



**Notice of  
Annual General Meeting  
of Shareholders**

**To be Held on  
May 16, 2013**

**And Management Proxy Circular**

## SAVARIA CORPORATION NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder,

You are cordially invited to attend the annual general meeting of the shareholders (the "**Meeting**") of SAVARIA CORPORATION (the "**Corporation**") which will be held at the *Hotel Le Crystal* in the Crescent room, located at 1100 de la Montagne, Montreal, Quebec on May 16, 2013, at 11:00 a.m. (Montreal time) for the purposes of:

- (a) receiving the audited financial statements of the Corporation for the year ended December 31, 2012, and the report of its auditor;
- (b) electing the directors for the ensuing year;
- (c) appointing KPMG LLP as the Corporation's auditor for the ensuing year and authorizing the directors to fix its remuneration, and
- (d) transacting such other business as may properly come before the Meeting.

Shareholders may exercise their rights by attending the Meeting or by completing the enclosed instrument of proxy ("**Proxy Form**"). If you are unable to attend the Meeting in person, please complete, date and sign the enclosed Proxy Form and return it in the envelope provided. Proxy Forms must be received by *Computershare Investors Services* (100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1) no later than 5:00 p.m. (local time) on Tuesday, May 14, 2013, or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the reconvened meeting, otherwise the Proxy Form may be invalid.

Shareholders of record at the close of business on April 11, 2013 are entitled to receive notice of and vote at the Meeting.

Your participation as a shareholder is very important to our Corporation. Please ensure your shares are represented at the Meeting.

By Order of the Board of Directors



Marcel Bourassa  
President and Chief Executive Officer

Laval (Quebec)  
April 3, 2013

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# **SAVARIA CORPORATION**

## **MANAGEMENT PROXY CIRCULAR**

### **FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2013**

#### **1 - VOTING INFORMATION**

##### **1.1 Solicitation of Proxies**

**This management proxy circular ("Proxy Circular") is furnished in connection with the solicitation of proxies by the management of SAVARIA CORPORATION (the "Corporation") for use at the annual general meeting of the shareholders of the Corporation to be held at the *Hotel Le Crystal* in the Crescent room, located at 1100 de la Montagne, Montreal, Quebec on May 16, 2013, at 11:00 a.m. (Montreal Time) (the "Meeting") and at any adjournments of the Meeting, for the purposes set out in the accompanying notice of the Meeting ("Notice of Meeting"). The solicitation of proxies will be primarily by mail, but may also be by telephone or oral communications by the directors, officers and regular employees of the Corporation, at no additional compensation. The costs of preparation and mailing of the Notice of Meeting, the Proxy Circular and the instrument of proxy ("**Proxy Form**") as well as any such solicitation referred to above will be borne by the Corporation. Except as otherwise stated, the information contained in this Proxy Circular is given as of April 3, 2013.**

##### **1.2 Appointment of Proxy and Discretionary Authority**

**A shareholder has the right to designate a person or company (who need not be a shareholder of the Corporation) other than the individuals named on the Proxy Form enclosed, to attend and act for him at the Meeting. Such right may be exercised by inserting in the blank space provided the name of the person or company to be designated and deleting there from the names of the management designees or by completing another proper instrument of proxy and in either case, depositing the resulting instrument of proxy at *Computershare Investors Services*, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by 5:00 p.m. (local time) on Tuesday, May 14, 2013. The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.**

**All shares represented at the Meeting by properly executed proxies will be voted in accordance with the instructions of the shareholders on any ballot that may be called for and where a choice with respect to any matter to be acted upon has been specified in the Proxy Form, the shares will be voted in accordance with such specification. In the absence of any such specifications, the management designees, if named as proxy, will vote in favor of all matters set out therein. If a shareholder appoints a person designated in the Proxy Form or nominee, and where a choice with respect to any matters to be acted upon has not been specified, the Proxy Form will be voted in favor of all the matters set out therein.**

The enclosed Proxy Form, when properly signed, also confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, or at any adjournment thereof. The management of the Corporation does not know of any matters which may be presented at the Meeting, other than the matters set out in the Notice of Meeting. But if the other matters or amendments or variations do properly come before the Meeting, it is the intention of the persons named in the enclosed Proxy Form to vote such proxy according to their best judgment pursuant to the discretionary authority conferred by the Proxy Form with respect to such matters.

