



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

November 1, 2014

EXFO Inc.

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This Management Proxy Circular (“Circular”) is provided in connection with the solicitation by the Management of EXFO Inc. (the “Corporation” or “EXFO”) of proxies to be used at the Annual General Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes stated in the accompanying Notice of Meeting and at any adjournment thereof. Unless otherwise indicated, the information contained herein is given as at November 1, 2014.

It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally by officers, employees or agents of the Corporation. The Corporation may also reimburse brokers and other persons holding shares in their names or in the names of nominees, for their costs incurred in sending proxy material to principals and obtaining their proxies. The cost of solicitation will be borne by the Corporation and is expected to be nominal.

APPOINTMENT AND REVOCATION OF PROXIES AND ATTENDANCE OF BENEFICIAL SHAREHOLDERS

The persons named in the enclosed Form of Proxy (the “Form of Proxy”) are officers of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting may do so by inserting such person’s name in the blank space provided in the Form of Proxy and checking item (B).**

To be valid, votes or proxies must be received at the Toronto, Canada office of CST Trust Company, 320 Bay Street, B1 Level, Toronto, ON, M5H 4A6, the transfer agent of the Corporation, no later than the close of business on the last business day preceding the day of the Meeting or any adjournment thereof, or proxies may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. A beneficial shareholder who completes a Form of Proxy and who wishes to attend and vote at the Meeting personally must appoint himself or herself proxy holder in the foregoing manner.

A proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the shareholder or by his or her attorney authorized in writing if such instrument is deposited either at the registered office of the Corporation to the attention of the Corporate Secretary or at the Toronto, Canada office of the Corporation’s transfer agent no later than the close of business on the last business day preceding the day of the Meeting or any adjournment thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

VOTING OF PROXIES

The shares represented by proxies appointing the persons, or any one of them, designated by Management thereon to represent the shareholder at the Meeting will be voted in accordance with the instructions given by the shareholder. **Unless otherwise indicated, the voting rights attached to the shares represented by a Form of Proxy will be voted “FOR” in respect of all the proposals described herein.**

The Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting. As at the date hereof, Management is not aware that any other matter is to be presented at the Meeting. If, however, other matters properly come before the Meeting, the persons designated in the Form of Proxy will vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by such proxy with respect to such matters. A shareholder desiring to vote by telephone should call 1-888-489-7352 or to vote electronically must go to the following site: www.cstvotemyproxy.com and enter the personalized 13-digit e-voting control number printed on the enclosed Form of Proxy and follow the instructions on the screen or otherwise fax or email or mail the enclosed Form of Proxy.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at November 1, 2014, 28,727,371 Subordinate Voting Shares and 31,643,000 Multiple Voting Shares were outstanding, being the only classes of shares of the Corporation entitled to be voted at the Meeting. Each holder of Subordinate Voting Shares is entitled to one (1) vote and the holder of Multiple Voting Shares is entitled to ten (10) votes for each share registered in his or her name at the close of business on November 10, 2014, being the date fixed by the Board of Directors for the purpose of determining registered shareholders entitled to receive the accompanying Notice of Meeting and to vote (the "Record Date"). A list of shareholders entitled to vote as of the Record Date, showing the number of shares held by each shareholder, shall be prepared within ten (10) days of the Record Date. This list of shareholders will be available for inspection during normal business hours at the Montreal, Canada office of CST Trust Company, the transfer agent of the Corporation, 2001 University Street, Suite 1600, Montreal, Quebec, Canada, H3A 2A6, and at the Meeting.

Unless otherwise indicated, the resolutions submitted to a vote at the Meeting must be passed by a majority of the votes cast by the holders of Subordinate Voting Shares and Multiple Voting Shares, as a single class, present at the Meeting in person or by proxy and voting in respect of all resolutions to be voted on by the shareholders of the Corporation.

To the knowledge of executive officers and directors of the Corporation, as at November 1, 2014, the only persons who are beneficial owners or who exercise control or direction, directly or indirectly, over shares carrying more than 10% of the voting rights attaching to any class of shares of the Corporation are:

Name of Shareholder	Number of Subordinate Voting Shares	Percentage of Voting Rights Attached to All Subordinate Voting Shares	Number of Multiple Voting Shares ⁽¹⁾	Percentage of Voting Rights Attached to All Multiple Voting Shares	Percentage of Voting Rights Attached to All Subordinate and Multiple Voting Shares
Germain Lamonde	4,271,699 ⁽²⁾	14.87%	31,643,000 ⁽³⁾	100%	92.91%
EdgePoint Investment Group, Inc.	3,775,600	13.14%	–	–	1.09%

(1) The holder of Multiple Voting Shares is entitled to ten (10) votes for each share.

(2) Mr. Lamonde exercises control over 4,000,000 Subordinate Voting Shares through G. Lamonde Investissements Financiers inc., a company controlled by Mr. Lamonde.

(3) Mr. Lamonde exercises control over this number of Multiple Voting Shares through G. Lamonde Investissements Financiers inc., a company controlled by Mr. Lamonde and through Fiducie Germain Lamonde, a family trust for the benefit of Mr. Lamonde's family.

ELECTRONIC DELIVERY

The Corporation has a voluntary program for e-mail notification to its shareholders advising them that documents which must be delivered pursuant to securities legislation are available on the Corporation's website. Every year, as required by law governing public companies, the Corporation delivers documentation to shareholders, such as this Circular and the Corporation's annual consolidated financial statements together with the auditor's report thereon. The Corporation has made the delivery of such documents more convenient for its shareholders, as shareholders who so wish may be notified by e-mail when the Corporation's documentation is posted in the "Investors" section on its website (www.EXFO.com). Accordingly such documentation will not be sent to such shareholders in paper form by mail. The Corporation believes that electronic delivery will benefit the environment and reduce its costs. Shareholders who do not consent to receive documentation by e-mail will continue to receive such documentation by mail. Shareholders may also notify the Corporation in writing of their intention not to receive the annual consolidated financial statements together with the auditor's report thereon, neither by e-mail nor by mail.

Registered shareholders can consent to electronic delivery by visiting CST Trust Company's web site: [www.canstockta.com/electronic delivery](http://www.canstockta.com/electronic%20delivery). Unregistered shareholders (i.e. shareholders whose shares are held through a securities broker, bank, trust company or other nominee) can consent to electronic delivery by completing and returning the appropriate form received from the applicable intermediary.

BUSINESS TO BE TRANSACTED AT THE MEETING

Presentation of the Financial Statements

The consolidated financial statements of the Corporation for the financial year ended August 31, 2014 and the auditor's report thereon will be submitted to shareholders at the Meeting but no vote with respect thereto is required or proposed to be taken.

Election of the Directors

According to the articles of the Corporation, the Board of Directors shall consist of a minimum of three (3) and a maximum of twelve (12) directors. The number of directors is currently fixed at six (6) pursuant to a resolution of the Board of Directors. At the Meeting, Management proposes the six (6) persons named hereafter on pages 5 to 10 as nominees for election as directors to hold office until the next annual meeting or until the office is otherwise vacated in accordance with the Corporation's by-laws.

Management does not anticipate that any of the nominees will be unable or, for any reason whatsoever, reluctant to fulfill their duties as directors. Should this occur for any reason whatsoever before the election, the persons named in the Form of Proxy reserve the right to vote for another nominee of their choice unless the shareholder specified on the Form of Proxy to abstain from voting for the election of the directors. The election of the directors must be approved by a majority of the votes cast on the matter at the Meeting.

The Corporation's Majority Voting Policy applies to this election. Under such policy, a director who is elected in an uncontested election with a greater number of votes "withheld" than votes "for" such director will be required to tender his or her resignation to the Chair of the Board. This resignation will be effective when accepted by the Board of Directors. Unless extraordinary circumstances apply, the Board of Directors will accept the resignation. The Board of Directors will announce its decision (including the reason for not accepting a resignation) by press release within ninety (90) days of the meeting during which the election was held. A copy of the Majority Voting Policy is available on the Corporation's website (www.EXFO.com).

Nomination Process


The Human Resources Committee assists the Board of Directors by identifying individuals qualified to become members of the Board of Directors, and making recommendations to the Board of Directors as to selection of director nominees for the next annual meeting of shareholders. In making its recommendations, the Human Resources Committee objectively considers, among others, the competencies and skills that: (i) the Board of Directors considers to be necessary for the Board, as a whole, to possess; (ii) the Board of Directors considers each existing director to possess; and (iii) each new nominee will bring to the board room. Therefore, the competencies and skills, identified by the Human Resources Committee, as a whole, include the skill sets of current board members such as financial literacy, test and measurement and systems and service assurance technology and telecommunications industry experience, international experience and other related competencies. Any additional skill sets deemed to be beneficial are considered, assessed and identified in light of the opportunities and risks facing the Corporation when candidates for director positions are considered.

Appointment and Remuneration of Auditors

A firm of auditors is to be appointed by vote of the shareholders at the Meeting to serve as auditors of the Corporation until the close of the next annual general meeting of the shareholders. The Audit Committee is to be authorized to fix the remuneration of the auditors so appointed. The Board of Directors and Management, upon the advice of the Audit Committee, recommend that PricewaterhouseCoopers LLP be re-appointed as auditors of the Corporation. The re-appointment of PricewaterhouseCoopers LLP must be approved by a majority of the votes cast on the matter at the Meeting.

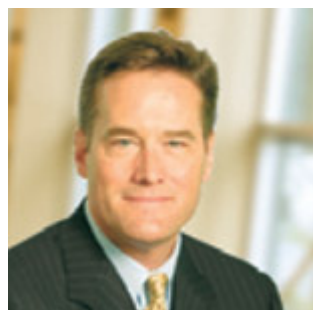
NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL OWNERSHIP OF VOTING SECURITIES

The following charts and notes set out the name of each of the individuals proposed to be nominated at the Meeting for election as a director of the Corporation. Included in these charts is information relating to the proposed directors' committee memberships, meeting attendance, period of service as a director, principal directorships with other organizations and equity ownership (or securities over which each of them exercises control or direction) in the Corporation.

GERMAIN LAMONDE					
	St-Augustin-de-Desmaures, Quebec, Canada		<p><i>Germain Lamonde</i>, a founder of EXFO, has been President and Chief Executive Officer of EXFO since its inception in 1985. He has also been Chairman of the Board since EXFO went public in 2000. Responsible for the overall management and strategic direction of EXFO, Mr. Lamonde has grown the company from the ground up into a global leader in the test and measurement and systems and service assurance industry. Mr. Lamonde has served on the board of directors of several organizations such as the Canadian Institute for Photonic Innovations, the POLE QCA Economic Development Corporation, the National Optics Institute of Canada (INO) and <i>Université Laval</i> in Quebec City, to name a few. Germain Lamonde holds a bachelor's degree in engineering physics from the University of Montreal's School of Engineering (<i>École Polytechnique</i>), a master's degree in optics from <i>Université Laval</i>, and is also a graduate of the Ivey Executive Management Program offered by the University of Western Ontario.</p>		
	Director since September 1985				
Not Independent (Management)					
Principal Occupation: Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation					
Board/Committee Membership			Attendance ⁽¹⁾		Board Memberships of Another Reporting Issuer
Chairman of the Board of Directors			7/7	100%	–
Securities Held					
As at	Subordinate Voting Shares(#)	Multiple Voting Shares(#)	RSUs(#)	Total Shares ⁽²⁾ and RSUs(#)	Total Market Value ⁽³⁾ of Shares ⁽²⁾ and RSUs (US\$)
August 31, 2014	4,229,358 ⁽⁴⁾	31,643,000 ⁽⁵⁾	140,150	36,012,508	158,455,035
Options Held as at August 31, 2014					
Date Granted	Number(#)	Exercise Price (US\$) ⁽⁶⁾	Total Unexercised(#)	Value of Options Unexercised (US\$) ⁽⁷⁾	
February 1, 2005	17,942	4.51	17,942	–	
December 6, 2005	11,218	4.76	11,218	–	
Total			29,160	–	

- (1) From September 1, 2013 until November 1, 2014, Mr. Lamonde attended six (6) board meetings in person and one (1) by telephone.
- (2) Includes both Subordinate Voting Shares and Multiple Voting Shares.
- (3) The value of unvested RSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares and Multiple Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting of RSUs will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.
- (4) Mr. Lamonde exercises control over 4,000,000 of Subordinate Voting Shares through G. Lamonde Investissements Financiers inc., a company controlled by Mr. Lamonde.
- (5) Mr. Lamonde exercises control over this number of Multiple Voting Shares through G. Lamonde Investissements Financiers inc., a company controlled by Mr. Lamonde and through Fiducie Germain Lamonde, a family trust for the benefit of Mr. Lamonde's family.
- (6) These options were granted in Canadian dollars. The exercise price was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on the business day preceding the grant date using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars on the grant date.
- (7) Indicates an aggregate value of "in-the-money" unexercised options held at the financial year ended August 31, 2014. "In-the-money" options are options for which the market value of the underlying securities is higher than the exercise price. The value of unexercised "in-the-money" options at financial year end is the difference between its exercise or base price and the market value of the underlying Subordinate Voting Share as at August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. For a Canadian resident, the value of options unexercised is calculated using the exercise price and the market value of the subordinate voting shares on the Toronto Stock Exchange in Canadian dollars.

PIERRE-PAUL ALLARD




Pleasanton, California, USA
 Director since September 2008
 Independent
 Principal Occupation: Senior Vice-President, Worldwide Sales and President Global Field Operations at Avaya Inc. ⁽¹⁾

Pierre-Paul Allard was appointed a member of our Board of Directors in September 2008 and has been a board member of many other technology companies in Canada and in the US. Mr. Allard is Senior Vice-President, Worldwide Sales and President Global Field Operations at Avaya Inc., a global provider of business collaboration and communications solutions. As Chief Revenue Officer, Mr. Allard is responsible for all go-to-market at Avaya. Prior to joining Avaya in May 2012, Mr. Allard worked for nineteen (19) years at Cisco Systems, Inc., where he most recently held the position of Vice-President, Sales and Operations, Global Enterprise. Previously, Mr. Allard was President of Cisco Systems Canada, and before that he held various management roles at IBM Canada for twelve (12) years. In 2002, Mr. Allard co-chaired the Canadian e-Business Initiative, a private-public partnership aiming to measure the role e-Business plays in increasing productivity levels, job creation and competitive position. In 1998, he was the laureate of the Arista-Sunlife Award, for Top Young Entrepreneur in Large Enterprise, conferred by the Montreal Chamber of Commerce. In 2003, he received the Queen's Golden Jubilee Medal, which highlights significant contributions to Canada. In the same year, he was also awarded the prestigious Trudeau Medal from the University of Ottawa, Tefler School of Management. Pierre-Paul Allard holds a bachelor's and masters' degree in Business Administration from the University of Ottawa, Canada.

Board/Committee Membership		Attendance ⁽²⁾		Board Memberships of Another Reporting Issuer
Board of Directors		7/7	100%	–
Audit Committee		5/5	100%	
Human Resources Committee		5/5	100%	
Independent Board of Directors		5/5	100%	
Securities Held				
As at	Subordinate Voting Shares(#)	DSUs(#)	Total Shares and DSUs(#)	Total Market Value ⁽³⁾ of Shares ⁽⁴⁾ and DSUs (US\$)
August 31, 2014	8,000	31,882	39,882	175,481
Options Held as at August 31, 2014				
Date Granted	Number(#)	Exercise Price (US\$)	Total Unexercised(#)	Value of Options Unexercised (US\$)
–	–	–	–	–

- (1) Avaya Inc. is a global provider of business collaboration and communications solutions.
- (2) From September 1, 2013 until November 1, 2014, Mr. Allard attended six (6) board meetings in person and one (1) by telephone.
- (3) The value of unvested DSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting of DSUs will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.
- (4) Refers to Subordinate Voting Shares.

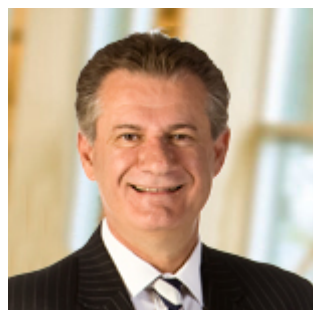
FRANÇOIS CÔTÉ

	<p>Montreal, Quebec, Canada</p> <p>Proposed nominee for Director to the January 2015 shareholders' meeting</p> <p>Independent</p> <p>Principal Occupation: Chairman, TELUS Ventures ⁽¹⁾</p>	<p><i>François Côté</i> oversees the development and implementation of TELUS Ventures' investment strategy. He also actively manages investments which drive return on investment and value creation for TELUS Corporation. Mr. Côté held a variety of executive positions at Bell Canada prior to becoming President and Chief Executive Officer of Emergis. Following the acquisition of Emergis by TELUS in January 2008, he was appointed President of TELUS Quebec, TELUS Health & TELUS Ventures. In this role, Mr. Côté was responsible for broadening TELUS' Quebec presence and driving the company's national health strategy through timely investments in information technology and innovative wireless solutions. Mr. Côté holds a Bachelor's degree in Industrial Relations from Laval University. In 2007, he was named Entrepreneur of the Year by Ernst & Young, in the Corporate Restructuring category for the Quebec City region. Mr. Côté serves on the boards of the Montreal Heart Institute and Lumenpulse Inc. as well as the Advisory Board of the McGill Centre for the Convergence of Health and Economics (MCCHE). He is also Chairman of the Board for FitSpirit. In June 2013, Mr. Côté was named Honorary Lieutenant-Colonel of the Canadian Armed Forces' 34th Signal Regiment. He is also Vice Chair of the TELUS Fund, an independent organization established to finance the creation of health and wellness content.</p>		
	<p>Board/Committee Membership</p> <p>Board of Directors Audit Committee Human Resources Committee Independent Board of Directors</p>	<p>Attendance ⁽²⁾</p> <p>N/A N/A N/A N/A N/A N/A N/A N/A</p>		<p>Board Memberships of Another Reporting Issuer</p> <p>Lumenpulse Inc.</p>
Securities Held				
<i>As at</i>	<i>Subordinate Voting Shares(#)</i>	<i>DSUs(#)</i>	<i>Total Shares and DSUs(#)</i>	<i>Total Market Value of Shares and DSUs (US\$)</i>
August 31, 2014	–	–	–	–
Options Held as at August 31, 2014				
<i>Date Granted</i>	<i>Number(#)</i>	<i>Exercise Price (US\$)</i>	<i>Total Unexercised(#)</i>	<i>Value of Options Unexercised (US\$)</i>
–	–	–	–	–

(1) Telus is a national telecommunications company in Canada that provides a wide range of telecommunications products and services.

(2) Mr. Côté, if elected, will join our Board of Directors on January 8, 2015. Hence, from September 1, 2013 until November 1, 2014, Mr. Côté did not attend any meetings.

