount of total compensation is not cash compensation actually earned by the Named Executive Officer.

### Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Compensation Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Compensation and Corporate Governance Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Compensation and Corporate Governance Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

### Summary of the Compensation of the Named Executive Officers

The following table provides information for the fiscal years ended March 31, 2014 , 2013 and 2012, regarding compensation paid to or earned by the Named Executive Officers.

**Summary Compensation Table**

Name and Principal Occupation	Year	Salary <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards <sup>(3)(4)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value <sup>(6)</sup> (\$)	All other Compensation <sup>(7)</sup> (\$)	Total Compensation <sup>(8)</sup> (\$)
					Annual Incentive Plans <sup>(5)</sup>	Long-Term Incentive Plans			
Claude Mc Master President and Chief Executive Officer	2014	280,000	n/a	381,106	107,800	n/a	n/a	3,980	772,886
	2013	234,600	n/a	31,542	135,482	n/a	n/a	4,002	405,626
	2012	234,600	n/a	764,274	42,228	n/a	n/a	n/a	1,041,102
Luc Audet Chief Financial Officer	2014	190,000	n/a	73,006	45,600	n/a	n/a	4,851	313,457
	2013	178,500	n/a	21,028	61,583	n/a	n/a	3,673	264,784
	2012	178,500	n/a	203,806	20,884	n/a	n/a	n/a	403,190
Philippe Roy Chief Business Development Officer	2014	210,000	n/a	46,840	73,710	n/a	n/a	n/a	330,550
	2013	193,800	n/a	21,028	99,419	n/a	n/a	n/a	314,247
	2012	193,800	n/a	203,806	29,651	n/a	n/a	n/a	427,257

Name and Principal Occupation	Year	Salary <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards <sup>(3)(4)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value <sup>(6)</sup> (\$)	All other Compensation <sup>(7)</sup> (\$)	Total Compensation <sup>(8)</sup> (\$)
					Annual Incentive Plans <sup>(5)</sup>	Long-Term Incentive Plans			
Sylvain Trottier Vice-President, Operations	2014	152,000	n/a	16,541	24,320	n/a	n/a	n/a	192,861
	2013	147,900	n/a	46,319	33,869	n/a	n/a	n/a	228,088
	2012	147,900	n/a	101,903	10,057	n/a	n/a	n/a	259,860

(1) This column discloses the actual salary earned during the fiscal year indicated.

(2) The Corporation does not have a share-based compensation plan.

(3) This column discloses the total fair value of stock options granted to the Named Executive Officers during the fiscal year indicated. The exercise price of the stock options granted to the Named Executive Officers during the fiscal year ended March 31, 2014 was \$0.19 with respect to stock options granted on April 11, 2013, \$0.20 with respect to stock options granted on August 14, 2013, \$0.18 with respect to stock options granted on December 23, 2013 (first installment), and \$0.23 with respect to stock options granted December 23, 2013 (second installment). The fair value of these options was calculated on the award date in accordance with International Financial Reporting Standards 2 ("IFRS 2") using the Black-Scholes option pricing model and the following assumptions for 2014: with respect to stock options granted on April 11, 2013, risk-free interest rate of 1.31%, no dividend, volatility factor of 95.3% for the market price for shares of the Corporation, cancellation rate of 3.83%; and option term of 5.6 years; with respect to stock options granted on August 14, 2013, risk-free interest rate of 2.01%, no dividend, volatility factor of 93.7% for the market price for shares of the Corporation, cancellation rate of 4.05%; and option term of 5.7 years; with respect to stock options granted on December 23, 2013, risk-free interest rate of 1.94%, no dividend, volatility factor of 89.0% for the market price for shares of the Corporation, cancellation rate of 3.94%; and option term of 5.8 years. **These fair values do not represent cash received by the Named Executive Officer. These amounts are at risk and may even be equal to zero.**

(4) The Black-Scholes model was retained by the Corporation as it is the stock option pricing method most widely adopted and used.

(5) The amounts disclosed in the column are granted as annual cash bonuses and are attributable in the fiscal year indicated.

(6) The Corporation does not have a retirement plan.

(7) The amounts shown in the column represent compensation for private insurance premiums.

(8) **The total compensation value does not represent the real cash compensation earned by the Named Executive Officer during this period.**

## Incentive Plan Awards

The following table sets out the details of all Options held by the Named Executive Officers as at March 31, 2014.