### 1.3 Revocation of Proxies

A shareholder or intermediary who has given a proxy, or his attorney authorized in writing, may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy, by instrument in writing executed by the shareholder or his attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing and deposited either at the registered office of the Corporation or the office of Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the Chairman of such meeting on the day of the Meeting or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending at the Meeting and voting his shares.

### 1.4 Beneficial Holder of Shares

The information set out in this section is of significant importance to many shareholders of the Corporation, as a substantial number of the shareholders do not hold common shares in their own name. **Shareholders who do not hold their common shares in their own name (referred to in this Proxy Circular as "Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting.** If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will more likely be registered under the name of the broker or an agent of a broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., (the registration name for The Canadian Depository for Securities, which acts as the nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholders. Without specific instructions, brokers/nominees are prohibited from voting common shares for their clients. The Corporation does not know for whose benefit the common shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting the common shares in person or by way of proxy, except as set out below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be

carefully followed by Beneficial Shareholders in order to ensure that the common shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions ("**Broadridge**"). Broadridge typically mails a scannable Voting Instruction Form in lieu of the Proxy Form. The Beneficial Shareholder is asked to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free number to vote the Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote common shares directly at the Meeting as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meeting in order to have the common shares votes. If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

## **1.5 Voting Shares and Principal Shareholders**

The authorized capital of the Corporation consists of an unlimited number of common shares, an unlimited number of First Preferred shares and an unlimited number of Second Preferred shares, of which 23,212,864 common shares were issued and outstanding at the date of this Proxy Circular. There are no First Preferred or Second Preferred shares issued and outstanding at the date of this Proxy Circular.

Each common share entitles the holder to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares of the Corporation. The directors of the Corporation have fixed April 11, 2013, as the record date for determination of the persons entitled to receive notice of the Meeting.

Shareholders as of the record date are entitled to vote their common shares except to the extent that they have transferred the ownership of any of their shares after the record date. The transferees of those common shares must produce properly endorsed share certificates or otherwise establish that they own the shares, and demand, not later than 10 days before the Meeting, that their name be included in the shareholder list before the Meeting, in which case the transferees are entitled to vote their common shares at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, the only persons beneficially owning, directly or indirectly, shares carrying more than 10 percent of the voting rights attached to all shares of the Corporation as of the date of this Proxy Circular are:

Name and Municipality of Residence	Number of Voting Shares Owned or Controlled Directly or Indirectly	Percentage of Outstanding Voting Shares
Les Élevateurs Savaria Inc. <sup>(1)</sup> Laval, QC	14,375,000 common shares	62%

(1) Les Élevateurs Savaria Inc. is beneficially owned by Marcel Bourassa as to 80% and Jean-Marie Bourassa as to 20%, both of whom are directors and officers of the Corporation.

## 2 - PARTICULARS OF MATTERS TO BE ACTED UPON

### 2.1 Election of Directors

At the Meeting it is proposed that seven directors be elected to serve until the next annual general meeting or until their successors are elected or appointed in accordance with the *Business Corporations Act* (Alberta) and the by-laws of the Corporation.

As part of its ongoing review of corporate governance practices, on April 3, 2013, the board of directors (the "**Board**") adopted the policy described below, which provides that in an uncontested election of directors, if the number of shares withheld from voting for any nominee exceeds the number of shares voted for such nominee, then, notwithstanding that such nominee was duly elected as a director as a matter of corporate law, he or she shall, within five days following the date of the final scrutineer's report on the ballot, tender his or her written resignation to the chair of the Board. According to this policy, the Audit Committee will then consider such offer of resignation and will make a recommendation to the Board concerning the acceptance or rejection of the resignation. In its deliberations, the Audit Committee will consider all factors deemed relevant. The Board will take formal action on the Audit Committee's recommendation no later than 90 days following the date of the applicable shareholders' meeting and will announce its decision via press release. No director who is required to tender his or her resignation shall participate in the Audit Committee's deliberations or recommendations or in the Board's deliberations or determination. In the event any director fails to tender his or her written resignation when required to do so in the circumstances described above, such director will not be put forward by the Board as a nominee at the next shareholders' meeting where directors are to be elected. If a resignation is accepted by the Board, and subject to any corporate law restrictions, the policy provides that the Board may either leave any resulting vacancy unfilled until the next annual general meeting, appoint a new director, who the Board considers to merit the confidence of the shareholders, to fill the vacancy, or call a special meeting of shareholders at which there will be presented a management slate to fill the vacant position or positions.