DARRYL EDWARDS



Weston Under Wetherley
Warwickshire
United Kingdom

Director since
September 2011

Lead Director

Independent

Principal Occupation:
President and Chief
Executive Officer
ECI Telecom


Darryl Edwards was appointed a member of our Board of Directors in September 2011. Mr. Edwards is the President and Chief Executive Officer of ECI Telecom, a leading provider of access and transport solutions. Prior to leading ECI, Mr. Edwards was the Chairman of the Board for MACH, a leading provider of hub-based mobile communication solutions. He brings to EXFO more than thirty (30) years of telecommunications experience gained from a number of senior executive leadership positions; most recently he was the Chief Executive Officer of AIRCOM International, successfully leading the company through to business sale. Mr. Edwards was previously at Nortel Networks for seventeen (17) years, where he held various executive officer positions, including President of EMEA and President of Global Sales (Carrier Networks). He also was the Chief Executive Officer for two (2) of Nortel's key joint ventures, first in the Middle East and later in Germany. Prior to his time at Nortel, Mr. Edwards spent thirteen (13) years at GEC-Plessey Telecommunications where he worked in engineering, quality assurance and international sales. He was also an advisor to private equity firm Warburg Pincus, the majority shareholder of MACH, on telecommunications-related topics. Mr. Edwards has held a number of chairs, including Chairman of the Board of Nortel's interests in Turkey, Nortel Netas, which was listed on the Istanbul Stock Exchange. He also was a member of the Advisory Counsel to the Turkish government between 2004 and 2008, and previously served on the UK Government Broadband Stakeholders Group and the Information Age Partnership. Darryl Edwards holds a Higher National Certificate (Physics) from Birmingham Polytechnic in the UK.

Board/Committee Membership		Attendance ⁽¹⁾		Board Memberships of Another Reporting Issuer
Board of Directors		7/7	100%	–
Audit Committee		5/5	100%	
Human Resources Committee		5/5	100%	
Independent Board of Directors		5/5	100%	
Securities Held				
As at	Subordinate Voting Shares(#)	DSUs(#)	Total Shares and DSUs(#)	Total Market Value ⁽²⁾ of Shares ⁽³⁾ and DSUs (US\$)
August 31, 2014	–	14,960	14,960	65,824
Options Held as at August 31, 2014				
Date Granted	Number(#)	Exercise Price (US\$)	Total Unexercised(#)	Value of Options Unexercised (US\$)
–	–	–	–	–

(1) From September 1, 2013 until November 1, 2014, Mr. Edwards attended five (5) board meetings in person and two (2) by telephone.

(2) The value of unvested DSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting of DSUs will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.

(3) Refers to Subordinate Voting Shares.

CLAUDE SÉGUIN				
	Montreal, Quebec, Canada Director since February 2013 Independent Principal Occupation: Senior Vice-President, Corporate Development and Strategic Investments, CGI Group Inc. ⁽¹⁾	<p><i>Claude Séguin</i> was appointed a member of EXFO's Board of Directors in February 2013. He brings to EXFO nearly thirty (30) years of corporate, financial, executive and provincial government experience gained through senior management positions in major corporations and government departments. Mr. Séguin is currently Senior Vice-President, Corporate Development and Strategic Investments at CGI Group Inc., a global leader in information technology and business process services. In this position, he is responsible for all merger and acquisition activities. Prior to joining CGI in 2003, he served as President of CDP Capital—Private Equity, and prior to this position, he served as Teleglobe Inc.'s Executive Vice-President, Finance and Chief Financial Officer, a position that he held from 1992 to 2000. Mr. Séguin also has extensive senior-level government experience, having served as Deputy Finance Minister of the Province of Québec from 1987 to 1992, in addition to Assistant Deputy Finance Minister and Assistant Director of Social Programs at the Quebec Treasury Board. Mr. Séguin is a member of the boards of HEC-Montréal and Centraide of Greater Montreal Foundation as well as being Chairman of the Board of Finance - Montreal, an organization regrouping financial institutions in Montreal. Claude Séguin graduated from HEC-Montréal and earned a Master's and a Ph.D. in public administration from the Syracuse University in New York State.</p>		
	Board/Committee Membership		Attendance ⁽²⁾	
Board of Directors Audit Committee Human Resources Committee Independent Board of Directors	7/7 5/5 5/5 5/5	100% 100% 100% 100%	–	
Securities Held				
<i>As at</i>	<i>Subordinate Voting Shares(#)</i>	<i>DSUs(#)</i>	<i>Total Shares and DSUs(#)</i>	<i>Total Market Value ⁽³⁾ of Shares ⁽⁴⁾ and DSUs (US\$)</i>
August 31, 2014	–	8,498	8,498	37,391
Options Held as at August 31, 2014				
<i>Date Granted</i>	<i>Number(#)</i>	<i>Exercise Price (US\$)</i>	<i>Total Unexercised(#)</i>	<i>Value of Options Unexercised (US\$)</i>
–	–	–	–	–

(1) CGI Group Inc. is an information technology consulting, systems integration, outsourcing and solutions company.

(2) From September 1, 2013 until November 1, 2014, Mr. Séguin attended six (6) board meetings in person and one (1) by telephone.

(3) The value of unvested DSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting of DSUs will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.

(4) Refers to Subordinate Voting Shares.

RANDY E. TORNES



Frisco, Texas, USA
 Director since February 2013
 Independent
 Principal Occupation: Vice-President, Sales, Juniper Networks⁽¹⁾

Randy E. Tornes was appointed a member of EXFO's Board of Directors in February 2013. He brings to EXFO nearly thirty (30) years of telecommunications experience gained through senior management positions at leading network equipment manufacturers. Mr. Tornes is Vice-President, Sales (AT&T account) at Juniper Networks, a worldwide leader in high-performance networking and telecommunications equipment. In this position, he is responsible for all sales, service and support of Juniper products to AT&T. Prior to joining Juniper Networks in May 2012, he spent two (2) years at Ericsson, where he was Vice-President Sales (AT&T account). Previous to that position, he worked for Nortel for twenty-six (26) years, holding various sales management positions, including Vice-President Sales, GSM Americas. Mr. Tornes also served as member of the Board of Governors at 3G Americas LLC. Randy E. Tornes holds a Bachelor of Science degree in Business—Organizational Development and Production and Operations Management, from the University of Colorado in Colorado Springs.

Board/Committee Membership		Attendance ⁽²⁾		Board Memberships of Another Reporting Issuer
Board of Directors		7/7	100%	–
Audit Committee		5/5	100%	
Human Resources Committee		5/5	100%	
Independent Board of Directors		5/5	100%	
Securities Held				
<i>As at</i>	<i>Subordinate Voting Shares(#)</i>	<i>DSUs(#)</i>	<i>Total Shares and DSUs(#)</i>	<i>Total Market Value⁽³⁾ of Shares⁽⁴⁾ and DSUs (US\$)</i>
August 31, 2014	–	15,459	15,459	68,020
Options Held as at August 31, 2014				
<i>Date Granted</i>	<i>Number(#)</i>	<i>Exercise Price (US\$)</i>	<i>Total Unexercised(#)</i>	<i>Value of Options Unexercised (US\$)</i>
–	–	–	–	–

(1) Juniper Networks is a manufacturer of networking equipment.

(2) From September 1, 2013 until November 1, 2014, Mr. Tornes attended six (6) board meetings in person and one (1) by telephone.

(3) The value of unvested DSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting of DSUs will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.

(4) Refers to Subordinate Voting Shares.

The information as to Subordinate Voting Shares and Multiple Voting Shares beneficially owned or over which the above-named individuals exercise control or direction is not within the direct knowledge of the Corporation and has been furnished by the respective individuals. The information as to the Principal Board Memberships is also not within the direct knowledge of the Corporation and has been furnished by the respective individuals.

With the exception of Mr. Darryl Edwards (as disclosed below), none of the individuals who are proposed to be nominated at the Meeting for election as a director of the Corporation:

- (a) is, as at the date hereof, or has been, within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company that (i) was subject to an order that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after such individual 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;
- (b) is, as at the date hereof, or has been within ten (10) years before the date hereof, a director or executive officer of any company that, while such individual was acting in that capacity, or within a year of that individual 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;
- (c) has, within the ten (10) years before the date hereof, 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; or
- (d) has been subject to (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for such individual.

Mr. Darryl Edwards acted as an executive officer of Nortel Networks Corporation (“Nortel”) and its affiliates from 2001 to 2009, most recently acting as President of Global Carrier Sales of Nortel in 2009 and as President, EMEA sales of Nortel from 2006 to 2009. Nortel and certain of its affiliates filed for bankruptcy protection in a number of jurisdictions in January 2009.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation Discussion and Analysis

This Compensation Discussion and Analysis focuses primarily on: (i) significant elements of the Corporation’s executive compensation program; (ii) principles on which the Corporation makes compensation decisions and determines the amount of each element of executive and director compensation; and (iii) an analysis of the material compensation decisions made by the Human Resources Committee for the financial year ended August 31, 2014.

The following is a discussion of the compensation arrangements with the Corporation’s Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and each of the three most highly compensated executive officers whose total compensation was, individually, more than CA\$150,000, (the “Named Executive Officers” or “NEOs”). The Corporation’s NEOs for the financial year ended August 31, 2014 were Mr. Germain Lamonde (CEO), Mr. Pierre Plamondon (Vice-President, Finance and CFO), Mr. Jon Bradley (Vice-President, Sales — EMEA), Mr. Lee Huat (Joseph) Soo (Vice-President, Sales — Asia-Pacific) and Mr. Dana Yearian (Vice-President, Sales — Americas).

Members of the Human Resources Committee

During the financial year ended August 31, 2014, the Human Resources Committee was composed of:

- Mr. Guy Marier (Chairman)
- Mr. Pierre-Paul Allard
- Mr. Darryl Edwards
- Mr. Claude Séguin
- Mr. Randy E. Tornes

None of these members were officers or employees, or former officers or employees of the Corporation or its subsidiaries. All of the members of the Human Resources Committee are considered “independent”, as defined in applicable securities legislation and regulations. They each have experience in executive compensation either as a chief executive officer or a senior executive officer of a publicly-traded corporation. Mr. Guy Marier has held various senior management and executive positions in the last thirty (30) years. Mr. Pierre-Paul Allard has held management and executive positions for the last thirty (30) years. Mr. Darryl Edwards has held a number of senior executive leadership positions in the last thirty (30) years. Mr. Claude Séguin has held various senior management and executive positions in major corporations in the last thirty (30) years. Mr. Randy E. Tornes has approximately thirty (30) years of management experience through senior sales management positions. Over the course of their careers, all members have been exposed at various degrees to the complexity of balancing efficient executive compensation strategies with the evolution of business requirements, having to manage directly or indirectly impacts and consequences of executive compensation decisions. The Board of Directors believes that the Human Resources Committee collectively has the knowledge, experience and background required to fulfill its mandate.

Mandate of the Human Resources Committee

The Human Resources Committee of the Board of Directors is responsible for establishing the annual compensation and assessing the risks related thereto and overseeing the assessment of the performance of all the Corporation’s executive officers, including the President and Chief Executive Officer. The Human Resources Committee also reviews and submits to the Board of Directors recommendations for the salary structure and the short-term and long-term incentive compensation programs for all employees of the Corporation. The Human Resources Committee also evaluates and makes recommendations to the Board of Directors regarding the compensation of directors, including the number of Deferred Share Units credited to the non-employee directors pursuant to the Deferred Share Unit Plan. The Human Resources Committee’s goal is to develop and monitor executive compensation programs that are consistent with strategic business objectives and shareholders’ interests. Though the Human Resources Committee is responsible for the review and approval of the employees that will receive Restricted Share Units or options to purchase shares of the Corporation, in accordance with policies established by the Board of Directors and the terms of the Long-Term Incentive Plan, these functions may be shared between the Board of Directors and the Human Resources Committee. During the period from September 1, 2013 to August 31, 2014, these functions have been shared by the Board of Directors and the Human Resources Committee but have mainly been performed by the Human Resources Committee.

The Human Resources Committee has reviewed and discussed with the CEO and Vice-President, Human Capital of the Corporation, the compensation disclosure in this document, and has recommended to the Board of Directors that the disclosure be included in this Circular.

From September 1, 2013 to November 1, 2014, the Human Resources Committee held five (5) meetings and at all of those meetings executive compensation was discussed. The Human Resources Committee meetings were attended by all the members of the Human Resources Committee. The following table outlines the main activities of the Human Resources Committee during the period from September 1, 2013 to November 1, 2014:

Meeting	Main activities of the Human Resources Committee
October 8, 2013	<ul style="list-style-type: none"> ● Review of the Business Performance Measures results for the financial year ended August 31, 2013; ● Review and approval of the Business Performance Measures for the financial year started September 1, 2013; ● Review of the Short-Term Incentive Plan results for the financial year ended August 31, 2013; ● Review and approval of the Short-Term Incentive Plan for the financial year started September 1, 2013; ● Review of the proposed salary scales and salary increases for the year started September 1, 2013; ● Review and approval of the compensation plans of executive officers for the financial year started September 1, 2013 being the Base Salary, the Short-Term Incentive Plan and the stock-based compensation delivered through the Long-Term Incentive Plan; ● Review and approval of the stock-based compensation plan for the sales force delivered through the Long-Term Incentive Plan for the financial year started September 1, 2013; ● Review and approval of the quantum for the stock-based compensation plan for the performing employees delivered through the Long-Term Incentive Plan for the financial year started September 1, 2013; ● Review and approval of the executive compensation section of the management proxy circular for the financial year ended August 31, 2013; ● Review of the succession planning program; ● Review of the Mobilization / Motivation Plan; ● Review of the Management Structure; ● Review and approval of the CEO objectives and compensation plan; ● Review of the Risk Assessment of Executive Compensation disclosure obligations.
January 8, 2014	<ul style="list-style-type: none"> ● Review of the quarterly payments under the Short-Term Incentive Plan for the financial year started September 1, 2013 and being part of the Short-Term Incentive Plan; ● Review and approval of the stock-based compensation for performing employees delivered through the Long-Term Incentive Plan for the financial year started September 1, 2013; ● Review of the Management Structure; ● Global Compensation Review; ● Review and approval of the compensation plans of executive officers for the financial year started September 1, 2013 being the Base Salary, the Short-Term Incentive Plan and the stock-based compensation delivered through the Long-Term Incentive Plan.
March 25, 2014	<ul style="list-style-type: none"> ● Review of the quarterly payments under the Short-Term Incentive Plan for the financial year started September 1, 2013 and being part of the Short-Term Incentive Plan; ● Review of the Key Human Capital Initiatives; ● Global Compensation Review (benchmarking, sales commissions, pension, benefits and working conditions); ● Review of the Management Structure; ● Review of the Talent Management.
June 25, 2014	<ul style="list-style-type: none"> ● Review of the quarterly payments under the Short-Term Incentive Plan for the financial year started September 1, 2013 and being part of the Short-Term Incentive Plan; ● Review of the succession planning process; ● Update on the Global Compensation Review; ● Update on the Management Structure Review; ● Review of the Key Human Capital Initiatives.
October 8, 2014	<ul style="list-style-type: none"> ● Review of the Business Performance Measures results for the financial year ended August 31, 2014; ● Review and approval of the Business Performance Measures for the financial year started September 1, 2014; ● Review of the Short-Term Incentive Plan results for the financial year ended August 31, 2014; ● Review and approval of the Short-Term Incentive Plan for the financial year started September 1, 2014; ● Review and approval of the compensation plans of executive officers for the financial year started September 1, 2014 being the Base Salary, the Short-Term Incentive Plan and the stock-based compensation delivered through the Long-Term Incentive Plan; ● Review and approval of the stock-based compensation for the sales force delivered through the Long-Term Incentive Plan for the financial year started September 1, 2014; ● Review and approval of the quantum for the stock-based compensation for the performing employees delivered through the Long-Term Incentive Plan for the financial year started September 1, 2014; ● Review and approval of the executive compensation section of the management proxy circular for the financial year ended August 31, 2014; ● Review of the Management Structure; ● Review and approval of the CEO objectives and compensation plan; ● Review of the Risk Assessment of Executive Compensation disclosure obligations.

Compensation Plan Control - Compensation Consultant and Internal Review

As a general practice, the Corporation's relative position in terms of compensation levels is determined periodically through studies performed by independent consulting firms using a selected reference market of comparable companies. The benchmarking activities are further detailed below under the heading – "Benchmarking".

In 2013 and 2014, the Corporation engaged Towers Watson to perform an executive compensation review and to provide recommendations regarding the short-term incentive and long-term incentive compensation design of the Corporation (hereinafter in this Circular referred to as the "Target Compensation Positioning"). The compensation elements covered by the analysis were: base salary; target bonus; long term incentive; perquisites and pension (hereinafter in this Circular referred to as the "Target Total Compensation"). Towers Watson's work included assistance in benchmarking, assessing potential gaps between the market and the executives' compensation levels, to propose potential changes to ensure alignment with the market and with the Corporation's compensation policy. Towers Watson also assessed the competitiveness of the compensation offered to the independent Directors of the Board and proposed changes to ensure alignment with market practices.

In addition, internal pay equity studies are a key factor used by the Corporation to complete the compensation review process and indicate where necessary adjustments may be required. During the financial year ended August 31, 2014, this practice continued and certain compensation adjustments were made as have been made in previous years. Notably, in 2012, the Human Resources Committee, after the evaluation of the share ownership of the CEO, determined that the CEO should no longer receive equity-based compensation within his compensation since the share ownership of the CEO is sufficient and equity-based compensation is no longer reasonably considered as an incentive to performance. Accordingly, the base salary of the CEO will be adjusted for a period of four (4) years starting from the financial year started September 1, 2012.

The Human Resources Committee has the authority to retain any independent consultants of its choice to advise its members on total executive compensation policy matters, and to determine the fees and the terms and conditions of the engagement of these consultants. The Human Resources Committee is ultimately responsible for its own decisions, which may take into consideration more than the information and recommendations provided by its compensation consultants or management.

For the financial years that ended on August 31, 2013 and 2014, the Human Resources Committee retained the services of Towers Watson for an analysis on executive officers' and directors' compensation and also 37-2 Conseil Inc. for an analysis on executive officers' compensation.