Name	Option-Based Awards				Share-Based Awards <sup>(2)</sup>	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares That Have not Vested (#)	Market or Payout Value of Share-based Awards That Have not Vested <sup>(2)</sup> (\$)
Claude Mc Master	1,417,800	0.42	March 25, 2020	—	n/a	n/a
	555,911	0.38	July 14, 2020	—		
	1,500,000	0.65	April 19, 2021	—		
	150,000	0.28	April 19, 2022	—		
	900,000	0.19	April 11, 2023	49,500		
	777,534	0.18	December 23, 2023	50 540		
	1,250,000	0.23	December 23, 2023	18 750		
Luc Audet	302,550	0.42	March 25, 2020	—	n/a	n/a
	400,000	0.65	April 19, 2021	—		
	100,000	0.28	April 19, 2022	—		
	250,000	0.19	April 11, 2023	13,750		
	200,000	0.18	December 23, 2023	13,000		
	100,000	0.23	December 23, 2023	1,500		
Philippe Roy	302,550	0.42	March 25, 2020	—	n/a	n/a
	400,000	0.65	April 19, 2021	—		
	100,000	0.28	April 19, 2022	—		
	250,000	0.19	April 11, 2023	13,750		
	100,000	0.23	December 23, 2023	1,500		

	Option-Based Awards				Share-Based Awards <sup>(2)</sup>	
Sylvain Trottier	140,000	0.42	March 25, 2020	—	n/a	n/a
	200,000	0.65	April 19, 2021	—		
	100,000	0.28	April 19, 2022	—		
	100,000	0.33	August 24, 2022	—		
	75,000	0.19	April 11, 2023	4,125		
	50,000	0.23	December 23, 2023	750		

- (1) This column sets out the aggregate value of in-the-money unexercised options as at March 31, 2014, calculated based on the difference between the market price of the common shares underlying the Options as at March 31, 2014 (\$0.245), the last trading day of the fiscal year ended March 31, 2014, and the exercise price of the Options.
- (2) The Corporation does not have a share-based compensation plan.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each NEO, the value of option-based awards and share-based awards which vested during the fiscal year ended March 31, 2014 and the value of non-equity incentive plan compensation earned during the fiscal year ended March 31, 2014.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Claude Mc Master	—	n/a	107,800
Luc Audet	—	n/a	45,600
Philippe Roy	—	n/a	73,710
Sylvain Trottier	—	n/a	24,320

- (1) Calculated based on the difference between the market price of the shares underlying the Options at the vesting date and the exercise price of the Option on the vesting date.
- (2) The Corporation does not have a share-based compensation plan.

### Termination and Change of Control Benefits

#### *Employment Agreement with Claude Mc Master*

The Corporation has entered into an employment agreement for an indeterminate term with Claude Mc Master, President and Chief Executive Officer of the Corporation. In addition to his base salary, Mr. Mc Master is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Mc Master's remuneration is reviewed annually by the Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Mc Master has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Mc Master's employment by the Corporation without reasonable cause, he is entitled to receive payment in an amount equal to two times his compensation, that is his base salary for the current year and an amount corresponding to the average of the last two years of bonuses approved by the Board of Directors of the Corporation (collectively "**Mr. Mc Master's compensation**"). In the event of a change of control of the Corporation, he is entitled to receive payment in an amount equal to three times Mr. Mc Master's compensation. The amount that would have been payable to Mr. Mc Master if a change of control had taken place on March 31, 2014 would have been \$1,204,923 and the amount that he would have been entitled to receive if the Corporation had terminated his employment without reasonable cause as at March 31, 2014 would have been \$803,282.

#### *Employment Agreement with Luc Audet*

The Corporation has entered into an employment agreement for an indeterminate term with Luc Audet, Chief Financial Officer of the Corporation. In addition to his base salary, Mr. Audet is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Audet's remuneration is reviewed annually by the Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Audet has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Audet's employment by the Corporation without reasonable cause, he is entitled to receive payment in an amount equal to his base salary for the current year, plus an amount corresponding to the

average of the last two years of bonuses approved by the Board of Directors of the Corporation (collectively “**Mr. Audet’s compensation**”). In the event of a change of control of the Corporation, he is entitled to receive payment in an amount equal to twice Mr. Audet’s compensation. The amount that would have been payable to Mr. Audet if a change of control had taken place on March 31, 2014 would have been \$487,184 and the amount that he would have been entitled to receive if the Corporation had terminated his employment without reasonable cause as at March 31, 2014 would have been \$243,592.