The Corporation is required to have a minimum of three directors and a maximum of twelve directors. The following table indicates the names of the nominees for directors and the date each such person first became a director, the principal occupation of each such person, and the number of shares of the Corporation beneficially owned or

controlled (either directly or indirectly) by each such person. The information contained in the table as to number of shares of the Corporation beneficially owned or controlled, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees. The Board is required to appoint an Audit Committee, the current and proposed members of which are indicated in the table.

Name, Residence, Date First Became a Director	Principal Occupation During the Past Five Years	Voting Common Shares Beneficially Owned and/or Controlled
Marcel Bourassa Laval, QC December 2001	President and Chief Executive Officer of the Corporation since January 2002. President of the Corporation's wholly-owned subsidiaries.	12,163,200 <sup>(2)</sup>
Jean-Marie Bourassa Montreal, QC December 2001	Chief Financial Officer of the Corporation since January 2002. President and director of <i>Bourassa Boyer Inc.</i> , a Chartered Professional Accountant Firm, since 1980. Chairman of the Audit Committee of 5N Plus Inc. since December 2007.	3,010,500 <sup>(3)</sup>
Robert Berthiaume Montreal, QC December 2001	Professional engineer with the Corporation's wholly-owned subsidiary, <i>Savaria Concord Lifts Inc.</i> , since 1991.	292,600
Jean-Louis Chapdelaine Montreal, QC May 2005	President of <i>Saraguay Investment Inc.</i> since 1975.	95,000
Peter Drutz <sup>(1)</sup> Richmond Hill, ON October 1999	President of <i>Kankare Home services (dba Comfort Keepers)</i> since August 2007.	122,766
Sylvain Dumoulin <sup>(1)</sup> L'Île-Bizard, QC September 2010	Real estate and construction consultant since 2005.	12,500
Alain Tremblay <sup>(1)</sup> Laval, QC September 2011	Vice-President Finance and Operation of <i>Habitations Raymond Allard inc.</i> since January 2012. Vice-President Control and Administration of <i>Gouverneur Hotels</i> from August 2009 to January 2012. Vice-President Finance of <i>Grilli Property Group inc.</i> from August 2002 to August 2009.	4,300

(1) Proposed members of the Corporation's Audit Committee. Mr. Dumoulin is Chairman of the Audit Committee. There are no other board committees.

(2) Of the 12,163,200 common shares indicated, 11,500,000 are held indirectly through Les Élévateurs Savaria Inc. and 392,300 are held indirectly through 9099-4591 Quebec Inc., both private holding companies which are controlled by Marcel Bourassa and his children, and 270,900 are held personally by Marcel Bourassa.

(3) Of the 3,010,500 indicated, 2,875,000 are held indirectly through Les Élévateurs Savaria Inc. and 135,500 are held personally by Jean-Marie Bourassa.

## **2.2 Appointment of the Auditor**

The management of the Corporation proposes to nominate KPMG LLP as auditor for the Corporation until the next annual meeting of shareholders at remuneration to be fixed by the directors. KPMG LLP has been the Corporation's auditor since May 21, 2009.

**Unless otherwise directed, the management representatives named in the accompanying Proxy Form intend to vote FOR the appointment of KPMG LLP as the Corporation's auditor to serve until the next annual meeting of the Corporation.**

## **2.3 Other Business**

Management is not aware of any matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting it is the intention of the individuals indicated in the Proxy Form to vote with respect to such matters in accordance with their best judgment.