The Corporation also retained the services of Towers Watson, 37-2 Conseil Inc., Aon-Hewitt, Eckler, Groupe Créacor Inc., Lee Hecht Harrison, Knightsbridge, Mercer and SPB Psychologie organisationnelle for services which were not related to executive compensation. The services provided by Towers Watson concerned an analysis on the compensation structure of the sales employees, compensation survey for all positions other than sales and the access to benefits and compensation data for employees. The services provided by 37-2 Conseil Inc. related to an analysis of the compensation structure of the Corporation, the access to compensation data for employees and the preparation of various analyses with respect to the elaboration of a new salary structure for the Corporation. The services provided by Aon-Hewitt related to the access to compensation data and surveys for sales employees in various countries. The services provided by Eckler relates to pension plan analysis. The Corporation consulted Groupe Créacor Inc. for assistance with employees' training. The services provided by Lee Hecht Harrison and Knightsbridge related to outplacement services. The Corporation consulted Mercer for assistance with employees' benefits and benchmarking along with compensation data for expatriate employees. The Corporation consulted SPB Psychologie organisationnelle for tests before hiring. Fees for the services performed that are not related to executive compensation are not required to be approved by the Human Resources Committee.

The aggregate fees paid to Towers Watson, 37-2 Conseil Inc., Aon-Hewitt, Eckler, Groupe Créacor Inc., Lee Hecht Harrison, Knightsbridge, Mercer and SPB Psychologie organisationnelle for consulting services provided to the Human Resources Committee related to determining compensation for any of the Corporation's directors and executive officers and to the Corporation for all other services provided during the financial years ended August 31, 2013 and 2014 were as follows:

Type of Fee	Financial 2013 Fees	Percentage of Financial 2013 Fees	Financial 2014 Fees	Percentage of Financial 2014 Fees
Executive Compensation Related Fees	CA\$58,958 ⁽¹⁾	39%	CA\$16,823 ⁽¹⁾⁽²⁾	18%
All Other Fees	CA\$91,300	61%	CA\$76,541	82%
Total	CA\$150,258	100%	CA\$93,364	100%

(1) The aggregate fees paid to Towers Watson are CA\$58,958 and CA\$13,854 respectively for financial 2013 and 2014, and the aggregate fees paid to 37-2 Conseil Inc. are CA\$2,969 in 2014.

(2) Those fees are not exclusively related to executive compensation as some work was also used for other employees.

Benchmarking

For the purpose of assessing the competitiveness of the Target Total Compensation of senior executives, the Corporation considered compensation data from a comparator group including private and publicly-traded companies of comparable size and similar industry, operations in multiple countries and attracting similar profiles of employees, professionals and experts. The comparator group has been revised in 2013 with the guidance and advice from Towers Watson.

- Canadian executives:** For the executives based in Canada, the Corporation used the following comparator group: 5N Plus Inc., Aastra Technologies Ltd., ACCEO Solutions, Atos It Services and Solutions, Inc., Avigilon Corporation, Calian Technologies Ltd., COM DEV International Ltd., Constellation Software Inc., GTECH, Ericsson Canada Inc., Evertz Technologies Ltd., Hemisphere GPS Inc., Hitachi Data Systems, Miranda Technologies Inc., OpenText Corporation, Redline Communications Group Inc., Sandvine Corporation, Sierra Wireless Inc., Smart Technologies Inc., Vecima Networks Inc. and Wi-Lan Inc.
- United States executives:** For the executives based in the United States, the Corporation used the following comparator group: AMETEK, Aricent Group, Cincinnati Bell, Consolidated Communications, Crown Castle, ESRI, Fidessa Group, Globecom Systems, Hutchinson Technology, Itron, Kaspersky Lab, Omgeo, Openet, PASCOS Scientific, Plexus, SAS Institute, Sensata Technologies, Spotify, Teradata and Total System Services.
- United Kingdom executives:** For the executives based in the United Kingdom, the Corporation used the following comparator group: ARM Holdings, BT, Cable & Wireless, COLT Telecom, Computacenter, Electrocomponents, Everything Everywhere, hibu (prev. Yell Group), Hitachi Data Systems, Office Depot, Pearson Group, Pitney Bowes, Reed Elsevier, Sage UK, Telefonica O2, Three, Virgin Media and Vodafone.

- Asia executives:** For the executives based in Asia, the Corporation used a broader comparator group, based on general industry data: Abbott Laboratories, Ace Insurance Limited, Acr Capital Holdings Pte Ltd, Aeg Power Solutions, Agilent Technologies, Aia Co. Ltd (Singapore), Allianz Insurance, Allianz Se Reinsurance Branch Asia Pacific, Amlin Plc, Aon Asia Pacific, Astrazeneca Singapore Pte Ltd, Atos, Australia And New Zealand Banking Group Limited, Avanade, Aviva Asia, Aviva Ltd, Axa Asia Regional Centre Pte Ltd, Axa Insurance Singapore Pte Ltd, Axa Life Insurance Singapore, Bank Of America, Bank Of East Asia, Barclays Capital, Baxter Healthcare (Asia) Pte Ltd, BBC Worldwide, Belgacom, Biosensors Interventional Technologies Pte Ltd, Boeing (United States), Bombardier Transportation Gmbh, Boston Scientific Asia Pacific, BP, British Telecomms, Cable & Wireless, Canon, Catlin Singapore Pte Ltd, Celgene Pte Ltd, Cerebos Pacific, Certis Cisco Security, Chartis S'Pore, Chubb Pacific Underwriting, Cimb, Cisco, Citigroup, Clearwater Capital, Colt Technology Services Sa, Commerzbank Ag, Commscope Solutions Singapore Pte Ltd, Credit Suisse, Dbs, De Lage Landen Pte Ltd, Delphi Automotive Systems, Dematic, Dentsply, Deutsche Bank, Dhl Global Forwarding Management (Asia Pacific) Pte Ltd, Dhl Global Forwarding Singapore, Dhl Supply Chain Singapore, Diageo Plc, Discovery, Edwards Lifesciences (Asia) Pte Ltd, Edwards Lifesciences (Singapore) Pte Ltd, Energy Market Company, Enpro, Espnstar Sports, Estee Lauder Asia, Euler Hermes Credit Insurance Agency (S) Pte Ltd, Expedia, Inc., Experian Plc, Franklin Templeton Capital Holdings Pte Ltd, Friends Provident International Ltd, General Reinsurance Ag, Goldman Sachs, Great Eastern Life Insurance, Hewlett-Packard, Hill-Rom, Hilton Worldwide, Htc Corporation, Ida, Ii-Vi, Img, Ing Bank N.V., Singapore, Intel, Jabil Circuit, Inc., Jardine Lloyd Thompson Limited, John Wiley & Sons, Jones Lang Lasalle, JPMorgan Chase, Lenovo, Lexmark, Liberty Insurance Pte Ltd, Liberty Insurance Underwriters, Lilly-Nus Centre For Clinical Pharmacology Pte Ltd, M1, Malayan Banking Berhad, Manulife (Singapore) Pte Ltd, Marvell, Mastercard, Merck Pte Ltd, Microsoft, Mine Safety Appliances (United States), Molex, Morgan Stanley, Mp Biomedicals Asia Pacific Pte Ltd, Msig Insurance, MTV Asia, Mundipharma Pte Ltd, Munich Management Pte Ltd, Nagravision, National Australia Bank, NBC Universal, Nomura, Ocbc, Orange Business Services, Pacific Life Re Limited, Singapore Branch, Pall Corporation, Pearson Education South Asia Pte Ltd, Pfizer Asia Pacific Pte Ltd, Philips Electronic (S) Pte Ltd, Pramerica Financial Asia Hq Pte Ltd, Premier Farnell (Element14), Printronix, Prudential Assurance Company Singapore (Pte) Ltd, Qbe Insurance (International) Ltd, Qliktech International, Rbc Dexia Investor Services Bank, Reckitt Benckiser, East Asia, Reed Elsevier, Rentokil Initial Asia Pacific Management Pte Ltd, Research In Motion, Rhb Bank, Rolls Royce, Royal Bank Of Scotland, Royal Bank Of Scotland Gbm, Royal Dutch Shell, Royal Philips Electronics, Rsa Insurance, Sakari Resources Limited, Sandoz International Gmbh, Sanofi-Aventis Singapore Pte Ltd, SAS Institute, Scor Services Asia Pacific Pte Ltd, Sirtex Medical Ltd, Skandinaviska Enskilda Banken Ab Publ, Smith & Nephew Pte Ltd, Sompoo Japan Insurance (Singapore) Pte Ltd, Standard & Poors, Standard Chartered Bank, Standard Life International, Starhub, Straits Developments, Swarovski Management Pte, Swiss Reinsurance Co, Takeda Pharmaceuticals (Asia Pacific) Pte Ltd, Teleplan, Tellabs, Temasek International, Tenet Insurance Co. Ltd., The Economist Group (A/P) Limited, The Walt Disney Company, Thomsonreuters, Tokio Marine Life Insurance Singapore Ltd, Transamerica Life (Bermuda) Ltd, Transitlink, T-Systems International, Tui Travel, UBS, Underwriters Laboratories (United States), Unilever, Unisys, United Overseas Insurance Ltd., Verizon Business, Xi Re Ltd, Zimmer Pte Ltd, Zurich Insurance Company (S`Pore Branch) and Urich International.

To be considered in the comparator group, a company had to meet the following specific criteria:

- Similar industry: Technology Hardware and Equipment, Telecommunications Equipment and Services or Software and Services; and
- Comparable in size: revenues under CA\$1 billion. Only one publicly traded company had revenues slightly above the equivalent of CA\$1 billion. The compensation market comparison is done using the regression analysis which is a method to predict the "size-adjusted" competitive level of compensation to reflect the size of the Corporation in relation to that of the other companies of the reference group. This method mitigates the impact that larger companies may have on the competitive compensation levels for the Corporation.

The Corporation also participates in two major surveys on an annual basis and accordingly is permitted to purchase the results in order to continue the benchmarking of our compensation on a regular basis. The first one is Towers Watson High Tech Middle Management, Professional and Support Compensation Survey, providing and receiving data for Canada, USA, UK, Finland and Lebanon. The other one is Radford (AON Hewitt) Global Sales Survey, providing and receiving data for all the countries where the Corporation employs sales force.

Guiding Principles for Compensation of Executive Officers

The Corporation's executive compensation plans are designed to attract, retain and motivate key executives who directly impact the Corporation's long-term success and the creation of shareholder value. In determining executive compensation, the Human Resources Committee considers the following four principles:

- **Performance-based:** Executive compensation levels reflect both the results of the Corporation and individual results based on specific quantitative and qualitative objectives established at the beginning of each financial year in keeping with the Corporation's long-term strategic objectives.
- **Aligned with shareholder interests:** An important portion of incentive compensation for executives is composed of equity awards to ensure that executives are aligned with the principles of sustained long-term shareholder value growth.
- **Market competitive:** Compensation of executives is designed to be externally competitive when compared against executives of comparable peer companies, and in consideration of the Corporation's results.
- **Individually equitable:** Compensation levels are also designed to reflect individual factors such as scope of responsibility, experience, and performance against individual measures.

Compensation Policies and Practices

In April 2007, the Corporation adopted a Best Practice Regarding the Granting Date of Stock Incentive Compensation. The purpose of this best practice is to ensure that the Corporation complies with securities regulation and avoids the back-dating of equity based incentive compensation. The best practice states that the Corporation shall: (i) grant recurrent equity based incentive compensation pursuant to its Long Term Incentive Plan on the fifth business day following the public release of the Corporation's financial results; and (ii) grant recurrent stock based incentive compensation pursuant to its Deferred Share Unit Plan on the last business day of each quarter. In October 2014, the Corporation amended the Human Resources Committee Charter in order to adapt it to the latest NASDAQ Rules on compensation committees.

Risk Assessment of Executive Compensation Program

The Human Resources Committee considers the implications of the risks associated with the Corporation's compensation policies and practices when establishing recommendations for the compensation of executive officers. As such, for the financial year ended August 31, 2014, the Human Resources Committee conducted an internal risk assessment for executive compensation. The Human Resources Committee individually examined the compensation plans for each potential NEO against a list of elements that could trigger executives taking inappropriate or excessive risks. For the financial year ended August 31, 2014, the Human Resources Committee did not identify any risks associated with the Corporation's executive compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

On October 9, 2012 the Human Resources Committee Charter was amended in order to expressly reflect the responsibility of the Human Resources Committee to conduct an annual assessment of the risks associated with the Corporation's executive compensation policies and procedures.

Purchase of Hedging Financial Instruments by an Executive Officer or Director

While the Corporation has not adopted a policy prohibiting or restricting its executive officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director, to management's knowledge, no executive officer or director has purchased any such financial instruments as of November 1, 2014. In addition, according to the Security Trading Policy of the Corporation, executive officers and directors are required to pre-clear with the Corporation's legal counsel's office any transaction concerning the Corporation's securities, which includes the entering into any of the above-mentioned financial instruments.

Compensation Elements

The key elements of the Corporation's 2014 executive compensation program were (i) base salary, (ii) short-term incentive compensation (by way of the Short-Term Incentive Plan or the Sales Incentive Plan) and (iii) the stock-based incentive compensation delivered through the Long-Term Incentive Plan. In addition, the Corporation has also offered benefit plans and, if applicable, contributed to a Deferred Profit-Sharing Plan or a 401K Plan. To determine appropriate compensation levels for each compensation component, the Human Resources Committee considered all key elements of the executive compensation program. The Human Resources Committee did not assign specific weightings to any key element of the Corporation's 2014 executive compensation program.

Base Salaries

In establishing the base salaries of senior officers, including the President and Chief Executive Officer, the Corporation takes into consideration responsibilities, job descriptions and salaries paid by other similar organizations for positions similar in magnitude, scope and complexity. The Human Resources Committee's objective is to align executive compensation levels with the Target Compensation Positioning offered within a reference market of comparable companies that are similar in size to the Corporation, with a particular focus on those within the high-technology/telecommunications and manufacturing-durable goods industries. The Human Resources Committee reviews the base salary of each executive officer on an annual basis at the beginning of each financial year and recommends that the Board of Directors approve appropriate adjustments, if required, within the salary range in order to maintain a competitive position within the market place.

Short-Term Incentive Compensation

The Short-Term Incentive Plan ("STIP"), or the Sales Incentive Plan ("SIP") for the executive officers that are included within the sales force, provides executive officers with the opportunity to earn annual bonuses based on the Corporation's financial performance and the achievement of strategic corporate and departmental objectives established on a yearly basis (the "Business Performance Measures") as well as the achievement of individual performance objectives ("Individual Performance Measures"). The Business Performance Measures under the STIP also apply to all other employees of the Corporation, except the sales force, for which the SIP applies.

Annually the Human Resources Committee determines the annual incentive target for each executive officer, being a percentage of the executive's base salary ("Annual Incentive Target"). The Annual Incentive Targets for executive officers eligible for incentive bonuses in the financial year ended August 31, 2014 were established to be progressively in line with the objective of the Human Resources Committee of aligning compensation with the Target Compensation Positioning offered in the reference market. For the most recently ended financial year, the Annual Incentive Target for the NEOs was:

Name & Position	Annual Incentive Target as % of base salary
Germain Lamonde, CEO	65.0%
Pierre Plamondon, Vice-President, Finance and CFO	40.0%
Jon Bradley, Vice-President, Sales — EMEA	70.0%
Lee Huat (Joseph) Soo, Vice-President, Sales — Asia-Pacific	55.0%
Dana Yearian, Vice-President, Sales — Americas	89.0%

- Short-Term Incentive Plan

The STIP awards are calculated as follows:

$$\text{Base Salary} \times \text{Annual Incentive Target (\%)} \times \text{Business Performance Measures (\%)} \times \text{Individual Performance Measures (\%)}$$

At the beginning of each financial year, the Human Resources Committee recommends for approval by the Board of Directors the Business Performance Measures that will account for the annual incentive compensation. The following table provides the Business Performance Measures, their weight and result within the overall Business Performance Measures applicable to all executive officers and employees of the Corporation except those executives and employees that are within the sale force:

Business Performance Measure	Weight	Annual Target	Result (%)
Sales ⁽¹⁾	25%	US\$269.9 million	16.2%
EBITDA ⁽²⁾	25%	US\$29.4 million	13.2%
Gross margin ⁽³⁾	20%	US\$170.6 million	12.9%
Quality ⁽³⁾	15%	100%	18.2%
On-time delivery ⁽³⁾	15%	95%	19.6%
Total	100%		80.1%

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- (1) For sales metric, results will range from nil to 100% of the weight upon attainment of 50% of the annual target up to the annual target and will range from 100% to 150% of the weight from the annual target up to 112.5% of the annual target.
- (2) For EBITDA metric, results will range from nil to 100% of the weight upon attainment of 0% of the annual target up to the annual target and will range from 100% to 150% of the weight from the annual target up to 125% of the annual target.
- (3) For gross margin, quality and on-time delivery metrics, results will range from nil to 100% of the weight upon attainment of a minimum threshold of US\$85.3M, 50% and 87%, respectively, up to the annual target and from 100% to 150% of the weight from the annual target to the maximum threshold of US\$191.9M, 125% and 98%, respectively.

The Individual Performance Measures are determined annually by the executive's supervisor or the Human Resources Committee and approved by the Board of Directors of the Corporation. They are based upon the position, role and responsibilities of each executive within the Corporation, departmental objectives and personal management objectives. At the conclusion of each year, the executive's supervisor or, the Human Resources Committee evaluates the performance of the executive against the pre-determined objectives and the executive's performance is evaluated by progress, achievements and contributions. The following tables provide for each NEO subject to the STIP an overview of the elements included within the Individual Performance Measures, their weight and result for financial year 2014 within the overall Individual Performance Measures:

Germain Lamonde, CEO		
Elements of Individual Performance Measures	Weight (from 0% to 125%)	Result (%)
Financial objectives		
Corporate revenues	From 0% to 35%	28.6
Corporate EBITDA	From 0% to 25%	12.6
Strategic contribution		
Establishment and implementation of a three (3) year strategic plan and profitability improvement in identified products family	From 0% to 40%	20.0
Management structure	From 0% to 25%	12.5
	Total	73.7

Pierre Plamondon, Vice-President, Finance and CFO			
Elements of Individual Performance Measures		Weight (from 0% to 125%)	Result (%)
Financial objectives	Weight	From 0% to 55%	28.3
Corporate revenues, gross margin, profitability objectives and improving cash flows from operations	40%		
Corporate EBITDA	15%		
Strategic contribution	Weight	From 0% to 70%	57.3
Delivering the strategies and objectives under the NEO's responsibility as set forth in the Corporation's strategic plan	30%		
Maintaining the highest standard and compliance in the Corporation's financial reporting; internal controls and corporate governance; corporate development and risk management	25%		
Delivering the strategies and objectives under the NEO's responsibility as set forth in the Corporation's information technology strategic plan	15%		
		Total	85.6

- The Sales Incentive Plan

The SIP objectives for executive officers in the sales force are aimed to reward five (5) elements: three (3) elements are shareholder oriented (contribution margins, billings and EBITDA) and two (2) are based on specific objectives. The objectives are determined by the executive's supervisor and are for the territory under the executive's supervision. The following tables outline the SIP objectives for each NEO who is within the sales force:

Jon Bradley, Vice-President Sales — Europe, Middle East and Africa (EMEA)		
Business Performance Measure	Incentive Target (US\$)	Result (US\$)
Contribution Margin Bonus ⁽¹⁾	58,323	62,263
Bonus on Billings ⁽²⁾	32,402	30,357
Bonus on Specific Product Lines Objectives ⁽³⁾	12,961	7,904
Tier-1 Operator Objectives Discretionary Bonus ⁽⁴⁾	12,961	9,504
Corporate EBITDA Bonus	12,961	6,535
TOTAL	129,608	116,563

- (1) The amount of bonus for the attainment of the quarterly and annual contribution margin targets for the territory of the EMEA is based on the percentage of achievement from above 50% to 150% of the quarterly and annual contribution margin targets defined at the beginning of the financial year. An additional amount of bonus based on the percentage of attainment of the annual contribution margin target from 70% to 100% is also payable.
- (2) The amount of bonus for the attainment of the billings targets for the territory of the EMEA is based on the percentage of achievement from above 50% to 150% of the quarterly and annual billings targets defined at the beginning of the financial year. An additional amount of bonus based on the percentage of attainment of one third (1/3) of the quarterly billings targets on a monthly basis from 80% to 100% is also payable. An additional amount of bonus based on the percentage of attainment of the annual billings targets from 80% to 100% is also payable.
- (3) The amount of bonus for the attainment of the specific product lines bookings targets for the territory of the EMEA is based on the percentage of achievement from above 50% to 200% of the annual bookings targets of the specific product lines defined at the beginning of the financial year.
- (4) The amount of bonus for the attainment of the selected tier-1 operators' revenue progression for the territory of the EMEA is defined at the beginning of the financial year and is payable on a discretionary basis.