#### *Employment Agreement with Philippe Roy*

The Corporation has entered into an employment agreement for an indeterminate term with Philippe Roy, Chief Business Development Officer of the Corporation. In addition to his base salary, Mr. Roy is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Roy’s remuneration is reviewed annually by the Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Roy has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Roy’s employment by the Corporation without reasonable cause, he is entitled to receive payment in an amount equal to one and a half times his compensation, that is his base salary for the current year and an amount corresponding to the average of the last two years of bonuses approved by the Board of Directors of the Corporation (collectively “**Mr. Roy’s compensation**”). In the event of a change of control of the Corporation, he is entitled to receive payment in an amount equal to twice Mr. Roy’s compensation. The amount that would have been payable to Mr. Roy if a change of control had taken place on March 31, 2014 would have been \$593,129 and the amount that he would have been entitled to receive if the Corporation had terminated his employment without reasonable cause as at March 31, 2014 would have been \$444,847.

#### *Employment Agreement with Sylvain Trottier*

The Corporation has entered into an employment agreement for an indeterminate term with Sylvain Trottier, Vice-President, Operations of the Corporation. In addition to his base salary, Mr. Trottier is eligible for a performance bonus calculated as a percentage of his annual base salary and tied to attaining objectives which are determined on an annual basis. Mr. Trottier’s remuneration is reviewed annually by the President of the Corporation and Compensation and Corporate Governance Committee of the Board of Directors. Pursuant to his employment agreement, Mr. Trottier has given, among other things, a non-disclosure undertaking to the Corporation. In the event of the termination of Mr. Trottier’s employment without reasonable cause, including a change of control of the Corporation, he is entitled to receive payment in an amount equal to one month of his base salary per year of service completed, with a minimum of three months and a maximum of twelve months being payable. The amount that would have been payable to Mr. Trottier if the Corporation had terminated his employment without reasonable cause as at March 31, 2014, or if a change of control had taken place on March 31, 2013, would have been \$88,667.

### **Director Compensation**

The independent directors of the Corporation are compensated as follows:

- Independent directors receive options equal to 40,000 Class A Common Shares every year, except the Chairman of the Board who receives stock options equal to 80,000 Class A Common Shares every year. Options granted to independent directors vest in equal proportions over a three (3) year period;
- The Chairman of the Board receives additional fees in an amount of \$18,000 per year while the other independent directors receive fees of \$6,000 per year;
- The Chair of each Board Committee receives additional fees in an amount of \$2,000 per year;
- In addition to the amounts mentioned hereinabove, independent directors receive meeting fees of \$1,000 per day of Board meeting and for each meeting of a Board Committee; such amount is reduced to \$750 for meetings in which the director participates by conference call.

The options were granted pursuant to the Stock Option Plan to the directors as set out below, the material terms and conditions of which are set out on page 19 under “Stock Option Plan”.

The following table sets out the details of the compensation of the independent directors of the Corporation as at March 31, 2014.

Name	Fees earned <sup>(1)</sup> (\$)	Share-based awards <sup>(2)</sup> (\$) <sup>(1)</sup>	Option-based awards (\$)	Non-equity incentive plan compensation <sup>(3)</sup> (\$)	Pension value <sup>(4)</sup> (\$)	All other compensation <sup>(5)</sup> (\$)	Total <sup>(6)</sup> (\$)
Louis Brunel	25,250	n/a	11,300	n/a	n/a	n/a	36,550
Élaine C. Phénix	22,250	n/a	5,650	n/a	n/a	n/a	27,900
Strath Goodship <sup>(7)</sup>	6,000	n/a	—	n/a	n/a	n/a	6,000
Pierre Mc Master <sup>(7)</sup>	750	n/a	—	n/a	n/a	n/a	750
Jean Colbert	16,250	n/a	5,650	n/a	n/a	n/a	21,900
Richard Soly <sup>(7)</sup>	6,750	n/a	—	n/a	n/a	n/a	6,750
Jean-Pierre Desrosiers <sup>(8)</sup>	17,000	n/a	5,650	n/a	n/a	n/a	22,650
Jean Lamarre <sup>(9)</sup>	11,500	n/a	5,650	n/a	n/a	n/a	17,150
Kit Dalaroy <sup>(9)</sup>	11,250	n/a	5,650	n/a	n/a	n/a	16,900
<b>Total</b>	<b>117,000</b>	<b>n/a</b>	<b>39,550</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>156,550</b>

(1) This amount represents annual fees earned by the director.

(2) The Corporation does not have a share-based compensation plan.

(3) The Corporation does not have a non-equity incentive plan.

(4) The Corporation does not have a pension plan.

(5) The Corporation does not offer any other type of compensation to the directors.

