

TECSYS INC.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Effective June 30, 2005, the Canadian Securities Administrators have adopted NI 58-101 and the associated National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”) which require the Corporation to disclose its corporate governance practices.

Disclosure Requirements	Compliance	Description of Approach
1. Board of Directors		
(a) Disclose the identity of directors who are independent.	Yes	The directors of the Corporation have examined the definition of independence within the meaning of NI 58-101 and have individually considered their respective interests in and relationships with the Corporation. A director is “independent” for purposes of NI 58-101 if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is one that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. As a consequence, the Board has determined, after reviewing the role and relationships of each of the directors, that five of the seven nominees proposed by management for election to the Board are independent. The following nominees have been affirmatively determined to be independent: Frank J. Bergandi, Brian Bowyer, André Duquenne, David Wayland and Vernon Lobo.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Yes	The Board has determined, after reviewing the role and relationships of each of the directors, that the following two out of seven nominees proposed by management for election to the Board are not independent: David Brereton and Peter Brereton, since they are officers of the Corporation.
(c) Disclose whether or not a majority of the directors are independent.	Yes	Five of the seven nominees proposed by management for election to the Board are independent. See Item 1(a) above.
(d) Disclose the names of directors who are directors of any other reporting issuer (or the equivalent in a foreign jurisdiction) and the name of the reporting issuer.	Yes	This information is provided under the heading “Election of Directors” of this Proxy Circular.
(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.	Yes	The written Board mandate, which is attached as Schedule B provides that the Board, at least twice per year, will hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which directors who form part of management are not present.
(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	No	The Chairman was previously the Co-CEO of the Corporation and is not independent. However, the roles of Chairman and CEO have been divided permitting the Chairman to focus on the strategic

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 member that is independent, describe what the board does to provide leadership for its independent directors.

direction of the Corporation and its governance. See item 1(e) above.

- | | | | |
|-----|--|-----|--|
| (g) | Disclose the attendance record of each director for all board meetings held since the beginning of the most recently completed financial year. | Yes | This information is provided under the heading "Election of Directors – Directors Attendance Record" of this Proxy Circular. |
|-----|--|-----|--|

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.

Yes

The mandate of the Board is reproduced under Schedule B to this Proxy Circular.

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. | Yes | The Board has developed and adopted a written position description for the Chairman of the Board, which provides that the Executive Chairman, among other things, reviews annually the strategic initiatives of management, sets the board meeting agendas, reviews the shareholder communication plan and spearheads the annual board assessment process. |
| (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. | Yes | The Board has delegated to the President and Chief Executive Officer and the senior management the responsibility for day-to-day management of the business of the Corporation, subject to compliance with the plans approved from time to time by the Board. The Board has specified limits to the authority of the CEO in the position descriptions, in addition to those matters which must by law or by the Articles of the Corporation be approved by the Board, and the Board retains responsibility for significant changes in the Corporation's affairs such as approval of major new product development programs, major capital expenditures, debt and equity financing arrangements and significant acquisitions and divestitures. |

4. Orientation and Continuing Education

- | | | | |
|-----|---|-----|---|
| (a) | Briefly describe what measures the board takes to orient new members regarding: <ul style="list-style-type: none"> (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business. | Yes | In addition to having extensive discussions with the Chairman of the Board and the CEO with respect to the business and operations of the Corporation, all new directors receive a record of public and other information concerning the Corporation and prior minutes of meetings of the Board and applicable committees. In addition, the Board tours the Corporation's operations on a periodic basis in order to assist the directors in better understanding the Corporation's business. |
| (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 the directors maintain the skill and knowledge necessary to meet their | Yes | Management presentations are made to the Board from time to time to educate and keep them informed of changes within the business of the Corporation, the market as well as competitive conditions. |

obligations as directors.