Lee Huat (Joseph) Soo, Vice-President Sales — Asia-Pacific (APAC)		
Business Performance Measure	Incentive Target (US\$)	Result (US\$)
Contribution Margin Bonus ⁽¹⁾	54,971	31,620
Bonus on Billings ⁽²⁾	30,539	26,783
Bonus on Specific Product Lines Objectives ⁽³⁾	12,216	8,517
Tier-1 Territories Objectives Discretionary Bonus ⁽⁴⁾	12,216	8,246
Corporate EBITDA Bonus	12,216	6,159
TOTAL	122,158	81,325

- (1) The amount of bonus for the attainment of the quarterly and annual contribution margin targets for the territory of the APAC is based on the percentage of achievement from above 50% to 150% of the quarterly and annual contribution margin targets defined at the beginning of the financial year. An additional amount of bonus based on the percentage of attainment of the annual contribution margin target from 70% to 100% is also payable.
- (2) The amount of bonus for the attainment of the billings targets for the territory of the APAC is based on the percentage of achievement from above 50% to 150% of the quarterly and annual billings targets defined at the beginning of the financial year. An additional amount of bonus based on the percentage of attainment of one third (1/3) of the quarterly billings targets on a monthly basis from 80% to 100% is also payable. An additional amount of bonus based on the percentage of attainment of the annual billings targets from 80% to 100% is also payable.
- (3) The amount of bonus for the attainment of the specific product lines bookings targets for the territory of the APAC is based on the percentage of achievement from above 50% to 200% of the annual bookings targets of the specific product lines defined at the beginning of the financial year.
- (4) The amount of bonus for the attainment of the selected tier-1 territories' revenue progression for the territory of the APAC is defined at the beginning of the financial year and is payable on a discretionary basis.

Dana Yearian, Vice-President Sales — Americas		
Business Performance Measure	Incentive Target (US\$)	Result (US\$)
Contribution Margin Bonus ⁽¹⁾	89,570	65,348
Bonus on Billings ⁽²⁾	49,760	41,050
Bonus on Specific Product Lines Objectives ⁽³⁾	24,880	18,175
Tier-1 Operator Objectives Discretionary Bonus ⁽⁴⁾	14,928	5,971
Corporate EBITDA Bonus	19,904	10,035
TOTAL	199,042	140,579

- (1) The amount of bonus for the attainment of the quarterly and annual contribution margin targets for the territory of the Americas is based on the percentage of achievement from above 50% to 150% of the quarterly and annual contribution margin targets defined at the beginning of the financial year. An additional amount of bonus based on the percentage of attainment of the annual contribution margin target from 70% to 100% is also payable.
- (2) The amount of bonus for the attainment of the billings targets for the territory of the Americas is based on the percentage of achievement from above 50% to 150% of the quarterly and annual billings targets defined at the beginning of the financial year. An additional amount of bonus based on the percentage of attainment of one third (1/3) of the quarterly billings targets on a monthly basis from 80% to 100% is also payable. An additional amount of bonus based on the percentage of attainment of the annual billings targets from 80% to 100% is also payable.
- (3) The amount of bonus for the attainment of the specific product lines bookings targets for the territory of the Americas is based on the percentage of achievement from above 50% to 200% of the annual bookings targets of the specific product lines defined at the beginning of the financial year.
- (4) The amount of bonus for the attainment of the selected tier-1 operators' revenue progression for the territory of the Americas is defined at the beginning of the financial year and is payable on a discretionary basis.

Long-Term Incentive Compensation

- ***Long-Term Incentive Plan***

The principal component of the long-term incentive compensation offered by the Corporation is made up of the Long-Term Incentive Plan (the "LTIP") for directors, officers, employees and consultants of the Corporation and its subsidiaries.

Introduced in May 2000, amended in October 2004 and effective as of January 2005, the LTIP is designed to provide directors, officers, employees and consultants with an incentive to create value and accordingly ensures that their interests are aligned with those of the Corporation's shareholders and to further attract, motivate and retain all of its employees, including the NEOs with the exception of the CEO who as of August 31, 2012 is no longer participating. The LTIP is subject to review by the Human Resources Committee to ensure maintenance of its market competitiveness. The Board of Directors has full and complete authority to interpret the LTIP and to establish the rules and regulations applying to it and to make all other determinations it deems necessary or useful for the administration of the LTIP, provided that such interpretations, rules, regulations and determinations are consistent with the rules of all stock exchanges on which the securities of the Corporation are then traded and with all applicable securities legislation and regulations.

The LTIP provides for the issuance of options to purchase Subordinate Voting Shares and the issuance of Restricted Share Units ("RSUs") redeemable for actual Subordinate Voting Shares or the equivalent in cash to participating directors, officers, employees and consultants. The Board of Directors, upon recommendation from the Human Resources Committee, designates the recipients of options or RSUs and determines the number of Subordinate Voting Shares covered by each option or RSU, the dates of vesting, the expiry date and any other conditions relating to these options or RSUs, in each case in accordance with the applicable legislation of the securities regulatory authorities. During the financial year ended August 31, 2014, target awards for eligible officers under the LTIP were established to be in line with the objective of the Human Resources Committee to align compensation with the Target Compensation Positioning offered in the reference market. Each NEO, with the exception of the CEO since the end of the financial year ended August 31, 2013, is entitled to receive annually RSUs in accordance with the following policy:

Name & Position	Grant Levels ⁽¹⁾ (% of previous year base salary)
Pierre Plamondon, Vice-President, Finance and CFO	42.5%
Jon Bradley, Vice-President, Sales – EMEA	42.5%
Lee Huat (Joseph) Soo, Vice-President, Sales – Asia-Pacific	32.5%
Dana Yearian, Vice-President, Sales – Americas	42.5%

(1) Actual grant value may differ from the grant level guidelines as the stock price may vary between the time of the grant and its approval.

RSU awards are based on the expected impact of the role of the executive officer on the Corporation's performance and strategic development as well as market benchmarking. The Human Resources Committee undertakes an analysis from time to time to determine the possible payouts from the LTIP under various scenarios and at various levels of share price growth to ensure that the LTIP is aligned with the interests of the Corporation's shareholders.

RSUs are also used to attract and retain top executives, as well as in business acquisitions. For the year ended August 31, 2014, the Corporation determined the number of RSUs granted to each executive officer according to their individual contribution, specifically with respect to additional responsibilities as the case may be. As disclosed under the section "Summary Compensation Table" hereof, all of the NEOs, with the exception of the CEO as described earlier, were granted RSUs during the last financial year. The purpose of the grants was to focus the executives on developing and successfully implementing the continuing growth strategy of the Corporation and to align the executives with the principles of sustained long-term shareholder value growth. The grants were also considered to contribute to the Corporation's objective to align the compensation of the executives with the reference market. The Corporation did not take into account the amount and terms of outstanding options or RSUs or the restrictions on resale of such units, when determining the grants mentioned above.

The exercise price of the options is determined by the Board of Directors at the time of granting the options, subject to compliance with the rules of all stock exchanges on which the Subordinate Voting Shares are listed and with all applicable securities legislation and regulation. In any event, the exercise price may not be lower than the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Federal Reserve Bank of New York (for grants of options prior to January 1, 2009) or the Bank of Canada (for grants of options on or after January 1, 2009) on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars. Any option issued is non-transferable. As at August 31, 2014, there were a total of 87,454 options granted to all LTIP participants and outstanding pursuant to the LTIP having a weighted average exercise price of US\$4.62 (CA\$5.65) per option.

The fair value at the time of grant of an RSU is equal to the market value of Subordinate Voting Shares at the time the RSU is granted. The grant date market value is equal to the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Federal Reserve Bank of New York (for grants of RSUs prior to January 1, 2009) or the Bank of Canada (for grants of RSUs on or after January 1, 2009) on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars. At the end of financial year ended August 31, 2014, there were a total of 1,225,135 RSUs granted and outstanding pursuant to the LTIP having a weighted average fair value at the time of grant of US\$5.46 (CA\$5.58) per RSU.

The maximum number of Subordinate Voting Shares that are issuable under the LTIP shall not exceed 6,306,153 Subordinate Voting Shares, which represents 10.4% of the Corporation's issued and outstanding voting shares as of November 1, 2014. The maximum number of Subordinate Voting Shares that may be granted to any one individual shall not exceed 5% of the number of outstanding Subordinate Voting Shares, which represents 1,436,369 issued and outstanding Subordinate Voting Shares as of November 1, 2014.

Some options granted to directors and employees vest on the first anniversary date of their grant. Some options granted in the financial years ended August 31, 2004 and 2005 vested at a rate of 12.5% six (6) months after the date of grant, 12.5% twelve (12) months after the date of grant and 25% annually thereafter commencing on the second anniversary date of the grant in October 2005. Otherwise all options vest at a rate of 25% annually commencing on the first anniversary date of the grant. All options may be exercised in whole or in part once vested. All of the options that are granted under the LTIP must be exercised within a maximum period of ten (10) years following the date of their grant or they will be forfeited.

The vesting dates of RSUs are subject to a minimum term of three (3) years and a maximum term of ten (10) years from the award date. The following table presents, for the last five (5) financial years, the RSUs granted and their respective vesting schedule.

Financial year ended	Grant Date	RSUs granted (#)	Fair Value at the Time of Grant (US\$/RSU)	Vesting schedule
August 31, 2014	October 16, 2013	36,950	5.28	50% on each of the third and fourth anniversary dates of the grant.
	January 15, 2014	132,000	4.36	
	July 3, 2014	29,502	4.77	
	October 16, 2013	138,233	5.28	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation, are fully attained.
August 31, 2013	October 16, 2012	30,006	5.06	50% on each of the third and fourth anniversary dates of the grant.
	January 16, 2013	145,750	5.61	
	October 16, 2012	140,404	5.06	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation, are fully attained.
August 31, 2012	October 18, 2011	23,000	5.43	50% on each of the third and fourth anniversary dates of the grant.
	January 17, 2012	8,321	6.61	
	January 18, 2012	122,000	6.47	
	January 23, 2012	7,576	6.55	
	April 3, 2012	2,571	7.06	
	October 18, 2011	163,651	5.43	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained.
	January 23, 2012	6,330	6.55	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained.
	April 3, 2012	1,429	7.06	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained.
August 31, 2011	October 19, 2010	30,250	6.03	50% on each of the third and fourth anniversary dates of the grant.
	January 19, 2011	119,900	9.32	
	April 7, 2011	7,297	8.28	
	April 18, 2011	8,226	8.64	
	October 19, 2010	56,361	6.03	100% on the fifth anniversary date of the grant subject to early vesting of up to 100% on the third or fourth anniversary date of the grant when performance objectives related to revenue, as determined by the Board of Directors of the Corporation, are fully attained.

Financial year ended	Grant Date	RSUs granted (#)	Fair Value at the Time of Grant (US\$/RSU)	Vesting schedule
	October 19, 2010	128,348	6.03	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation, are fully attained.
August 31, 2010	October 20, 2009	36,500	3.74	50% on each of the third and fourth anniversary dates of the grant.
	January 19, 2010	130,000	5.13	
	April 7, 2010	37,900	5.68	
	April 7, 2010	6,155	5.68	1/3 on the third, fourth and fifth anniversary dates of the grant.
	July 7, 2010	3,759	5.32	
	October 20, 2009	174,686	3.74	100% on the fifth anniversary date of the grant subject to early vesting of up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation, are fully attained.
	April 7, 2010	7,575	5.68	
	July 7, 2010	18,963	5.32	

If any vesting dates fall into any black-out period or any other restrictive period during which the RSU holder is not entitled to trade the Corporation's Subordinate Voting Shares, the RSUs shall: (i) vest on the fifth trading day the RSU holder is entitled to trade after such black-out period or restrictive period; or (ii) if the RSU holder decides, prior to such vesting date, to pay his/her income tax without using any of the Subordinate Voting Shares' proceeds, then and only then, the vesting date shall remain the one determined on the granting date for such RSUs.

With the exceptions mentioned under the section entitled "termination and change of control", any option granted pursuant to the LTIP will lapse: (i) immediately upon the termination of the relationship with the Corporation or one of its subsidiaries for a good and sufficient cause for employees or officers or at the date on which an employee or an officer resigns or leaves his employment with the Corporation or one of its subsidiaries (or within thirty (30) days if the holder's employment is terminated for reasons not related to cause); and (ii) thirty (30) days after a director ceases to be a member of the Board of Directors of the Corporation or one of its subsidiaries. In the event of retirement or disability, any option held by an employee lapses thirty (30) days after the date of any such disability or retirement. In the event of death, any option held by the optionee lapses six (6) months after the date of death.

With the exceptions mentioned under the section entitled "termination and change of control", any RSU granted pursuant to the LTIP will lapse: (i) immediately, where vesting of a unit is subject to the attainment of performance objectives, if such performance objectives have not been attained (or postponed at a further vesting date as determined by the Board of Directors); and (ii) immediately, whether or not subject to attainment of performance objectives, upon the termination of the relationship with the Corporation or one of its subsidiaries for a good and sufficient cause for employees or officers or at the date on which an employee or an officer resigns or leaves his employment with the Corporation or one of its subsidiaries.

Any RSU granted pursuant to the LTIP will vest immediately, to a certain proportion as determined by the LTIP, upon the termination of the relationship of an employee or officer with the Corporation or one of its subsidiaries: (i) for reasons not related to cause; (ii) because of death or permanent disability; and (iii) retirement.

- **Restricted Share Unit Grants in Last Financial Year**

The aggregate number of RSUs granted during the financial year ended August 31, 2014 was 336,685 having a weighted average fair value at the time of grant of US\$4.87 (CA\$5.15) per RSU. The fair value at the time of grant of a RSU is equal to the market value of Subordinate Voting Shares at the time RSUs are granted. At August 31, 2014, there were a total of 1,225,135 RSUs granted and outstanding pursuant to the LTIP having a weighted average fair value at the time of grant of US\$5.46 (CA\$5.58) per RSU.

The RSUs may be redeemed for actual Subordinate Voting Shares or the equivalent in cash at the discretion of the Board of Directors of the Corporation on the vesting dates established by the Board of Directors of the Corporation at the time of grant in its sole discretion.

Therefore, the value at vesting of a RSU, when converted to Subordinate Voting Shares, is equivalent to the market value of a Subordinate Voting Share at the time the conversion takes place and is taxable as employment income. The table above shows information regarding RSU grants made under the LTIP during the financial year ended August 31, 2014.

During the financial year ended August 31, 2014, the following RSUs were granted to the following NEOs:

Name	RSUs granted (#)	Percentage of Total RSUs Granted to Employees in Financial Year (%) ⁽¹⁾	Fair Value at the Time of Grant (US\$/RSU) ⁽²⁾	Grant Date	Vesting schedule ⁽³⁾
Pierre Plamondon	19,839	5.89%	5.28	October 16, 2013	100% on the fifth anniversary date of the grant subject to early vesting up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained. ⁽⁴⁾
Jon Bradley	14,100	4.19%	5.28	October 16, 2013	100% on the fifth anniversary date of the grant subject to early vesting up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained. ⁽⁴⁾
Lee Huat (Joseph) Soo	12,958	3.85%	5.28	October 16, 2013	100% on the fifth anniversary date of the grant subject to early vesting up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained. ⁽⁴⁾
Dana Yearian	17,676	5.25%	5.28	October 16, 2013	100% on the fifth anniversary date of the grant subject to early vesting up to 1/3 on the third anniversary date of the grant and up to 50% of the remaining units on the fourth anniversary date of the grant if performance objectives namely related to long-term growth of revenue and profitability, as determined by the Board of Directors of the Corporation are fully attained. ⁽⁴⁾

- (1) Such percentage does not include any cancelled RSUs.
- (2) The fair value at the time of grant of a RSU is equal to the market value of Subordinate Voting Shares at the time RSUs are granted. The grant date market value is equal to the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Bank of Canada on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required.
- (3) All RSUs first vesting cannot be earlier than the third anniversary date of their grant.
- (4) Those RSUs granted in the financial year ended August 31, 2014 vest on the fifth anniversary date of the grant but are subject to early vesting on the third and fourth anniversary date of the grant on the attainment of performance objectives, as determined by the Board of Directors of the Corporation. Accordingly, subject to the attainment of performance objectives, the first early vesting is up to 1/3 of the units on the third anniversary date of the grant and the second early vesting is up to 50% of the remaining units on the fourth anniversary date of the grant. The early vesting shall be subject to the attainment of performance objectives. Such performance objectives are based on the attainment of a sales growth metric combined with profitability metric. The sales growth metric is determined by the Compound Annual Growth Rate of sales of the Corporation for the period described below (SALES CAGR). The profitability metric is determined as the Cumulative Corporation's IFRS net earnings before interest, income taxes, depreciation of property, plant and equipment, amortization of intangible assets, foreign exchange gain or loss, change in fair value of cash contingent consideration, and extraordinary gain or loss over the Cumulative Sales for the same period (LTIP EBITDA). Accordingly, the first early vesting performance objectives will be attained, calculated on a pro-rated basis as follows: i) 100% for a SALES CAGR of 20% or more and 0% for a SALES CAGR of 5% or less for the three-year period ending on August 31, 2016; cumulated with ii) 100% for a LTIP EBITDA of 15% and 0% for a LTIP EBITDA of 7.5% or less for the three-year period ending on August 31, 2016. The second early vesting performance objectives will be attained on the same premises as described above but for the four-year period ending on August 31, 2017.