(6) **The total compensation value does not represent the real cash compensation earned by the independent director during this period.**

(7) These directors resigned from the Board of Directors of the Corporation on August 14, 2013;

(8) This director resigned from the Board of Directors of the Corporation on May 16, 2014;

(9) These directors joined the Board of Directors of the Corporation on August 14, 2013.

### Incentive Plan Awards

The following table sets out the details of all grants of Options to the independent directors of the Corporation as at March 31, 2014.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-based awards that have not Vested <sup>(2)</sup> (\$)
Louis Brunel	200,000 80,000 80,000	0,47 0,33 0,20	August 25, 2019 August 24, 2022 August 14, 2023	— — 3,600	n/a	n/a
Jean Colbert	100,000 40,000 40,000	0,47 0,33 0,20	August 25, 2019 August 24, 2022 August 14, 2023	— — 1,800	n/a	n/a
Élaine C. Phénix	100,000 40,000 40,000	0,47 0,33 0,20	August 25, 2019 August 24, 2022 August 14, 2023	— — 1,800	n/a	n/a
Jean-Pierre Desrosiers	100,000 40,000	0,56 0,20	November 11, 2020 August 14, 2023	— 1,800	n/a	n/a
Jean Lamarre	40,000	0,20	August 14, 2023	1,800	n/a	n/a
Kit Dalaroy	40,000	0,20	August 14, 2023	1,800	n/a	n/a

(1) This column sets out the aggregate value of in-the-money unexercised options as at March 31, 2014, calculated based on the difference between the market price of the common shares underlying the Options as at March 31, 2013 (\$0.245), the last trading day of the fiscal year ended March 31, 2014, and the exercise price of the Options.

(2) The Corporation does not have a share-based compensation plan.

## Incentive Plan Awards – Value Vested or Earned During the Year

The following table outlines, for each independent director, the value of option-based awards and share-based awards which vested during the year ended March 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended March 31, 2014.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Louis Brunel	—	n/a	n/a
Jean Colbert	—	n/a	n/a
Élaine C. Phénix	—	n/a	n/a
Jean-Pierre Desrosiers	—	n/a	n/a
Jean Lamarre	n/a	n/a	n/a
Kit Dalaroy	n/a	n/a	n/a

- (1) Calculated based on the difference between the market price of the shares underlying the Options at the vesting date and the exercise price of the Option on the vesting date.  
(2) The Corporation does not have a share-based compensation plan.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at March 31, 2014, the end of the Corporation’s last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	14,453,345	\$0.38	1,924,767
Equity compensation plans not previously approved by shareholders	n/a	n/a	n/a

The options referred to in the table above were granted under the Stock Option Plan. See “Stock Option Plan” on page 19 below for a description of the material features of the Stock Option Plan.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at July 14, 2014, none of the executive officers, directors, nominees for election as director, employees or former executive officers, directors or employees of the Corporation or any of its subsidiaries were indebted to the Corporation or any of its subsidiaries and, as at the same date, the indebtedness, if any, of such persons to other entities was not the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary thereof.

None of the: (i) persons who are or who were, at any time during the fiscal year ended March 31, 2014, directors or executive officers of the Corporation; (ii) proposed nominees for election as a director of the Corporation; or (iii) associates of any such director, executive officer or proposed nominee, were, at any time during the fiscal year ended March 31, 2014, indebted to: (a) the Corporation or any of its subsidiaries; or (b) another entity, if such indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any

subsidiary thereof, other than “routine indebtedness” as defined in National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

### AUDIT COMMITTEE INFORMATION

Reference is made to the section entitled “Audit Committee” of the Corporation’s Annual Information Form for the fiscal year ended March 31, 2014 for required disclosure relating to the Audit Committee. The Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com) and can be obtained by contacting the Secretary of the Corporation at 2172 de la Province Street, Longueuil, Québec, J4G 1R7, or by telephone at (450) 442-3003.

### APPOINTMENT AND REMUNERATION OF AUDITORS

Ernst & Young LLP have served as the auditors of the Corporation since February 4, 2004. Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of Ernst & Young LLP as the auditors of the Corporation until the following annual meeting of the shareholders, at such remuneration as may be determined by the Board of Directors.

### STOCK OPTION PLAN

In 1999, the Board of Directors of the Corporation established the Stock Option Plan (the “**1999 Plan**”) for the directors, officers and employees of, and consultants to, the Corporation and its subsidiaries. This plan was amended a few times over the years, in particular: (i) to ensure that the maximum number of Class A common shares that may be issued under the 1999 Plan is equal to 10% of the total number of issued and outstanding common shares, and (ii) to extend the maximum term of options that may be granted under the 1999 Plan to 10 years.