5. Ethical Business Conduct

- | | | | |
|-----|--|-----|--|
| (a) | Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code: | Yes | <p>The objective of the Board is to maximize shareholder value in a manner which is consistent with good corporate citizenship, including fair treatment of the Corporation's employees, customers and suppliers. The Board expects management to perform in a manner consistent with achieving these objectives. The Board has adopted an exhaustive written code of business conduct and ethics for its directors, officers and employees. This code, which address matters that NP 58-201 recommends be included in a code of business conduct and ethics, such as the protection of corporate assets and opportunities, the confidentiality of corporate information and the reporting of any illegal or unethical behaviour. Other internal policies adopted by the Corporation which are intended to promote a culture of ethical business conduct are the following: the Audit Committee Procedure for Treatment of Complaints Policy (the "Whistle Blower Policy"); the Invention and Confidentiality Agreement signed by employees at the time of hire; the Online Systems Usage Policy and the Discrimination and Harassment Prevention Policy.</p> <p>Copies of the foregoing policies may be obtained from the Secretary of the Corporation upon request at 87 Prince Street, 5th Floor, Montréal, Québec. H3C 2M7, telephone: (514) 866-0001.</p> <p>The Audit Committee monitors compliance with the Whistle Blower Policy and the Chairman of such committee is ultimately responsible for receiving, investigating and keeping a record of complaints.</p> |
| | (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. | | N/A |
| (b) | Describe any other steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. | Yes | The Chairman of the Audit Committee ensures that a new director is informed of his obligations under the <i>Canada Business Corporations Act</i> pursuant to which he may not vote or participate in a discussion on a matter in respect of which such director has a material interest. |
| (c) | Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct. | Yes | See Item 5(a) above. |

6. Nomination of Directors

- | | | | |
|-----|---|-----|---|
| (a) | Describe the process by which the board identifies new candidates for board nomination. 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. | Yes | The Board is responsible for the recruiting, orientation and training of the directors. The recruiting is based on the capabilities and experience of the candidates in relation with the needs of the Corporation and the adequacy of the time commitment of individuals to the Corporation's matters. |
|-----|---|-----|---|

- | | | | |
|-----|---|-----|--|
| (b) | Disclose whether or not the board has a nominating committee composed entirely of independent directors. | No | There is no independent committee in charge of recruiting new directors. |
| (c) | If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee. | N/A | |

7. Compensation

- | | | | |
|-----|---|-----|--|
| (a) | Describe the process by which the board determines the compensation for the issuer's directors and officers. | Yes | <p>The Board reviews annually the adequacy and form of compensation of directors and members of board committees at the same time as it reviews the management proxy circular prior to its issue.</p> <p>Through its Compensation Committee, the Board reviews all appointments of officers. The Compensation Committee also has responsibility for assessing the requirements and performance, on an overall basis, of the CEO and officers in order to recommend salaries and incentive awards for performance. The Corporation has put into place a process whereby senior managers develop objectives, review them with the CEO and are measured against them.</p> |
| (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. | Yes | <p>The Board constituted a Compensation Committee which is currently composed of Vernon Lobo, Chairman, Brian Bowyer and André Duquenne, all of whom are independent directors.</p> |
| (c) | Describe the responsibilities, powers and operation of the compensation committee. | Yes | <p>The Compensation Committee reviews the Corporation's overall compensation philosophy and corporate succession and development plans at the executive officer level. This Committee has also been mandated to recommend to the Board the corporate objectives which the President and CEO is responsible for meeting, to review the annual performance of this officer in light of these objectives, and to make recommendations to the Board with respect to his remuneration.</p> |
| (d) | If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the company, state that fact and briefly describe the nature of the work. | No | <p>No consultant or advisor has been retained for this purpose since the beginning of the Corporation's most recently completed financial year.</p> |

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. | N/A | The Board has established two standing committees, the Audit Committee and the Compensation Committee, and has no other permanent standing committee. |
|---|-----|---|

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.

Yes

The responsibility for assessing the effectiveness of the Corporation's board as a whole, the committees of the board and the contribution of individual directors is the responsibility of the Board as a whole. The Board requires that each director complete a self-evaluation and an evaluation of the Board's performance as a whole periodically and at least every 18 months.