The following table summarizes information about RSUs granted to the members of the Board of Directors and to Management and Corporate Officers of the Corporation and its subsidiaries as at August 31, 2014:

	Number of RSUs (#)	% of Issued and Outstanding RSUs	Weighted Average Fair Value at the Time of Grant (\$US/RSU)
President and CEO (one (1) individual)	140,150	11.44%	5.11
Board of Directors (five (5) individuals)	–	–	–
Management and Corporate Officers (ten (10) individuals)	551,953	45.05%	5.32

- **Option Grants in Last Financial Year**

There were no options to purchase the Corporation's Subordinate Voting Shares granted during the financial year ended August 31, 2014. As at August 31, 2014, there were a total of 87,454 Subordinate Voting Shares covered by options granted and outstanding pursuant to the LTIP having a weighted average exercise price of US\$4.62 (CA\$5.65) per option.

The following table summarizes information about stock options granted to the members of the Board of Directors and to Management and Corporate Officers of the Corporation and its subsidiaries as at August 31, 2014:

	Number of Options (#)	% of Issued and Outstanding Options	Weighted Average Exercise Price (\$US/Security)
President and CEO (one (1) individual)	29,160	33.34%	4.61
Board of Directors (five (5) individuals)	–	–	–
Management and Corporate Officers (two (2) individuals)	14,494	16.57%	4.98

- **Deferred Share Unit Plan**

Introduced in October 2004 and effective as of January 2005, the Corporation's DSU plan (the "Deferred Share Unit Plan") is designed to align more closely the interests of the Corporation's non-employee directors with those of its shareholders.

Under the Deferred Share Unit Plan, non-employee directors may elect to receive up to 100% of their retainer fees in the form of DSUs, each of which has an estimated value determined based on the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Federal Reserve Bank of New York (for grants of DSUs prior to January 1, 2009) or the Bank of Canada (for grants of DSUs on or after January 1, 2009) on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars, as required. The value at vesting of a DSU is equivalent to the market value of a Subordinate Voting Share when a DSU is converted to such Subordinate Voting Share. DSUs attract dividends in the form of additional DSUs at the same rate as dividends on Subordinate Voting Share. When a director ceases to be a member of the Board of Directors, the DSUs are converted and paid in Subordinate Voting Shares that are either purchased on the open market or issued by the Corporation. Such Subordinate Voting Shares issued by the Corporation will be issued from the same pool of Subordinate Voting Shares reserved for issuance pursuant to the LTIP, which is 10.4% of the total issued and outstanding voting shares.

- **Deferred Share Unit Grants in Last Financial Year**

The aggregate number of DSUs credited to non-employee directors during the financial year ended August 31, 2014 was 35,803. The estimated value at the time of grant of a DSU is determined based on the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Federal Reserve Bank of New York (for grants of DSUs prior to January 1, 2009) or the Bank of Canada (for grants of DSUs on or after January 1, 2009) on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars, as required. The value at vesting of a DSU is equivalent to the market value of the Subordinate Voting Shares when a DSU is converted to such Subordinate Voting Shares. As at August 31, 2014, there were a total of 117,701 DSUs credited and outstanding pursuant to the Deferred Share Unit Plan having a weighted average fair value at the time of grant of US\$4.89 (CA\$5.21).

During the financial year ended August 31, 2014, the following DSUs were granted to the non-employee members of the Board of Directors:

DSUs granted (#)	Weighted Average Fair Value at the Time of Grant (US\$/DSU)	Total of the Fair Value at the Time of Grant (US\$)	Vesting
35,803	4.59	164,336	At the time director ceases to be a member of the Board of Directors of the Corporation

The following table summarizes information about DSUs granted to the non-employee members of the Board of Directors as at November 1, 2014:

	Number of DSUs (#)	% of Issued and Outstanding DSUs	Total of the Fair Value at the Time of Grant (US\$)	Weighted Average Fair Value at the Time of Grant (US\$/DSU)
Board of Directors (five (5) individuals)	117,701	100%	575,558	4.89

- **Number of Subordinate Voting Shares Reserved for Future Issuance**

During the financial year ended August 31, 2014, 35,803 DSUs and 336,685 RSUs were granted to directors, officers and employees. Such awards were issued from the pool of Subordinate Voting Shares reserved for issuance pursuant to the LTIP and the Deferred Share Unit Plan of which the maximum number of Subordinate Voting Shares issuable shall not exceed 6,306,153, which represents 10.4% of the Corporation's issued and outstanding voting shares as at November 1, 2014. As at November 1, 2014, the number of Subordinate Voting Shares reserved for future issuance is 1,491,782 representing 2.5% of the Corporation's issued and outstanding voting shares as at November 1, 2014.

- ***Stock Appreciation Rights Plan***

On August 4, 2001, the Corporation established a Stock Appreciation Rights Plan (the “SAR Plan”), as amended on January 12, 2010, for the benefit of certain employees residing in countries where the granting of stock-based compensation under the LTIP is not feasible in the opinion of the Corporation. The Board of Directors has full and complete authority to interpret the SAR Plan and to establish the rules and regulations applying to it and to make all other determinations it deems necessary or useful for the administration of the SAR Plan.

Under the SAR Plan, eligible employees are entitled to receive a cash amount equivalent to the difference between the market price of the Subordinate Voting Shares on the date of exercise or the date of vesting and the exercise price determined on the date of grant. No Subordinate Voting Shares are issuable under the SAR Plan.

The Board of Directors has delegated to Management the task of designating the recipients of stock appreciation rights, the date of exercise or vesting, the expiry date and other conditions. Under the terms of the SAR Plan, the exercise price determined on the date of grant of the stock appreciation right is equal to zero (0) if the stock appreciation right is to reflect a RSU under the LTIP or, if the stock appreciation right is to reflect an option under the LTIP, the exercise price determined on the date of grant may not be lower than the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Bank of Canada on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars. Stock appreciation rights are non-transferable.

The stock appreciation rights, reflecting a RSU under the LTIP, vest at a rate of 50% annually commencing on the third anniversary date of the date of grants made in October 2010, October 2011, October 2012, January 2013, October 2013 and January 2014.

The stock appreciation rights, reflecting a RSU under the LTIP, will: i) lapse immediately upon the termination of the relationship with the Corporation or one (1) of its subsidiaries for a good and sufficient cause or at the date on which an employee resigns or leaves his employment with the Corporation or one (1) of its subsidiaries; and ii) vest immediately, to a certain proportion as determined by the SAR Plan, upon the termination without cause of the relationship of an employee with the Corporation or one (1) of its subsidiaries.

The stock appreciation rights, reflecting an option under the LTIP, vest over a four-year period, with 25% vesting annually commencing on the first anniversary date of the date of grant. However, since October 2007, some stock appreciation rights, representing an option under the LTIP, vest at a rate of 50% annually commencing on the third anniversary date of the grants made in October 2007, October 2008 and October 2009.

For stock appreciation rights, reflecting an option under the LTIP, once vested, such right may be exercised between the second and the fifteenth business day following each release of the Corporation’s quarterly financial results and will lapse immediately upon the termination of the relationship with the Corporation or one (1) of its subsidiaries for a good and sufficient cause or at the date on which an employee resigns or leaves his employment with the Corporation or one (1) of its subsidiaries (or within thirty (30) days if the holder is dismissed without cause). In the event of retirement or disability, any stock appreciation right held by an employee lapses thirty (30) days after the date of any such disability or retirement. In the event of death, any stock appreciation right lapses six (6) months after the date of death.

All of the stock appreciation rights that are granted under the SAR Plan may be exercised within a maximum period of ten (10) years following the date of their grant.

No Stock Appreciation Rights (“SARs”) were exercised during the financial year ended August 31, 2014.

During the financial year ended August 31, 2014, 7,150 SARs were granted to employees. As at August 31, 2014, there were 39,874 SARs outstanding.

Benefits and Perquisites

Certain employees of the Corporation, including the NEOs, are eligible to participate in the Corporation's benefits programs, which may include life insurance, extended health and dental coverage, short and long-term disability coverage, accidental death and dismemberment (AD&D) compensation and emergency travel assistance. Although the majority of costs of the benefits are paid by the Corporation, employees (including the NEOs) may also be required to contribute to obtain such benefits.

With the exception of car allowances that are provided to the Corporation's CEO and Vice-Presidents of Sales, executive officers, including other NEOs, do not receive any perquisites. The value of the perquisites for each of the NEOs, if applicable, is less than CA\$50,000 or 10% of total annual salary and bonus for the financial year and, as such, is not included in the table provided under the heading "Summary Compensation Table" and in the table provided under the heading "Termination and Change of Control Benefits".

Deferred Profit-Sharing Plan

The Corporation maintains a deferred profit-sharing plan (the "DPSP") for certain eligible Canadian resident employees, including NEOs but excluding the Corporation's CEO, under which the Corporation may elect to match the employees' contributions up to a maximum of 4% (3% prior to January 2014) of an employee's gross salary, provided that the employee has contributed to a tax-deferred registered retirement savings plan. Cash contributions, for eligible employees to this plan, and expenses for the years ended August 31, 2012, 2013 and 2014 amounted to US\$1,178,000, US\$1,165,000 and US\$1,451,000, respectively. The amounts contributed to the DPSP are invested at the employee's will in the investment vehicles offered by Standard Life, the Corporation's fund administrator. Withdrawals of funds from the DPSP account are not permitted. In the event of termination of the employment, if the employee has been a member of the DPSP for more than two (2) years, the employee is entitled to receive the funds accumulated in his DPSP account.

401K Plan

The Corporation maintains a 401K plan for eligible United States resident employees of its subsidiaries. Employees become eligible to participate in the 401K plan on the date they are hired. Under this plan, the Corporation must contribute an amount equal to 3% of an employee's current compensation. In addition, employees may elect to defer their current compensation up to the lesser of 1% of eligible compensation or the statutorily prescribed annual limit and have the deferral contributed to the 401K plan. The 401K plan permits, but does not require the Corporation to make additional matching contributions to the 401K plan on behalf of the eligible participants, subject to a maximum of 50% of the first 6% of the participant's current compensation subject to certain legislated maximum contribution limits. The Corporation contributes up to 3% of the participant's current compensation, subject to certain legislated maximum contribution limits. In the years ended August 31, 2012, 2013 and 2014, the Corporation made aggregate contributions of US\$693,000, US\$632,000 and US\$616,000 respectively, to the 401K plan. Contributions by participants or by the Corporation to the 401K plan and income earned on plan contributions are generally not taxable to the participant until withdrawn and contributions by the Corporation are generally deductible by the Corporation when made. At the direction of each participant, the trustees of the 401K plan invest the assets of the 401K plan in selected investment options.

2014 Performance and Compensation

Compensation for the NEOs is awarded through the Corporation's executive compensation plan, which aligns compensation with key strategic objectives and individual performance. The Corporation has established Business Performance Measures outlining key performance indicators which are applicable to all employees. You will find more information on such indicators under the heading "Short-Term Incentive Compensation". These performance indicators focus efforts, communicate priorities and enable performance to be benchmarked.

The following table highlights the NEOs early vesting achievement in accordance with the Corporation's LTIP:

Long-Term Incentive Plan (LTIP) - RSUs		
Date of Grant	Vesting Date	% of early vesting achievement ⁽¹⁾
October 19, 2010	October 20, 2014	0%
October 19, 2010	October 20, 2014	0%
October 18, 2011	October 20, 2014	0%

(1) The vesting schedules are provided in the table under the heading "Long-Term Incentive Plan".

CEO Performance Compensation during Last Three (3) Financial Years

The following table compares the compensation awarded to Mr. Germain Lamonde in respect of his performance as CEO to the Total Market Capitalization Growth for the last three (3) financial years. The compensation includes base salary, short-term incentive payments, as well as long-term incentive payments at grant date pursuant to the LTIP.

Compensation Elements	2014	2013	2012	Three-Year Total
Cash				
Base Salary	CA\$557,767	CA\$498,663	CA\$441,000	CA\$1,497,430
Short-term incentive	CA\$214,300	CA\$185,866	CA\$143,784	CA\$543,950
Equity				
Long-term incentive	–	–	CA\$294,001 ⁽¹⁾	CA\$294,001 ⁽¹⁾
Total Direct Compensation	CA\$772,067	CA\$684,529	CA\$878,785	CA\$2,335,381
Pension Value	–	–	–	–
All Other Compensation	–	–	–	–
Total Compensation	CA\$772,067	CA\$684,529	CA\$878,785	CA\$2,335,381
Annual Average	–	–	–	CA\$778,460
Total Market Capitalization Growth (CA\$ millions)	(2.2) ⁽²⁾	2.1 ⁽²⁾	(105.6) ⁽²⁾	(105.7) ⁽²⁾
Total Cost as a % of Market Capitalization Growth	(35.6)%	32.1%	(0.8)%	(2.2)%

(1) Indicates the dollar amount based on the grant date fair value of the RSUs awarded under the LTIP for the financial year. The grant date fair value is equal to the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Bank of Canada on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars. Grants of RSUs to NEOs are detailed under section "Compensation Discussion and Analysis – Long-Term Incentive Plan".

(2) Includes the redemption of 438,894, 663,256 and 214,470 Subordinate Voting Shares respectively in financial years 2012, 2013 and 2014 under the normal course issuer bid of the Corporation during these years.

Conclusion

By way of application of the Corporation's executive compensation policy, an important part of executive compensation is linked to corporate performance and long-term value creation. The Human Resources Committee continuously reviews executive compensation programs to ensure that they maintain their competitiveness and continue to focus on the Corporation's objectives, values and business strategies.

For the financial year ending August 31, 2013, we made a significant change to the CEO compensation structure. Following the evaluation of the share ownership of the CEO, it was decided by the Human Resources Committee that the CEO should no longer receive equity-based compensation within his compensation as the share ownership of the CEO has been determined to be sufficient and that equity-based compensation was no longer reasonably considered as an incentive to performance.

Depending on specific circumstances, the Human Resources Committee may also recommend employment terms and conditions that deviate from the policies and the execution by the Corporation or its subsidiaries of employment contracts on a case-by-case basis.

Summary Compensation Table

The table below shows compensation information during the three (3) most recently completed financial years for the NEOs. This information includes, as applicable, the Canadian, US and Singapore dollar and British pound value of base salaries, share-based and option-based awards, non-equity incentive plan compensations, pension value and all other compensation, if any, whether paid or deferred.

Name and Principal Position	Financial Year	Salary ^{(1) (2)} (\$)	Share-Based Awards ^{(2) (3)} (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ^{(2) (5)}	Total Compensation (\$)
					Annual Incentive plans ^{(2) (4)}	Long-term Incentive plans			
Germain Lamonde, President and CEO	2014	517,313 ^(US) 557,767 ^(CA)	— ^(US) — ^(CA)	—	198,757 ^(US) 214,300 ^(CA)	—	—	—	716,070 ^(US) 772,067 ^(CA)
	2013	493,384 ^(US) 498,663 ^(CA)	— ^(US) — ^(CA)	—	183,899 ^(US) 185,866 ^(CA)	—	—	—	677,283 ^(US) 684,529 ^(CA)
	2012	436,893 ^(US) 441,000 ^(CA)	291,263 ^(US) 294,001 ^(CA)	—	142,446 ^(US) 143,784 ^(CA)	—	—	—	870,602 ^(US) 878,785 ^(CA)
Pierre Plamondon, Vice-President, Finance and CFO	2014	252,938 ^(US) 272,718 ^(CA)	100,465 ^(US) 108,321 ^(CA)	—	69,448 ^(US) 74,879 ^(CA)	—	—	11,667 ^(US) 12,579 ^(CA)	434,518 ^(US) 468,497 ^(CA)
	2013	252,673 ^(US) 255,377 ^(CA)	97,460 ^(US) 98,502 ^(CA)	—	58,709 ^(US) 59,337 ^(CA)	—	—	9,473 ^(US) 9,575 ^(CA)	418,315 ^(US) 422,791 ^(CA)
	2012	245,149 ^(US) 247,453 ^(CA)	94,743 ^(US) 95,634 ^(CA)	—	63,948 ^(US) 64,549 ^(CA)	—	—	9,431 ^(US) 9,519 ^(CA)	413,271 ^(US) 417,155 ^(CA)
Jon Bradley, Vice-President, Sales — EMEA	2014	200,594 ^(US) 216,280 ^(CA) 121,459 ^(£)	71,402 ^(US) 76,986 ^(CA) 45,740 ^(£)	—	116,563 ^(US) 125,678 ^(CA) 70,579 ^(£)	—	—	—	388,559 ^(US) 418,944 ^(CA) 237,778 ^(£)
	2013	178,871 ^(US) 180,785 ^(CA) 114,585 ^(£)	69,560 ^(US) 70,304 ^(CA) 44,560 ^(£)	—	81,369 ^(US) 82,240 ^(CA) 52,125 ^(£)	—	—	—	329,800 ^(US) 333,329 ^(CA) 211,270 ^(£)
	2012	165,355 ^(US) 166,909 ^(CA) 105,083 ^(£)	61,549 ^(US) 62,128 ^(CA) 39,114 ^(£)	—	87,328 ^(US) 88,148 ^(CA) 55,497 ^(£)	—	—	—	314,232 ^(US) 317,185 ^(CA) 199,694 ^(£)