On June 16, 2011, the Board of Directors proceeded to repeal the 1999 Plan and to adopt a new stock option plan (the “**2011 Plan**”), which was approved by the shareholders of the Corporation at the annual and special meeting of shareholders held on August 24, 2011. All of the options that were granted under the 1999 Plan and were issued and outstanding as at August 24, 2011 were carried over to the 2011 Plan.

The following points summarize, as at July 14, 2014, the options granted and exercised since the 1999 Plan was created:

- (a) the Corporation has issued 5,193,506 Class A common shares following the exercise of options, corresponding to 3.4% of the currently issued and outstanding Class A common shares of the Corporation;
- (b) the number of securities that are issuable under the 2011 plan is 16,378,112 Class A common shares, corresponding to 10% of the currently issued and outstanding Class A common shares of the Corporation;
- (c) the total number of securities that are issuable under actual grants made is 14,578,345 Class A common shares, corresponding to 8.9% of the currently issued and outstanding Class A common shares of the Corporation.

The material terms and conditions of the 2011 Plan are as follows:

- (i) the Board of Directors of the Corporation may grant options to employees, officers and directors of, and consultants to, the Corporation and its subsidiaries;
- (ii) the maximum number of Class A common shares in respect of which options may be outstanding when the 2011 Plan is adopted, together with shares reserved for issuance or covered by stock options under all other share-based compensation agreements of the Corporation, must not exceed ten percent (10%) of the shares issued and outstanding at that time;
- (iii) an option may be granted to an option holder under the Plan only if the total number of Class A common shares (a) that are issued in favour of the Corporation’s “insiders” during any one-year period and (b) that may be issued in favour of such “insiders” at any time under the Plan or combined with all other share-based compensation agreements of the Corporation, does not exceed ten percent (10%) of the total number of issued and outstanding Class A shares;

- (iv) the exercise price of options is determined by the Board of Directors at the time options are granted, but may not be less than the weighted-average price of all the Class A common shares of the Corporation traded on the Toronto Stock Exchange during the five days immediately preceding the day on which an option is granted;
- (v) the vesting period in respect of options is established by the Board of Directors at the time options are granted. If the vesting schedule is not established at the time an option is granted, such option will be deemed to vest over a period of 36 months in three equal installments of 33⅓% vesting at 12-month intervals;
- (vi) options expire on the date set by the Board of Directors at the time options are granted, which date may not be more than 10 years after the grant date. Nonetheless, if an option expires during a period in which the Corporation has prohibited option holders from trading shares under policies it has adopted (a “**Blackout Period**”), or within 10 business days from the expiration of a Blackout Period, the term of the option is automatically extended for a period of 10 business days immediately following the Blackout Period (the “**Extension due to a Blackout Period**”);
- (vii) options under the 2011 Plan are not transferable, other than by will or the laws of succession of the domicile of the deceased option holder;
- (viii) if there is a break in an option holder’s employment relationship with the Corporation or if the services an option holder renders the Corporation terminate for a serious reason, options not exercised at the time of such break or termination will immediately terminate;
- (ix) if an option holder dies or is, in the opinion of the Board of Directors, stricken with a permanent disability, only the vested options he holds in respect of the number of common shares at the time of death or permanent disability, as the case may be, may be exercised and only during a period of one year following the date of death or permanent disability or before the expiration of the option, whichever occurs first, after which the option is null and void;
- (x) if an option holder ceases to be eligible under the 2011 Plan following his resignation, any vested option he holds may be exercised during a period of 30 days following the date on which he ceases to be eligible, after which the option is null and void;
- (xi) if there is a break in the option holder’s employment relationship with the Corporation, or if his office or function with the Corporation ends or the services he renders the Corporation terminate for any reason other than his death, permanent disability, dismissal for just cause or resignation, the vested options he holds in respect of the number of common shares at the time of such break, ending or termination may be exercised during a period of 90 days following the date of such break, ending or termination or before the expiration of the option, whichever occurs first, after which the option is null and void;
- (xii) the 2011 Plan does not offer option holders financial assistance from the Corporation;
- (xiii) in the event that an offer is made to purchase all of the then-issued and outstanding Class A common shares of the Corporation, all outstanding options under the 2011 Plan may be exercised upon receipt of a notice of such offer from the Corporation, regardless of their vesting period, in order to allow option holders to tender their shares in response to such offer;
- (xiv) the approval of the shareholders of the Corporation is required for the following amendments to the 2011 Plan: (a) amendments to the number of shares that may be issued under the 2011 Plan, including an increase in the maximum percentage or in the number of shares; (b) any amendment to the 2011 Plan serving to lengthen the Extension due to a Blackout Period; (c) any amendment designed to reduce the exercise price or purchase price of an option held by an “insider” of the Corporation; (d) any amendment extending the term of an option held by an “insider” of the Corporation beyond the initial expiration date, unless authorization to the contrary is provided for under the 2011 Plan; (e) amendments that must be approved by shareholders under the applicable laws (in particular, the rules, regulations and policies of the Toronto Stock Exchange);