Name and Principal Position	Financial Year	Salary ^{(1) (2)} (\$)	Share-Based Awards ^{(2) (3)} (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ^{(2) (5)} (\$)	Total Compensation (\$)
					Annual Incentive plans ^{(2) (4)}	Long-term Incentive plans			
Lee Huat (Joseph) Soo, Vice-President, Sales — Asia-Pacific	2014	224,908 ^(US)	65,619 ^(US)	—	81,325 ^(US)	—	—	—	371,852 ^(US)
		242,495 ^(CA)	70,751 ^(CA)	—	87,684 ^(CA)	—	—	—	400,930 ^(CA)
		282,529 ^(SGD)	82,431 ^(SGD)	—	102,160 ^(SGD)	—	—	—	467,120 ^(SGD)
	2013	215,672 ^(US)	62,875 ^(US)	—	76,926 ^(US)	—	—	—	355,473 ^(US)
		217,980 ^(CA)	63,548 ^(CA)	—	77,749 ^(CA)	—	—	—	359,277 ^(CA)
		267,800 ^(SGD)	78,072 ^(SGD)	—	95,520 ^(SGD)	—	—	—	441,392 ^(SGD)
	2012	153,894 ^{(US) (6)}	55,232 ^(US)	—	52,772 ^(US)	—	—	—	261,898 ^(US)
		155,340 ^(CA)	55,751 ^(CA)	—	53,268 ^(CA)	—	—	—	264,359 ^(CA)
		195,000 ^(SGD)	69,984 ^(SGD)	—	66,867 ^(SGD)	—	—	—	331,851 ^(SGD)
Dana Yearian, Vice-President, Sales — Americas	2014	224,400 ^(US)	93,329 ^(US)	—	140,579 ^(US)	—	—	7,049 ^(US)	465,357 ^(US)
		241,948 ^(CA)	100,627 ^(CA)	—	151,573 ^(CA)	—	—	7,601 ^(CA)	501,749 ^(CA)
		219,596 ^(US)	91,050 ^(US)	—	134,529 ^(US)	—	—	7,009 ^(US)	452,184 ^(US)
	2013	221,946 ^(CA)	92,024 ^(CA)	—	135,968 ^(CA)	—	—	7,084 ^(CA)	457,022 ^(CA)
		214,240 ^(US)	83,198 ^(US)	—	149,851 ^(US)	—	—	7,293 ^(US)	454,582 ^(US)
		216,254 ^(CA)	83,980 ^(CA)	—	151,260 ^(CA)	—	—	7,361 ^(CA)	458,855 ^(CA)

- (1) Base salary earned in the financial year, regardless when paid.
- (2) The compensation information for Canadian residents has been converted from Canadian dollars to US dollars based upon an average foreign exchange rate of CA\$1.0782 = US\$1.00 for the financial year ended August 31, 2014, CA\$1.0107 = US\$1.00 for the financial year ended August 31, 2013 and CA\$1.0094 = US\$1.00 for the financial year ended August 31, 2012. The compensation information for UK resident has been converted from British Pounds to US dollars based upon an average foreign exchange rate of £0.6055 = US\$1.00 for the financial year ended August 31, 2014, £0.6406 = US\$1.00 for the financial year ended August 31, 2013 and £0.6355 = US\$1.00 for the financial year ended August 31, 2012 and the conversion from US dollars to Canadian dollars is made as described above. The compensation information for Singapore resident has been converted from Singapore dollars to US dollars based upon an average foreign exchange rate of SGD1.2562 = US\$1.00 for the financial year ended August 31, 2014, SGD1.2417 = US\$1.00 for the financial year ended August 31, 2013 and SGD1.2671 = US\$1.00 for the financial year ended August 31, 2012 and the conversion from US dollars to Canadian dollars is made as described above.
- (3) Indicates the dollar amount based on the grant date fair value of the RSUs awarded under the LTIP for the financial year. The grant date fair value is equal to the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Bank of Canada on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars. Grants of RSUs to NEOs are detailed under section “Compensation Discussion and Analysis – Long-Term Incentive Plan”.
- (4) Indicates the total bonus earned during the financial year whether paid during the financial year or payable on a later date:

Name	Paid during the financial year ended August 31, 2014 ⁽ⁱ⁾ (\$)	Paid in the first quarter of the financial year ending on August 31, 2015 ⁽ⁱ⁾ (\$)	Total bonus earned during the financial year ended August 31, 2014 ⁽ⁱ⁾ (\$)
Germain Lamonde	149,643 ^(US) 161,345 ^(CA)	49,114 ^(US) 52,955 ^(CA)	198,757 ^(US) 214,300 ^(CA)
Pierre Plamondon	45,026 ^(US) 48,547 ^(CA)	24,422 ^(US) 26,332 ^(CA)	69,448 ^(US) 74,879 ^(CA)
Jon Bradley	67,941 ^(US) 73,254 ^(CA) 41,138 ^(£)	48,622 ^(US) 52,424 ^(CA) 29,441 ^(£)	116,563 ^(US) 125,678 ^(CA) 70,579 ^(£)
Lee Huat (Joseph) Soo	38,987 ^(US) 42,035 ^(CA) 48,975 ^(SGD)	42,338 ^(US) 45,649 ^(CA) 53,185 ^(SGD)	81,325 ^(US) 87,684 ^(CA) 102,160 ^(SGD)
Dana Yearian	67,746 ^(US) 73,044 ^(CA)	72,833 ^(US) 78,529 ^(CA)	140,579 ^(US) 151,573 ^(CA)

(i) Refer to note 2 above.

- (5) Indicates the amount contributed by the Corporation during the financial year to the DPSP as detailed under section “Compensation Discussion and Analysis – Deferred Profit-Sharing Plan”, the 401K plan as detailed under section “Compensation Discussion and Analysis – 401K Plan”, as applicable, for the benefit of the NEOs. Mr. Lamonde is not eligible to participate in the DPSP and Mr. Bradley and Mr. Soo did not participate.
- (6) This amount represents the salary paid to Mr. Lee Huat (Joseph) Soo from January 17, 2012 until August 31, 2012 which is based on an annual salary amounted to US\$205,193 (CA\$207,122) (SGD260,000) for the financial year ended August 31, 2012.

Incentive Plan Awards

The significant terms of all plan-based awards and non-equity incentive plan awards, issued or vested, or under which options have been exercised, during the financial year, or outstanding at the end of the financial year are described herein under the section entitled “Compensation Discussion and Analysis – Long-Term Incentive Plan” and “Compensation Discussion and Analysis – Short Term Incentive Compensation”.

Outstanding Share-Based Awards and Option-Based Awards

The following sets out for each NEO all option and RSU awards outstanding as at August 31, 2014, if any, including those granted before August 31, 2014.

Name	Outstanding Option-based Awards (Options)				Outstanding Share-based Awards (RSUs)		
	Number of securities underlying unexercised options (#)	Option Exercise Price ⁽¹⁾	Option expiration date	Value ⁽²⁾ of unexercised “in-the-money” options ⁽³⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$) ⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed (US\$)
Germain Lamonde	17,942	4.51 ^(US) 5.60 ^(CA)	Feb. 1, 2015	– –	140,150	616,660	–
	11,218	4.76 ^(US) 5.50 ^(CA)	Dec. 6, 2015	– –			
Pierre Plamondon	5,383	5.13 ^(US) 6.28 ^(CA)	Oct. 26, 2014	– –	89,385	393,294	–
	3,653	4.76 ^(US) 5.50 ^(CA)	Dec. 6, 2015	– –			
Jon Bradley	–	–	–	–	63,285	278,454	–
Lee Huat (Joseph) Soo	–	–	–	–	34,014	149,662	–
Dana Yearian	–	–	–	–	81,085	356,774	–

- (1) These options were granted in Canadian dollars. The exercise price was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on the business day preceding the grant date using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars on the grant date.
- (2) The unexercised options have not been and may never be exercised and actual gains if any, on exercise will depend on the value of the Subordinate Voting Shares on the date of exercise. There can be no assurance that these options will be exercised or any gain realized.
- (3) Indicates an aggregate value of “in-the-money” unexercised options held at the financial year ended August 31, 2014. “in-the-money” options are options for which the market value of the underlying securities is higher than the exercise price. The value of unexercised “in-the-money” options at financial year end is the difference between its exercise or base price and the market value of the underlying Subordinate Voting Share at August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. For a Canadian resident, the value of unexercised “in-the-money” options is calculated using the option exercise price and the market value of the subordinate voting shares on the Toronto Stock Exchange in Canadian dollars.

- (4) The value of unvested RSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.

Exercised Option-Based Awards

No stock options were exercised during the financial year ended August 31, 2014 by the NEOs having outstanding option-based awards of the Corporation.

Incentive Plan Awards – Value Vested or Earned during the Year

The following table summarizes, for each of the NEOs, the value of share-based awards vested during the financial year ended August 31, 2014, if any, and the value of non-equity incentive plan compensation earned during the financial year ended August 31, 2014, if any. In the financial year that ended August 31, 2014, all of the options granted to an NEO were exercisable.

Name	Share-based awards – value vested during the year (US\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (US\$) ⁽²⁾
Germain Lamonde	327,629	198,757
Pierre Plamondon	224,612	69,448
Jon Bradley	211,481	116,563
Lee Huat (Joseph) Soo	–	81,325
Dana Yearian	245,784	140,579

(1) The aggregate dollar value realized is equivalent to the market value of the Subordinate Voting Shares underlying the RSUs at vesting. This value, as the case may be, has been converted from Canadian dollars to US dollars based upon the noon buying rate of the Bank of Canada on the day of vesting.

(2) Includes total non-equity incentive plan compensation earned by each NEO in respect to the financial year ended on August 31, 2014 (as indicated under the “Summary Compensation Table”).

Pension Plan Benefits

The Corporation does not have a defined benefit pension plan. The significant terms of the DPSP and the 401K plan of the Corporation are described herein under the sections entitled “Compensation Discussion and Analysis – Deferred Profit-Sharing Plan” and “Compensation Discussion and Analysis – 401K Plan”. The amounts paid by the Corporation to the NEOs under such plans are detailed in the column entitled “All other compensation” in the “Summary Compensation Table”.

Termination and Change of Control Benefits

The Corporation has an employment agreement with Mr. Germain Lamonde. The agreement is for an indeterminate period and compensation is reviewed annually. In the event of the termination of Mr. Lamonde’s employment without cause, Mr. Lamonde will be entitled to a severance payment equal to twenty-four (24) months of his current rate of remuneration (base salary, STIP compensation and benefits) and the immediate vesting of all stock options and RSUs. In addition, in the event that Mr. Lamonde’s employment is terminated following a merger or an acquisition by a third party of substantially all of the Corporation’s assets or of the majority of its share capital, he will be entitled to a severance payment equal to twenty-four (24) months of his current rate of remuneration (base salary, STIP compensation and benefits) and to the immediate vesting of all stock options and RSUs. If Mr. Lamonde voluntarily resigns he will be entitled to immediate vesting of all stock options and RSUs.

The Corporation has an employment agreement with Mr. Pierre Plamondon, the Corporation's Vice-President, Finance and Chief Financial Officer. The agreement is for an indeterminate period and compensation is reviewed annually. In the event of termination of Mr. Plamondon's employment without cause, Mr. Plamondon will be entitled to a severance payment equal to twelve (12) months of his current base salary. In addition, in the event Mr. Plamondon's employment is terminated following a merger or an acquisition by a third party of substantially all of the Corporation's assets or of the majority of its share capital, he will be entitled to a severance payment equal to eighteen (18) months of his current rate of remuneration (base salary, STIP compensation and benefits) and to the immediate vesting of all stock options and RSUs.

The Corporation has an employment agreement with Mr. Jon Bradley, the Corporation's Vice-President, Sales — EMEA. The agreement is for an indeterminate period and compensation is reviewed annually. In the event of termination of Mr. Bradley's employment without cause, Mr. Bradley will be entitled to severance payments equal to two (2) months of his current base salary per year of service as a Vice-President of the Corporation but in no case exceeding twelve (12) months. In addition, in the event Mr. Bradley's employment is terminated following a merger or an acquisition by a third party of substantially all of the Corporation's assets or of the majority of its share capital, he will be entitled to severance payments equal to two (2) months of his current rate of remuneration (base salary, SIP compensation and benefits) per year of service as a Vice-President of the Corporation but in no case exceeding eighteen (18) months of remuneration and to the immediate vesting of all RSUs.

The Corporation has an employment agreement with Mr. Lee Huat (Joseph) Soo, the Corporation's Vice-President, Sales — Asia-Pacific. The agreement is for an indeterminate period and compensation is reviewed annually. In the event of termination of Mr. Soo's employment without cause, Mr. Soo will be entitled to severance payments equal to two (2) months of his current base salary per year of service as a Vice-President of the Corporation but in no case exceeding twelve (12) months. In addition, in the event Mr. Soo's employment is terminated following a merger or an acquisition by a third party of substantially all of the Corporation's assets or of the majority of its share capital, he will be entitled to severance payments equal to two (2) months of his current rate of remuneration (base salary, SIP compensation and benefits) per year of service as a Vice-President of the Corporation but in no case exceeding eighteen (18) months of remuneration and to the immediate vesting of all RSUs.

The Corporation has an employment agreement with Mr. Dana Yearian, the Corporation's Vice-President, Sales — Americas. The agreement is for an indeterminate period and compensation is reviewed annually. In the event of termination of Mr. Yearian's employment without cause, Mr. Yearian will be entitled to a severance payment equal to twelve (12) months of his current base salary. In addition, in the event Mr. Yearian's employment is terminated following a merger or an acquisition by a third party of substantially all of the Corporation's assets or of the majority of its share capital, he will be entitled to a severance payment equal to eighteen (18) months of his current rate of remuneration (base salary, SIP compensation and benefits) and to the immediate vesting of all stock options and RSUs.

The following table outlines the estimated incremental payments NEOs would be entitled to receive if a termination payment event occurred on August 31, 2014, which includes all payments, payables and benefits that would be given by the Corporation to a NEO upon such termination payment event.

Named Executive Officer	Termination Payment Event		
	Without Cause (\$) ^{(1) (2)}	Change of Control (\$) ^{(2) (3) (4)}	Voluntary (\$) ^{(5) (6)}
Germain Lamonde	2,019,084 ^{(US) (5)} 2,157,183 ^(CA)	2,019,084 ^(US) 2,157,183 ^(CA)	616,660 ^{(US) (6)} 669,917 ^(CA)
Pierre Plamondon	464,402 ^(US) 502,445 ^(CA)	860,765 ^(US) 925,343 ^(CA)	—
Jon Bradley	345,112 ^(US) 373,319 ^(CA) 208,965 ^(£)	601,702 ^(US) 644,621 ^(CA) 367,663 ^(£)	—

Named Executive Officer	Termination Payment Event		
	Without Cause (\$) ^{(1) (2)}	Change of Control (\$) ^{(2) (3) (4)}	Voluntary (\$) ⁽²⁾
Lee Huat (Joseph) Soo	133,859 ^(US) 144,807 ^(CA) 141,055 ^(SGD)	250,278 ^(US) 269,340 ^(CA) 314,010 ^(SGD)	–
Dana Yearian	417,270 ^(US) 451,475 ^(CA)	895,168 ^(US) 954,460 ^(CA)	–

- The aggregate amount disclosed includes an evaluation of the amount that the NEO would have been entitled to should a termination of employment without cause have occurred on August 31, 2014 and includes, as the case may be for each NEO, the base salary that would have been received and total value of RSUs and options that would have vested (with the exception of Mr. Lamonde's evaluation which is described in note 6 below and includes: the base salary, STIP compensation, and total value of RSUs and options that would have vested). The amount for base salary compensation is calculated according to those amounts provided under the section entitled "Summary Compensation Table" included in this Circular. The amount for the total value attached to the vesting of RSUs and options determined pursuant to the LTIP as described in the section entitled "Long-Term Incentive Compensation – Long-Term Incentive Plan" for termination without cause.
- The aggregate amount for Canadian residents has been converted from Canadian dollars to US dollars based upon an average foreign exchange rate of CA\$1.0782 = US\$1.00 for the financial year ended August 31, 2014. The aggregate amount for UK resident has been converted from British Pounds to US dollars based upon an average foreign exchange rate of £0.6055 = US\$1.00 for the financial year ended August 31, 2014. The aggregate amount for Singapore resident has been converted from Singapore dollars to US dollars based upon an average foreign exchange rate of SGD1.2562 = US\$1.00 for the financial year ended August 31, 2014.
- "Change of Control" is defined as a merger or an acquisition by a third party of substantially all of the Corporation's assets or of the majority of its share capital.
- The aggregate amount disclosed includes, as the case may be for each NEO, an evaluation of the amount that the NEO would have been entitled to should a termination of employment for Change of Control have occurred on August 31, 2014 and includes, as the case may be, namely, the base salary, STIP or SIP compensation and total value of RSUs and options that would have vested. The amount for base salary and STIP or SIP compensation are calculated according to those amounts provided under the section entitled "Summary Compensation Table" included in this Circular, the total value attached to the vesting of RSUs and options is calculated according to those amounts provided in the columns named "Value of unexercised "in-the-money" options" and "Market or payout value of share-based awards that have not vested" of the table included under the heading entitled "Outstanding share-based awards and option-based awards".
- The aggregate amount disclosed includes an evaluation of the amount that Mr. Lamonde would have been entitled to should a termination of employment without cause have occurred on August 31, 2014 and includes: the base salary, STIP compensation, and total value of RSUs and options that would have vested. The amount for base salary and STIP compensation are calculated according to those amounts provided under the section entitled "Summary Compensation Table" included in this Circular; the total value attached to the vesting of RSUs and options are calculated according to those amounts provided in the columns named "Value of unexercised "in-the-money" options" and "Market or payout value of share-based awards that have not vested" of the table included under the heading entitled – "Outstanding share-based awards and option-based awards".
- The aggregate amount disclosed includes an evaluation of the amount that Mr. Lamonde would have been entitled to should a voluntary termination of employment have occurred on August 31, 2014 and includes: the total value of RSUs and options that would have vested. The amount for the total value attached to the vesting of RSUs and options are calculated according to those amounts provided in the columns named "Value of unexercised "in-the-money" options" and "Market or payout value of share-based awards that have not vested" of the table included under the heading entitled "Outstanding share-based awards and option-based awards".

Compensation of Directors

Director Compensation Table

In the financial year ended August 31, 2014, the decision was made to increase the Annual Retainer and eliminate the attendance fees and each Director who was not an employee of the Corporation or any of its subsidiaries received an Annual Retainer as set forth in the following table, payable in a combination of cash and DSUs as chosen by the director pursuant to the DSU Plan. The significant terms of the DSU Plan is described herein under the section entitled "Long-Term Incentive Compensation – Deferred Share Unit Plan".

Annual Retainer for Directors ⁽¹⁾	CA\$57,000 ⁽²⁾	US\$52,866 ⁽³⁾
Annual Retainer for Lead Director	CA\$8,000	US\$7,420 ⁽³⁾
Annual Retainer for Audit Committee Chairman	CA\$8,000	US\$7,420 ⁽³⁾
Annual Retainer for Audit Committee Members	CA\$4,000	US\$3,710 ⁽³⁾

Annual Retainer for Human Resources Committee Chairman	CA\$6,000	US\$5,565 ⁽³⁾
Annual Retainer for Human Resources Committee Members	CA\$3,000	US\$2,782 ⁽³⁾

- (1) All the Directors elected to receive 50% of their Annual Retainer for Directors in form of DSUs except Mr. Randy E. Tornes who elected to receive 100% of his Annual Retainer in form of DSUs.
- (2) The Annual Retainer for Mr. Pierre-Paul Allard and Mr. Randy E. Tornes is US\$57,000 (CA\$61,457).
- (3) The compensation information has been converted from Canadian dollars to US dollars based upon an average foreign exchange rate of CA\$1.0782 = US\$1.00 for the financial year ended August 31, 2014.