- (xv) the Board of Directors of the Corporation may make the following types of amendments to the 2011 Plan without obtaining the approval of the shareholders of the Corporation: (a) amendments of an “administrative” nature, namely any modification in respect of internal management or administrative amendments, in particular, without limiting the general scope of the foregoing, any amendment designed to correct an ambiguity, error or omission in the 2011 Plan or to correct or add to a provision of the 2011 Plan that is incompatible with another provision of the Plan; (b) amendments necessary to ensure compliance with the applicable laws (in particular, the rules, regulations and policies of the Toronto Stock Exchange); (c) amendments required so that options are eligible for more favourable treatment under applicable tax legislation; (d) any amendment relating to the administration of the 2011 Plan; (e) any amendment to the vesting provisions of the 2011 Plan or an option, it being understood that in case of an amendment to the vesting provision of an option, the Board of Directors is not required to amend the vesting terms and conditions of any other option; (f) any amendment designed to reduce the exercise price or purchase price of an option held by an option holder who is not an “insider” of the Corporation; (g) any amendment to the provisions in respect of early termination of the 2011 Plan or an option, whether or not such option is held by an “insider” of the Corporation and provided such amendment does not result in an extension of the period beyond the initial expiration date; (h) the addition of a form of financial assistance offered by the Corporation for the acquisition of shares under the 2011 Plan by all or some categories of eligible participants and the subsequent amendment of such provisions; (i) the addition or amendment of a characteristic of exercise without disbursement, payable in cash or in shares of the Corporation; (j) amendments required to suspend or terminate the 2011 Plan; and (k) any other amendment, whether fundamental or not, that does not require the approval of the shareholders under the applicable laws;
- (xvi) if the Corporation is required under the Canadian *Income Tax Act* or another applicable law to remit an amount to a government authority as income tax on the value of a taxable benefit associated with the exercise of an option by an option holder, the option holder, upon the exercise of an option, must, as the case may be:
- (a) pay the Corporation, in addition to the option exercise price, sufficient cash, as determined by the Corporation at its sole discretion, in order to amass the amount needed to finance the required tax remittance;
  - (b) authorize the Corporation, on behalf of the option holder, to sell on the market, according to the terms and conditions and at the times determined by the Corporation at its sole discretion, the portion of the shares to be issued upon exercise of the option to generate sufficient cash proceeds to finance the required tax remittance;
  - (c) take other measures that the Corporation deems acceptable, at its sole discretion, to finance the required tax remittance.

Shareholders may obtain the full text of the 2011 Plan by requesting it from the Secretary of the Corporation. Shareholders that wish to obtain a copy of the 2011 Plan may do so by contacting the Vice-President of legal affairs of the Corporation at 2172 de la Province Street, Longueuil (Québec) J4G 1R7 or by calling (450) 442-3003.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this Circular, “informed person” of the Corporation means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation’s knowledge, no informed person of the Corporation, and no associate or affiliate of any such person, at any time since April 1, 2013, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since April 1, 2013 that has materially affected the Corporation, in any proposed

transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting, other than the ratification, confirmation and approval of the Stock Option Plan.

## SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated July 14, 2014, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is April 15, 2015.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

## CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices.

### 1. **Board of Directors**

*Disclose how the board of directors facilitates its exercise of independent supervision over management, including:*

- (i) *the identity of directors who are independent;*
- (ii) *the identity of directors who are not independent, and the basis for that determination.*

The Board of Directors considers that Louis Brunel, Kit Dalaroy, Jean Lamarre, Éline C. Phénix, Sylvain Lafrance, Louis P. Bernier and Pierre Gabriel Côté are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

The Board of Directors considers that Claude Mc Master is not independent within the meaning of Multilateral Instrument 52-110 *Audit Committees* in that he is a senior officer of the Corporation.

Meetings of the Board of Directors are chaired by its Chairman - an independent director. At each Meeting of the Board of Directors, the non-independent directors shall provide an opportunity for the independent directors to meet without the presence of the former. To the best of our knowledge, the independent directors met on their own at least three times in the past year. Independent directors may also communicate with each other through various technological means as required, without non-independent directors and members of management present.