In the financial year ended August 31, 2014, the Directors who were not employees of the Corporation earned the following compensation:

Name	Fees earned ⁽¹⁾ (\$)	Share-based Awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total (\$)
Pierre-Paul Allard	63,492 ^(US) 68,457 ^(CA)	–	–	–	–	–	63,492 ^(US) 68,457 ^(CA)
Darryl Edwards	66,778 ^(US) 72,000 ^(CA)	–	–	–	–	–	66,778 ^(US) 72,000 ^(CA)
Guy Marier	63,470 ^(US) 68,433 ^(CA)	–	–	–	–	–	63,470 ^(US) 68,433 ^(CA)
Claude Séguin	61,739 ^(US) 66,567 ^(CA)	–	–	–	–	–	61,739 ^(US) 66,567 ^(CA)
Randy E. Tornes	63,492 ^(US) 68,457 ^(CA)	–	–	–	–	–	63,492 ^(US) 68,457 ^(CA)

- (1) The compensation information has been converted from Canadian dollars to US dollars based upon an average foreign exchange rate of CA\$1.0782 = US\$1.00 for the financial year ended August 31, 2014 except for compensation amounts paid to Mr. Pierre-Paul Allard and Mr. Randy E. Tornes which were paid in US dollars for the portion of their annual retainer for Directors. The fees are always payable in cash, but executives are provided the opportunity to elect to exchange all or a portion of their Annual Retainer for Directors into DSUs. The following table identifies the portion of the fees earned by the directors that were paid in DSUs and the portion that were paid in cash.

Name	Fees earned		
	DSUs (\$) ⁽ⁱ⁾	Cash (\$) ⁽ⁱ⁾	Total (\$) ⁽ⁱ⁾
Pierre-Paul Allard ⁽ⁱⁱ⁾	28,500 ^(US) 30,728 ^(CA)	34,992 ^(US) 37,729 ^(CA)	63,492 ^(US) 68,457 ^(CA)
Darryl Edwards ⁽ⁱⁱ⁾	26,433 ^(US) 28,500 ^(CA)	40,345 ^(US) 43,500 ^(CA)	66,778 ^(US) 72,000 ^(CA)
Guy Marier ⁽ⁱⁱⁱ⁾	26,433 ^(US) 28,500 ^(CA)	37,037 ^(US) 39,933 ^(CA)	63,470 ^(US) 68,433 ^(CA)
Claude Séguin ⁽ⁱⁱ⁾	26,433 ^(US) 28,500 ^(CA)	35,306 ^(US) 38,067 ^(CA)	61,739 ^(US) 66,567 ^(CA)
Randy E. Tornes ⁽ⁱⁱⁱ⁾	57,000 ^(US) 61,457 ^(CA)	6,492 ^(US) 7,000 ^(CA)	63,492 ^(US) 68,457 ^(CA)

- (i) The estimated value at the time of grant of a DSU is determined based on the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and the NASDAQ National Market on the last trading day preceding the grant date, using the noon buying rate of the Bank of Canada on the grant date to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars, as required. The value at vesting of a DSU is equivalent to the market value of a Subordinate Voting Share when a DSU is converted to such Subordinate Voting Share.
- (ii) Elected to receive 50% of his Annual Retainer for Directors in form of DSUs.
- (iii) Elected to receive 100% of his Annual Retainer for Directors in form of DSUs.

Director Incentive Plan Awards

The significant terms of all plan-based awards and non-equity-incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at the end of the financial year are described herein under section entitled “Compensation Discussion and Analysis – Long-Term Incentive Plan”.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each Director of the Corporation all awards outstanding as at August 31, 2014, if any, including awards granted before August 31, 2014.

Name	Outstanding Share-based Awards (DSUs)		
	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$) ⁽¹⁾	Market or payout value of vested share-based awards not paid out or distributed (US\$)
Pierre-Paul Allard	31,882	140,281	–
Darryl Edwards	14,960	65,824	–
Guy Marier	46,902	206,369	–
Claude Séguin	8,498	37,391	–
Randy E. Tornes	15,459	68,020	–

(1) The value of unvested DSUs at the financial year-end is the market value of the Subordinate Voting Shares on August 31, 2014, which was US\$4.40 (CA\$4.78). The market value of the Subordinate Voting Shares was calculated by using the highest of the closing prices of the Subordinate Voting Shares on the Toronto Stock Exchange and on the NASDAQ National Market on August 29, 2014 using the noon buying rate of the Bank of Canada to convert either the NASDAQ National Market closing price to Canadian dollars or the Toronto Stock Exchange closing price to United States dollars as required. The actual gains on vesting will depend on the value of the Subordinate Voting Shares on the date of vesting. There can be no assurance that these values will be realized.

No Director holds outstanding option-based awards of the Corporation as at August 31, 2014.

Exercised Share-Based Awards

In the financial year that ended August 31, 2014, none of the DSUs of Directors vested with the exception of Mr. Pierre Marcouiller, a former Director, as detailed below and the Directors did not receive any non-equity incentive compensation from the Corporation.

The following table summarizes information about DSUs converted and paid in Subordinate Voting Shares when a Director ceased to be a member of the Board as at November 1, 2014:

Name	Number of DSUs converted	Aggregate Value Realized (US\$) ⁽¹⁾
Pierre Marcouiller ⁽²⁾	38,010	210,944

(1) The aggregate value realized is equivalent to the market value of the securities underlying the DSUs at conversion.

(2) Mr. Marcouiller ceased to be a member of the Board of Directors as of January 10, 2013.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the number of Subordinate Voting Shares of the Corporation issued and outstanding as at August 31, 2014, or that may be issued, under the Corporation’s LTIP and Deferred Share Unit Plan, both of which were approved by the Corporation’s shareholders.

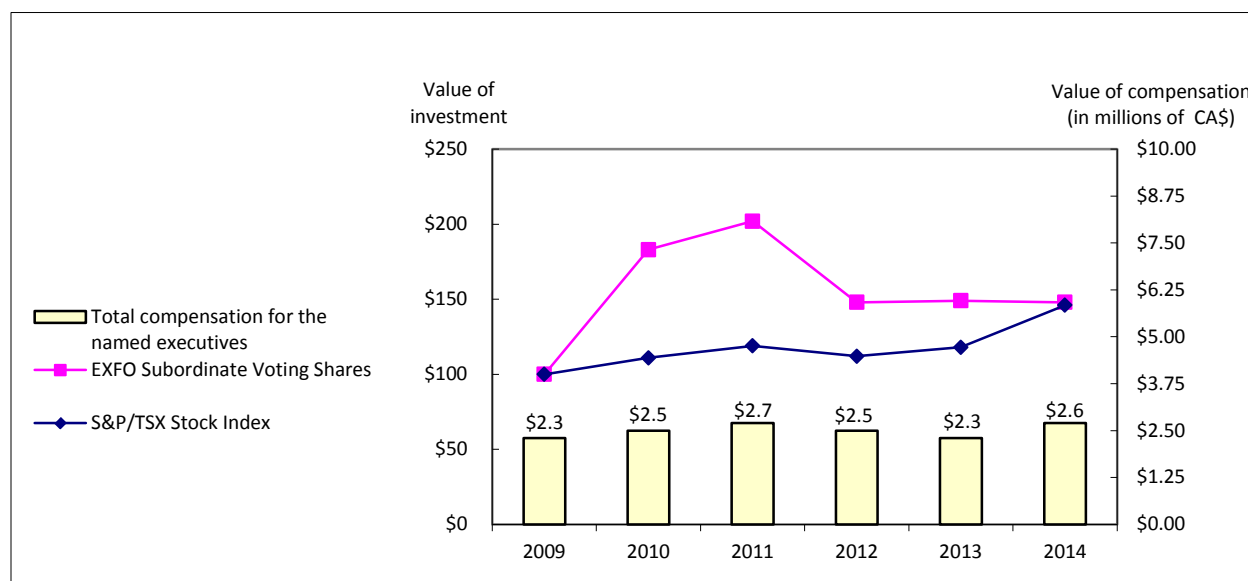
Plan category	Number of securities to be issued upon exercise of outstanding options, RSUs and DSUs (#) (a)	Weighted-average exercise price of outstanding options, RSUs and DSUs (US\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (#) (c)
LTIP – RSUs	1,225,135	n/a ⁽¹⁾	1,704,822
LTIP – Options	87,454	4.62	
Deferred Share Unit Plan – DSUs	117,701	n/a ⁽¹⁾	

(1) The value of RSUs and DSUs will be equal to the market value of the Subordinate Voting Shares of the Corporation on the date of vesting.

PERFORMANCE GRAPH

The line graph below compares the cumulative total shareholder return of the Corporation’s Subordinate Voting Shares with the cumulative shareholder return of the S&P/TSX Composite Index for the last five (5) financial years ended August 31, 2014. It assumes that the initial value of the investment in the Corporation’s Subordinate Voting Shares and in the S&P/TSX Composite Index was CA\$100 on September 1, 2009. The bar chart below illustrates the trend in total compensation paid to the NEOs in office during such periods; the CEO and CFO are included in each period but the remaining three (3) named executive officers changed from one period to another. For further information about the identity and compensation of the NEOs, please refer to our previous five (5) Management Proxy Circulars and this Circular under the section “Summary Compensation Table”.

The Corporation’s Stock Performance (September 1, 2009 to August 31, 2014)



	August 31,					
	2009	2010	2011	2012	2013	2014
EXFO Subordinate Voting Shares (CA\$)	\$100	\$183	\$202	\$148	\$149	\$148
S&P/TSX Composite Index (CA\$)	\$100	\$111	\$119	\$112	\$118	\$146
NEOs’ total compensation (in millions of CA\$)	\$2.3	\$2.5	\$2.7	\$2.5	\$2.3	\$2.6

The line graph above reflects that EXFO slightly outperformed the S&P/TSX Composite Index for the five-year period ended August 31, 2014. Total shareholder return for the Corporation significantly increased in financial 2010 and 2011, followed by a marked decline in 2012 and a relatively flat performance in the last two (2) years. Total shareholder return for the Index gradually increased during the same five-year period with the exception of a decline in financial 2012.

Following the end of a global recession in 2009, the Corporation reported record sales and robust earnings in financial 2010 and 2011. This superior performance demonstrated the soundness of its growth strategy under adequate market conditions. The Corporation, however, was negatively affected by the debt crisis in Europe in 2012 as well as uneven macro-economic conditions in recent years. Likewise, the Index rebounded from the global recession in 2009 and suffered from the European financial crisis in 2012, but it was not perturbed by unsteady macro-economic conditions from 2012 to 2014. Due to the size of the Corporation and its market capitalization, the Subordinate Voting Shares tend to be more volatile and more severely impacted, either positively or negatively, than the Index.

The bar chart illustrates that over the same five-year period, the total level of compensation received by the NEOs generally followed the Corporation's share performance. The exceptions to this trend were witnessed in financial 2013 and 2014. The following information should be considered when analyzing the chart:

- The Corporation's share performance improved from the financial year that began on September 1, 2009 to the financial year ended August 31, 2011 and decreased from the financial year that began on September 1, 2011 to the financial year ended August 31, 2012. This share performance is aligned with the respective increase and decrease in total compensation received by the NEOs during these periods. This decrease in NEOs compensation mainly reflects the decision of the Human Resources Committee to no longer grant equity-based compensation to the CEO and progressively adjust base salaries of the CEO over a four (4) year-period and also reflects to some extent financial results below expectations for financial 2013.
- Despite the relative stability of the Corporation's share price as at August 31, 2013 compared to the previous financial year, total compensation of the NEOs decreased. This decrease in NEOs compensation reflects financial results below expectations for financial 2013 and consequently is aligned with shareholders' interests.
- Similarly, the Corporation's share price remained relatively flat as at August 31, 2014 compared to the previous financial year, but this year total compensation of the NEOs increased. This can be explained mainly by the progressive adjustment of the base salary of the CEO, as he no longer receives equity-based compensation, and required adjustments to align executive compensation with the target compensation positioning offered within a reference market of comparable companies that are similar in size to the Corporation. This is necessary to maintain a competitive position within the market place and retain key executives.

Total compensation received by the NEOs over the identified period should also be considered with the increase in the Corporation's annual telecom revenues from US\$153.1 million for the financial year ended August 31, 2009 to US\$230.8 million for the financial year ended August 31, 2014, which represents an increase of 50%. This significant revenue increase was achieved despite market uncertainty over the last three (3) years.

Total compensation to NEOs of the Corporation is defined as the aggregate of base salary, short-term compensation and long-term compensation. Base salary is established at the beginning of each financial year, according to recommendations made by the Board of Directors' Human Resources Committee. Short-term compensation, which varies from one year to the next, is contingent upon the achievement of pre-established objectives measured against corporate and individual targets for a given financial year. For more information about short-term compensation, refer to the heading entitled "Short Term Incentive Compensation." Long-term compensation, which is provided in the form of RSUs, vests over a three- to five-year period, depending on the achievement of pre-established corporate goals. For more information about long-term compensation, refer to the heading entitled "Long Term Incentive Plan".

Consequently, base salary and short-term compensation do not necessarily track the market value of our share price. Long-term compensation, however, is directly aligned with share-price performance, since the market value of RSUs is equal to the market value of our shares on any vesting day. Accordingly, the market value of our share price will affect the planned value of NEOs' total compensation, thereby partially aligning their experience with that of shareholders.

DIRECTORS AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains insurance protection against liability incurred by its officers and directors as well as those of its subsidiaries in the performance of their duties. The entire premium, amounting to US\$116,750 from September 30, 2014 to September 30, 2015, is paid by the Corporation. The aggregate limit of liability in respect of any and all claims is US\$10 million per year, subject to a deductible of US\$250,000. A separate excess director and officer liability policy with aggregate limit of US\$5 million provides broad form side A coverage, featuring difference-in-conditions (DIC) drop-down coverage that fills in potential coverage gaps that may exist under restrictive or unresponsive underlying insurance. This specific policy provides coverage for personal directors and officers liability if the organization fails or refuses to indemnify, or is financially unable to do so, or is prevented by law from indemnifying and will also respond if the primary D&O policy limit is consumed.

REPORT ON CORPORATE GOVERNANCE PRACTICES

Corporate Governance Developments in Canada

In January 2004, the Canadian Securities Administrators (the "CSA") adopted Multilateral Instrument 52-110—Audit Committees, which was amended as of January 1, 2011 ("MI 52-110"). MI 52-110 sets forth certain requirements regarding Audit Committee composition and responsibilities, as well as reporting obligations with respect to audit-related matters. The disclosure of the MI 52-110 requirements is included in our 2014 Annual Information Form on Form 20-F under Exhibit 11.5 (Audit Committee Charter), Items 6.A (Directors and Senior Management) and 16.C (Principal Accountant Fees and Services) available as described below. For the composition of the Audit committee, refer to the table provided under heading "Nominees for Election as Directors and their Beneficial Ownership of Voting Securities".

Effective June 30, 2005, the CSA also adopted National Instrument 58-101—Disclosure of Corporate Governance Practices ("NI 58-101") and National Policy 58-201—Effective Corporate Governance ("NP 58-201" and, together with MI 52-110, the "CSA Corporate Governance Standards"). NP 58-201 provides guidance to Canadian issuers with respect to corporate governance practices, while NI 58-101 requires issuers to make certain disclosures regarding their governance practices. The CSA Corporate Governance Standards, particularly NI 58-101 and NP 58-201, have replaced the former guidelines of the Toronto Stock Exchange that had, prior to the coming into force of the CSA Corporate Governance Standards, served as the primary source of codified recommendations in respect of corporate governance practices in Canada.

EXFO's Corporate Governance Practices

In accordance with NI 58-101, we are required to disclose information with respect to our system of corporate governance. Over the past few years, we have undertaken a comprehensive review of our corporate governance practices in order to best comply with and, whenever practicable, exceed the CSA Standards.

We adopted in March 2005 and are updating on a regular basis a number of charters and policies, including an Audit Committee Charter, a Board of Directors Corporate Governance Guidelines, a Code of Ethics for our Principal Executive Officer and Senior Financial Officers, a Disclosure Guidelines, an Ethics and Business Conduct Policy, a Human Resources Committee Charter, a Securities Trading Policy and a Statement on Reporting Ethical Violations (Whistleblower Policy). We adopted in October 2006 a policy regarding Hiring Employees and Former Employees of Independent Auditor. We adopted in June 2011 an Independent Members Committee Charter. We also adopted in October 2011 a majority voting policy for the election of our Directors. We amended in October 2012 the Human Resources Committee Charter in order to expressly reflect the responsibility of the Human Resources Committee to conduct an annual assessment of the risks associated with the Corporation's executive compensation policies and procedures.

We amended in January 2013 and in October 2014 the Human Resources Committee Charter in order to respectively receive and discuss suggestions from shareholders for potential Directors' nominees and to adapt it to the latest NASDAQ Rules on compensation committee along with an update on the nomination of Directors process. We adopted in January 2013 a Policy Regarding Conflict Minerals. We amended our Ethics and Business Conduct Policy and our Statement on Reporting Ethical Violations (Whistleblower Policy) in June 2013 and adopted in September 2013 the Agent Code of Conduct to formalize our anti-corruption compliance program. We adopted also in September 2013 a Director share Ownership Policy. We also amended in October 2014 the Audit Committee Charter in order to harmonize its terminology with MI 52-110. We are also implementing best practices such as Best Practice regarding the Granting Date of Stock Incentive Compensation and the establishment of guidelines regarding the filing and disclosure of material contracts. We refer to our Board of Directors and Committee Charters as our "Corporate Governance Rules".

We are of the view that adopting and implementing good corporate governance practices is a cornerstone of our corporate and management practices and policies and that our existing corporate governance practices already meet the prevailing corporate governance standards. We further believe that the measures we have adopted with respect to corporate governance comply substantially with the CSA Standards.

We encourage our shareholders to consult our Corporate Governance Rules and Ethics and Business Conduct Policy available on our website (www.EXFO.com) and also available in print to any shareholder who requests copies by contacting our Corporate Secretary.

Our 2014 Annual Information Form on Form 20-F (also filed with the Securities and Exchange Commission ("SEC"), which will be available on or before November 28, 2014 and which may be obtained free of charge upon request to the Corporate Secretary or at www.sedar.com in Canada or www.sec.gov/edgar.shtml in the U.S., will also contain certain information with respect to our corporate governance practices.