During the period from April 1, 2013 to March 31, 2014, the Board of Directors held eight meetings, the Audit Committee held four meetings and the Compensation and Corporate Governance Committee and the Strategic Committee each held one meeting. The following table indicates the number of meetings of the Board of Directors and Board committees attended by the directors:

Name	Number of Board of Directors Meetings Attended	Number of Committee Meetings Attended	Total Number of Meetings Attended
Claude Mc Master	8 out of 8 : 100 %	n/a	8 out of 8 : 100 %
Philippe Roy	3 out of 3 : 100 %	n/a	3 out of 3 : 100 %
Louis Brunel	8 out of 8 : 100 %	2 out of 2 : 100 %	10 out of 10 : 100 %
Élaine C. Phénix	8 out of 8 : 100 %	5 out of 5 : 100 %	13 out of 13 : 100 %
Strath Goodship	3 out of 3 : 100 %	1 out of 1 : 100 %	4 out of 4 : 100 %
Pierre Mc Master	3 out of 3 : 100 %	2 out of 2 : 100 %	5 out of 5 : 100 %
Jean Colbert	8 out of 8 : 100 %	2 out of 2 : 100 %	10 out of 10 : 100
Richard Soly	3 out of 3 : 100 %	1 out of 2 : 50 %	4 out of 5 : 80 %
Jean-Pierre Desrosiers	7 out of 8 : 88 %	4 out of 4 : 100 %	11 out of 12 : 92 %
Jean Lamarre	5 out of 5 : 100 %	1 out of 1 : 100 %	6 out of 6 : 100 %
Kit Dalaroy	5 out of 5 : 100 %	2 out of 2 : 100 %	7 out of 7 : 100 %

In addition, the Board of Directors has developed a written description of the role of the Chairman of the Board, the Chair of each Board Committee and the Chief Executive Officer.

## 2. Directorships

*If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Élaine C. Phénix	H2O Innovation Inc.
Louis Brunel	Extenway Solutions Inc.
Jean Lamarre	SEMAFO Inc., TSO3 Inc., Argos Therapeutics Inc.

## 3. Orientation and Continuing Education

*Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.*

Generally, the Compensation and Corporate Governance Committee is responsible for the adoption of the policies of the Corporation relating to the orientation of new directors and the continuing education of existing directors. However, the Corporation does not currently have a formal orientation program in place for new directors, nor has it taken any measures to provide continuing education for the directors. Upon appointment of any candidate to a position of director on the Board of Directors, the Board will ensure that the candidate possesses the appropriate skills and knowledge to fulfill his or her obligations as a director. The Board will ensure that directors contribute to the growth of the Corporation through their positive experience as a director or senior executive with other public companies, through their expertise in the Corporation's areas of activity, through their financial and strategic development skills, or through their experience in corporate governance and regulatory compliance.

## 4. Ethical Business Conduct

*Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.*

In terms of ensuring ethical business conduct, the Board has adopted a code of business and ethical conduct applicable to all the directors, senior officers and employees of the Corporation as part of its corporate practices. In addition, in terms of the disclosure of information, the Board has adopted a disclosure policy aimed at ensuring that

any communication emanating from the Corporation is timely, accurate as regards the underlying facts and disclosed in accordance with applicable regulatory requirements. Finally, the Board has adopted a policy regarding securities transactions effected by insiders aimed at informing the Corporation's insiders of their responsibilities in this regard and to ensure compliance therewith.

Any employee may obtain a copy of the code of business and ethical conduct by requesting it from his or her immediate supervisor. Directors and the Chief Executive Officer should contact the Chair of the Board of Directors or the Chair of the Compensation and Corporate Governance Committee. In general, directors, senior officers and employees of the Corporation should contact the Vice-President of Legal Affairs for any question regarding the code of business and ethical conduct.

Each employee receives a copy of the employee handbook, with proof of receipt. This handbook informs employees of company policies and how to obtain further information on any matter dealt with in the handbook, including ethical issues.

New directors receive a copy of the mandates and policies, and directors are encouraged to consult them as required.

Internal control procedures are reviewed annually by an independent consultant.

Lastly, the Corporation has adopted a whistleblower policy which enables directors, senior officers and employees to report any irregularity to the chair of the Audit Committee.