We are dedicated to updating our corporate governance practices on an ongoing basis in order to respond to the evolution of best practices. We and our Board of Directors are of the view that our corporate governance practices, as summarized in the Schedule A attached to this Management Proxy Circular, are in substantial compliance with the CSA Corporate Governance Standards. Copies of our Corporate Governance Rules and all related policies (including those mentioned above) are available on our website (www.EXFO.com) as mentioned in Schedule A.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. The Corporation shall provide to any person or company, free of charge upon request to the Corporate Secretary of the Corporation, at 400 Godin Avenue, Quebec, Province of Quebec, Canada, G1M 2K2, phone number (418) 683-0913 ext. 23704 or fax number (418) 683-9839:

- (a) one (1) copy of the Annual Report on Form 20-F of the Corporation filed with the SEC in the United States pursuant to the *Securities Exchange Act of 1934*, and with securities commissions or similar authorities;
- (b) one (1) copy of the consolidated financial statements and the Auditors report thereon as well as the management's discussion and analysis of financial condition and results of operations of the Corporation for its most recently completed financial year, included in the Annual Report on Form 20-F of the Corporation and one (1) copy of any interim consolidated financial statements of the Corporation subsequent to the consolidated financial statements for its most recently completed financial year;
- (c) one (1) copy of this Management Proxy Circular.

Additional information relating to the Corporation is also included in the Corporation's Annual Report on Form 20-F for the year ended August 31, 2014. The consolidated audited annual financial statements, the report of the auditor and management's discussion and analysis is being mailed to shareholders, pursuant to applicable legislation, with the Notice of Meeting and this Management Proxy Circular. Additional copies of the above mentioned documents are available on SEDAR at www.sedar.com in Canada or www.sec.gov/edgar.shtml in the U.S., and may be obtained free of charge from the Corporation upon request and will be available at the Meeting or on the Corporation website (www.EXFO.com) under the Investors Section.

DIRECTORS' APPROVAL

The contents and the sending of this Management Proxy Circular have been approved by the Directors of the Corporation.

DATED at Quebec, Province of Quebec, Canada, this 1st day of November, 2014.



Benoit Ringuette
Corporate Secretary

EXFO INC.

400 Godin Avenue
Quebec, Province of Quebec, Canada, G1M 2K2

SCHEDULE A

CSA Guidelines	EXFO's Corporate Governance Practices
<p>1. Board of Directors</p> <p>(a) Disclose the identity of directors who are independent.</p> <p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p> <p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p> <p>(d) 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.</p> <p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p>The following directors are independent:</p> <p>Mr. Pierre-Paul Allard Mr. Darryl Edwards Mr. Guy Marier Mr. Claude Séguin Mr. Randy E. Tornes</p> <p>Mr. Germain Lamonde – non-independent – is President and Chief Executive Officer of the Corporation and the majority shareholder of the Corporation as he has the ability to exercise a majority of the votes for the election of the Board of Directors.</p> <p>The majority of directors are independent: From September 1, 2013 to November 1, 2014, 5 out of 6.</p> <p>None of the directors are presently a director of any other issuer that is a reporting issuer except for the proposed nominee François Côté who is on Lumenpulse Inc.'s board of directors.</p> <p>The independent Directors hold as many meetings as needed annually and any Director may request a meeting at any time. From September 1, 2013 and to November 1, 2014, five (5) meetings of independent Directors without management occurred.</p> <p>In June 2011, an Independent Members Committee Charter was adopted.</p>

(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The Chair of the Board of Directors (being the majority shareholder) is not an independent Director. Since 2002, the Corporation has named an independent director to act as “Lead Director”. Mr. Darryl Edwards has been acting as the independent “Lead Director” of the Corporation since January 2013.

The Lead Director is an outside and unrelated Director appointed by the Board of Directors to ensure that the Board of Directors can perform its duties in an effective and efficient manner independent of management. The appointment of a Lead Director is part of the Corporation’s ongoing commitment to good corporate governance. The Lead Director will namely:

- provide independent leadership to the Board of Directors;
- select topics to be included in the Board of Directors meetings;
- facilitate the functioning of the Board of Directors independently of the Corporation’s management;
- maintain and enhance the quality of the Corporation’s corporate governance practices;
- in the absence of the Executive Chair, act as chair of meetings of the Board of Directors;
- recommend, where necessary, the holding of special meetings of the Board of Directors;
- serve as Board of Directors ombudsman, so as to ensure that questions or comments of individual directors are heard and addressed;
- manage and investigate any report received through the Corporation website pursuant to the Corporation’s Statement on reporting Ethical Violations, Ethics and Business Conduct Policy and Agent Code of Conduct; and
- work with the Board of Directors to facilitate the process for developing, monitoring and evaluating specific annual objectives for the Board of Directors each year.

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.

The table below indicates the Directors’ record of attendance at meetings of the Board of Directors and its committees during the financial year ended August 31, 2014:

Director	Board meetings attended	Audit Committee meetings attended	Human Resources Committee meetings attended	Independent Directors meetings attended	Total Board and Committee meetings attendance rate
Lamonde, Germain	6 of 6	n/a	n/a	n/a	100%
Allard, Pierre-Paul	6 of 6	4 of 4	4 of 4	4 of 4	100%
Edwards, Darryl	6 of 6	4 of 4	4 of 4	4 of 4	100%
Marier, Guy	6 of 6	4 of 4	4 of 4	4 of 4	100%
Séguin, Claude	6 of 6	4 of 4	4 of 4	4 of 4	100%
Tornes, Randy E.	6 of 6	4 of 4	4 of 4	4 of 4	100%
Attendance Rate:	100%	100%	100%	100%	100%

<p>2. Board Mandate – Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	
<p>(a) Assuring the integrity of the executive officers and creating a culture of integrity throughout the organization.</p>	<p>The Board of Directors is committed to maintaining the highest standards of integrity throughout the organization. Accordingly, the Board of Directors adopted an Ethics and Business Conduct Policy and a Statement on Reporting Ethical Violations (Whistleblower Policy) which are available on the Corporation’s website (www.EXFO.com) to all employees and initially distributed to every new employees of the Corporation.</p>
<p>(b) Adoption of a strategic planning process.</p>	<p>The Board of Directors provides guidance for the development of the strategic planning process and approves the process and the plan developed by management annually. In addition, the Board of Directors carefully reviews the strategic plan and deals with strategic planning matters that arise during the year.</p>
<p>(c) Identification of principal risks and implementing of risk management systems.</p>	<p>The Board of Directors works with management to identify the Corporation’s principal risks and manages these risks through regular appraisal of management’s practices on an ongoing basis.</p>
<p>(d) Succession planning including appointing, training and monitoring senior management.</p>	<p>The Human Resources Committee is responsible for the elaboration and implementation of a succession planning process and its updates as required. The Human Resources Committee is responsible to monitor and review the performance of the Chief Executive Officer and that of all other senior officers.</p>
<p>(e) Communications policy.</p>	<p>The Chief Financial Officer of the Corporation is responsible for communications between Management and the Corporation’s current and potential shareholders and financial analysts. The Board of Directors adopted and implemented Disclosure Guidelines to ensure consistency in the manner that communications with shareholders and the public are managed. The Audit Committee reviews press releases containing the quarterly results of the Corporation prior to release. In addition, all material press releases of the Corporation are reviewed by the President and Chief Executive Officer, Chief Financial Officer, Investor Relations Manager, Director of Financial Reporting and Accounting and General Counsel. The Disclosure Guidelines have been established in accordance with the relevant disclosure requirements under applicable Canadian and United States securities laws.</p>
<p>(f) Integrity of internal control and management information systems.</p>	<p>The Audit Committee has the responsibility to review the Corporation’s systems of internal controls regarding finance, accounting, legal compliance and ethical behavior. The Audit Committee meets with the Corporation’s external auditors on a quarterly basis. Accordingly, the Corporation fully complies with Sarbanes-Oxley Act requirements within the required period of time.</p>

(g) Approach to corporate governance including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.

The Board of Directors assumes direct responsibility for the monitoring of the Board of Director's corporate governance practices, the functioning of the Board of Directors and the powers, mandates and performance of the committees. These responsibilities were previously assumed by the Human Resources Committee. Accordingly, the Board of Directors adopted the following policies to fully comply with these responsibilities, which are updated on a regular basis as required:

Policy	Adopted	Amendments
Audit Committee Charter*	March 2005	November 2011 (French version only) October 2014
Board of Directors Corporate Governance Guidelines*	March 2005	
Code of Ethics for our Principal Executive Officer and Senior Financial Officers*	March 2005	
Disclosure Guidelines	March 2005	May 2005 August 2008
Ethics and Business Conduct Policy*	March 2005	June 2013
Human Resources Committee Charter*		September 2006 October 2012 January 2013 October 2014
Securities and Trading Policy	March 2005	
Statement on Reporting Ethical Violations (Whistleblower Policy)*	March 2005	June 2013
Policy Regarding Hiring Employees and Former Employees of Independent Auditors*	October 2006	
Best Practice Regarding the Granting Date of Stock Incentive Compensation	April 2007	
Guidelines Regarding the Filing and Disclosure of Material Contracts	October 2008	
Independent Committee Charter	June 2011	
Majority Voting Policy*	October 2011	
Policy Regarding Conflict Minerals*	January 2013	
Agent Code of Conduct*	September 2013	
Director Share Ownership Policy*	September 2013	

* Available on the Corporation's website (www.EXFO.com).

The Board of Directors adopted in October 2011 a Majority Voting Policy for the election of Directors. In October 2012 in order to expressly reflect the responsibility of the Human Resources Committee to conduct an annual assessment of the risks associated with the Corporation's executive compensation policies and procedures, the Board of Directors amended the Human Resources Committee Charter. The Board of Directors amended in January 2013 the Human Resources Committee Charter to include within the Human Resources Committee's mandate the responsibility to receive and discuss suggestions from shareholders for potential director's nominees. Also in January 2013, the Board of Directors adopted a Policy Regarding Conflict Minerals. In the course of formalizing its anti-corruption compliance program, the Board of Directors amended the Ethics and Business Conduct Policy and the Statement on Reporting Ethical Violations (Whistleblower Policy) in June 2013 and also adopted in September 2013 the Agent Code of Conduct. In September 2013, the Board of Directors integrated a governance best practice by adopting a Director Share Ownership Policy.

- (h) Expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.

The Board of Directors amended in October 2014 the Human Resources Committee Charter in order to adapt it to the latest NASDAQ Rules on compensation committees along with an update on the nomination of Directors process and the Audit Committee Charter in order to harmonize its terminology with MI 52-110.

The Board of Directors is also responsible for the establishment and functioning of all of the Board of Directors' committees, their compensation and their good standing. At regularly scheduled meetings of the Board of Directors, the Directors receive, consider and discuss committee reports. The Directors also receive in advance of any meeting, all documentation required for the upcoming meetings and they are expected to review and consult this documentation.

3. Position Descriptions

- (a) Disclose whether or not the board has developed written position descriptions for the chair of the board and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

There is no specific mandate for the Board of Directors, however the Board of Directors is, by law, responsible for managing the business and affairs of the Corporation. Any responsibility which is not delegated to senior management or to a committee of the Board of Directors remains the responsibility of the Board of Directors. Accordingly, the chair of the Board of Directors, of the Audit Committee and of the Human Resources Committee will namely:

- provide leadership to the Board of Directors or Committee;
- ensure that the Board of Directors or Committee can perform its duties in an effective and efficient manner;
- facilitate the functionary of the Board of Directors or Committee; and
- promote best practices and high standards of corporate governance.

- (b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

No written position description has been developed for the CEO. The President and Chief Executive Officer, along with the rest of management placed under his supervision, is responsible for meeting the corporate objectives as determined by the strategic objectives and budget as they are adopted each year by the Board of Directors.

4. Orientation and Continuing Education

- (a) Briefly describe what measures the board takes to orient new directors regarding
- i. the role of the board, its committees and its directors; and
 - ii. the nature and operation of the issuer's business.

The Human Resources Committee Charter foresees that the Human Resources Committee maintains an orientation program for new Directors.

Presentations and reports relating to the Corporation's business and affairs are provided to new Directors. In addition, new Board of Directors members meet with senior management of the Corporation to review the business and affairs of the Corporation.

- (b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

The Human Resources Committee Charter foresees that the Human Resources Committee maintains a continuing education program for Directors. In June 2011, the independent Directors of the Corporation attended a training session that concerned executive compensation and related governance developments. In January 2012, the independent Directors of the Corporation attended a presentation on the Corporation given by an executive and a product and marketing presentation. In March 2012, the independent directors of the Corporation attended a presentation on the investors' perception of the Corporation given by a market specialist and a presentation on the Corporation from an executive. In June 2012, the independent Directors of the Corporation attended a presentation on the competitive view of the Corporation's competition given by a sales executive of the Corporation and a presentation on market analysis given by an executive of a significant customer. In March 2013, the independent Directors of the Corporation attended a presentation on the Corruption of Foreign Public Officials Act given by PricewaterhouseCoopers LLP. In March 2014, the independent Directors of the Corporation attended a presentation on directors' fiduciary duty by Fasken Martineau DuMoulin LLP.

5. Ethical Business Conduct

- (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:
- i. disclose how a person or company may obtain a copy of the code;
 - ii. describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
 - iii. provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Corporation is committed to maintaining the highest standard of business conduct and ethics. Accordingly, the Board of Directors updated and established (i) a Board of Directors Corporate Governance Guidelines, (ii) a Code of Ethics for our Principal Executive Officer and senior Financial Officers, (iii) an Ethics and Business Conduct Policy and (iv) a Statement on Reporting Ethical Violations (Whistleblower Policy) which are available on the Corporation's website (www.EXFO.com).

The Board of Directors will determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of a violation of the Code of Ethics for our Principal Executive Officer and senior Financial Officers. Someone that does not comply with this Code of Ethics will be subject to disciplinary measures, up to and including discharge from the Corporation. Furthermore, a compliance affirmation must be filled in a written form agreeing to abide by the policies of the Code of Ethics.

No material change report has been required or filed during our financial year ended August 31, 2014 with respect to any conduct constituting a departure from our Code of Ethics.

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| <p>(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p> | <p>Activities that could give rise to conflicts of interest are prohibited. Members of the Board of Directors should contact the Lead Director or in-house legal counsel regarding any issues relating to possible conflict of interest. If such event occurs, the implicated Board of Directors member will not participate in the meeting and discussion with respect to such possible conflict of interest and will not be entitled to vote on such matter. Senior executives should also contact the in-house legal counsel regarding any issues relating to possible conflict of interest.</p> |
| <p>(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p> | <p>The Corporation has instituted and follows a “Whistleblower Policy” where each member of the Board of Directors as well as any senior officer, every employee of the Corporation and any person is invited and encouraged to report anything appearing or suspected of being non-ethical to our Lead Director, in confidence. The Lead Director has the power to hire professional assistance to conduct an internal investigation should he so fell it is required.</p> |

6. Nomination of Directors

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| <p>(a) Describe the process by which the board identifies new candidates for board nomination.</p> | <p>The Board of Directors adopted and implemented a Human Resources Committee Charter which integrates the Compensation Committee Charter and the Nominating and Governance Committee Charter. The Human Resources Committee is responsible for nomination, assessment and compensation of directors and Officers.</p> |
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More specifically, the Human Resources committee, which is comprised entirely of independent Directors, is responsible for participating in the recruitment and recommendation of new candidates for appointment or election to the Board. When considering a potential candidate, the Human Resources Committee considers the qualities and skills that the Board, as a whole, should have and assesses the competencies and skills of the current members of the Board. Based on the talent already represented on the Board, the Human Resources Committee then identifies the specific skills, personal qualities or experiences that a candidate should possess in light of the opportunities and risks facing the Corporation. Potential candidates are screened to ensure that they possess the requisite qualities, including integrity, business judgment and experience, business or professional expertise, independence from management, international experience, financial literacy, excellent communications skills and the ability to work well with the Board and the Corporation. The Human Resources Committee considers the existing commitments of a potential candidate to ensure that such candidate will be able to fulfill his or her obligations as a Board member.

The Human Resources Committee maintains a list of potential director candidates for its future consideration and may engage outside advisors to assist in identifying potential candidates. The Human Resources Committee also considers recommendations for director nominees submitted by the Corporation’s shareholders, officers, Directors and senior management.

- (b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.
- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Human Resources Committee consists of five (5) members all of whom are independent Directors. The Chairman of the Human Resources Committee is Mr. Guy Marier.

The Human Resources Committee Charter foresees:

- recommending a process for assessing the performance of the Board of Directors as a whole, the Chair of the Board of Directors and the Committee chairs and the contribution of individual Directors, and seeing to its implementation;
- recommending the competencies, skills and personal qualities required on the Board of Directors in order to create added value, taking into account the opportunities and risks faced by the Corporation and subsequently identifying and recommending to the Board of Directors.

7. Compensation

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.
- (b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.
- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Human Resources Committee reviews periodically compensation policies in light of market conditions, industry practice and level of responsibilities. Only independent Directors are compensated for acting as a Director of the Corporation.

The Human Resources Committee consists of five (5) members all of who are independent Directors. The Chairman of the Human Resources Committee is Mr. Guy Marier.

The Human Resources Committee Charter foresees that such committee shall:

- review and approve on an annual basis with respect to the annual compensation of all senior officers which namely includes the assessment of risks associated with the compensation of such senior officers;
- review and approve, on behalf of the Board of Directors or in collaboration with the Board of Directors as applicable, on the basis of the attribution authorized by the Board of Directors, to whom options to purchase shares of the Corporation, RSUs or DSUs shall be offered as the case may be and if so, the terms of such options, RSUs or DSUs in accordance with the terms of the Corporation's LTIP or the Deferred Share Unit Plan provided that no options, RSUs or DSUs shall be granted to members of this committee without the approval of the Board of Directors;

8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

- recommend to the Board of Directors from time to time the remuneration to be paid by the Corporation to Directors;
- make recommendations to the Board of Directors with respect to the Corporation’s incentive compensation plans and equity-based plans.

The Board of Directors has no other standing committee.

The Board of Directors assumes direct responsibility for the monitoring of the Board of Directors’ corporate governance practices, the functioning of the Board of Directors and the powers, mandates and performance of the Human Resources Committee. The Human Resources Committee, composed solely of independent Directors, initiates a self-evaluation of the Board of Directors’ performance on an annual basis. Questionnaires are distributed to each independent director for the purpose of evaluation the Board of Directors’ responsibilities and functions and the performance of the Board of Directors’ Committees. The results of the questionnaires are compiled on a confidential basis to encourage full and frank commentary and are discussed at the next regular meeting of the Human Resources Committee or independent Board of Directors members meeting.