The code of business and ethical conduct covers the following topics: compliance with laws and regulations, conflicts of interest, full disclosure, insider trading, confidentiality, gifts and awards, corruption, good-faith incentives, fair dealing, protection of company assets, accuracy of the company's books and records, reporting violations and complaints procedure. In the event of a conflict of interest, very specific rules have been established and these are included in the code of business and ethical conduct. The Audit Committee ensures compliance with internal control and risk management standards. The Compensation and Corporate Governance Committee is responsible for ensuring that the Board and the Management act in accordance with those practices and processes best able to ensure compliance with applicable laws and appropriate ethical standards; these include the adoption of company policies and procedures, and the adoption of a written code of business and ethical conduct which sets out effective standards for deterring wrongdoing, and is applicable to the Corporation's directors, senior officers and employees. These missions are explicitly included in the mandates of these two committees.

## **5. Nomination of Directors**

*Disclose what steps, if any, are taken to identify new candidates for board nomination, including:*

- (i) who identifies new candidates;*
- (ii) the process of identifying new candidates.*

The Compensation and Corporate Governance Committee is responsible for recommending potential new directors and assessing the performance and contribution of directors. Louis Brunel, Jean Lamarre and Jean Colbert, the three members of the Compensation and Corporate Governance Committee, are all independent directors. Every director elected to the Board of Directors receives a written mandate, which he or she must accept.

The Board will ensure that directors are able to contribute to the growth of the Corporation through their positive experience as a director or senior executive with other public companies, through their expertise in the Corporation's areas of activity, through their financial and strategic development skills, or through their experience in corporate governance and regulatory compliance. The Board will also ensure that this range of contributions is continuously represented on the Board.

## 6. Compensation

*Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:*

- (i) *who determines compensation;*
- (ii) *the process for determining compensation.*

The process by which the Corporation currently determines the compensation of the executive officers of the Corporation is described in the section entitled “Compensation of Executive Officers and Directors – Compensation Discussion & Analysis” above.

## 7. Other Board Committees

*If the board has standing committees other than the audit, compensation and corporate governance committees, identify the committees and describe their function.*

The Board of Directors has not constituted committees other than the Audit Committee and the Compensation and Corporate Governance Committee.

The Compensation and Corporate Governance Committee is responsible for corporate and governance matters which include the following responsibilities:

- (a) the adoption of principles and guidelines relating to corporate governance that are relevant to the Corporation, as regards the: (i) size and composition of the Board; (ii) orientation of new directors; (iii) continuous education of directors; (iv) compensation and the term of directors’ mandates; (v) evaluation from time to time of the performance of the Board, its committees and individual directors, and (vi) description of the role of each director, as well as the qualifications and skills that each director should bring to the Board;
- (b) overseeing that the Board and management respect practices and procedures that are designed to ensure compliance with all applicable laws and ethical standards, including the adoption of policies and corporate procedures and the adoption of a written code of business and ethical conduct that is applicable to directors, officers and employees of the Corporation and which is designed to promote and foster integrity and deter inappropriate action or wrongdoing;
- (c) recommending candidates for election or appointment to the Board, including examining any nominees recommended by shareholders;
- (d) to the extent possible, satisfying itself as to the integrity of the senior management of the Corporation such that the senior officers create a culture of integrity throughout the Corporation.

## 8. Assessments

*Disclose what steps, if any, that the Board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.*

The Compensation and Corporate Governance Committee will ensure regular assessment of the effectiveness and contribution of the Board of Directors, the board committees and the individual directors by means of an evaluation form containing 20 assessment criteria. The recommendations resulting from this evaluation process are submitted to the Chairman of the Board in order to allow him to take measures that are necessary or advisable in this regard.

## ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative consolidated financial statements and Management’s Discussion and Analysis for the fiscal year ended March 31, 2014, and additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the comparative consolidated financial statements of the Corporation for the fiscal year ended March 31, 2014 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to March 31, 2014 and Management's Discussion and Analysis with respect thereto; and
- (b) this Circular,

please send your request to:

D-BOX Technologies Inc.  
c/o Daniel Le Blanc  
Vice-President of legal affairs  
2172 de la Province Street  
Longueuil, Québec  
J4G 1R7

Telephone: (450) 442-3003  
Telecopier: (450) 442-3230  
E-mail: [dleblanc@d-box.com](mailto:dleblanc@d-box.com)

It is also possible to obtain information concerning the Corporation by visiting its web site at [www.d-box.com](http://www.d-box.com).

#### **OTHER MATTERS**

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **AUTHORIZATION**

DATED at Longueuil, Québec  
July 14, 2014

The contents and the mailing of this Circular have been approved by the Board of Directors of the Corporation.

*(s) Louis Brunel*  
Chairman of the Board of Directors