## **3 – STATEMENT ON EXECUTIVE COMPENSATION**

### **3.1 Executive Compensation Discussion and Analysis**

During the most recently completed fiscal year of the Corporation, the Corporation had three Named Executive Officers ("NEO") (as defined in National Instrument Form 51-102F6 Statement of Executive Compensation): Marcel Bourassa, the President, Chief Executive Officer and a director of the Corporation, Jean-Marie Bourassa, Chief Financial Officer and a director of the Corporation, and Robert Berthiaume, professional engineer (employee) and a director of the Corporation. The only NEOs receiving compensation are Marcel Bourassa and Robert Berthiaume. Marcel Bourassa's compensation consists exclusively of a cash base salary which was determined in 2003 and remained the same until January 1st, 2012. The compensation of the President is ultimately approved by the Board. Following a discussion by the directors regarding the compensation of the President, it was determined that his annual salary be increased by the amount of \$100,000 as at January 1, 2012. The board did not consider any formal objectives, specific criteria or comparative analysis but generally felt that this was more reflective of his responsibility for a public company the size of the Corporation.

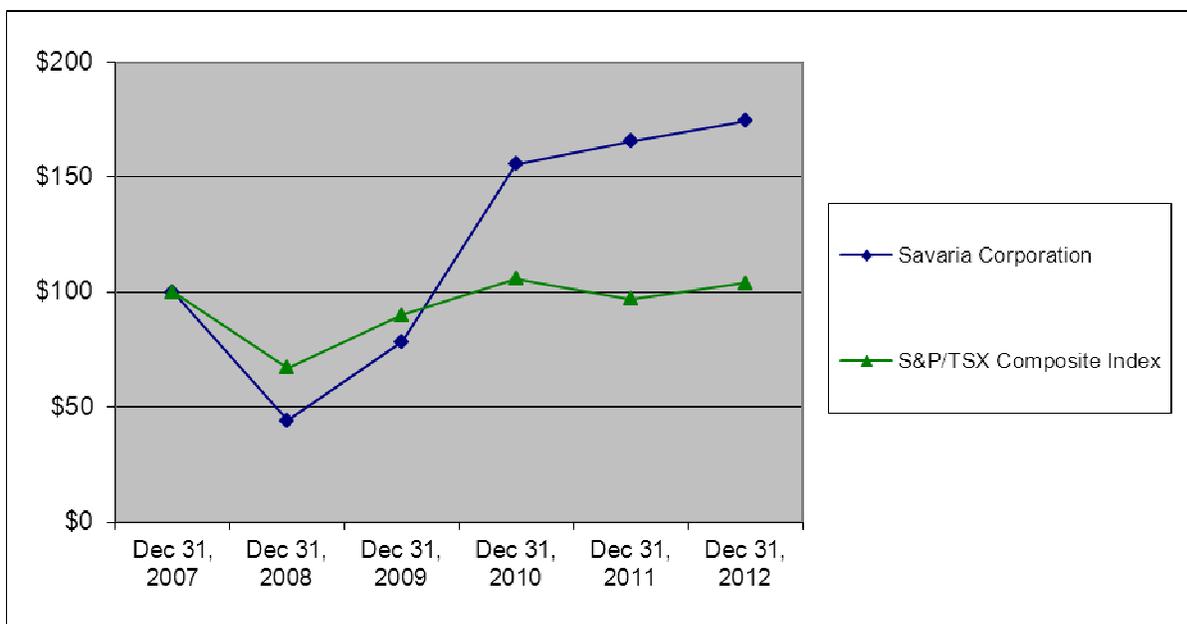
Mr. Berthiaume's compensation as an employee of the Corporation includes a base salary and may include the grant of incentive stock options. His compensation is reviewed annually by the President, again without formal objectives, criteria or analysis but with a general consideration of Mr. Berthiaume's responsibilities in the context of the operations of the Corporation.

For the President as well as for Mr. Berthiaume, the Corporation does not conduct systematic analyses of the market and does not compare itself to a particular industry group for reference to determine compensation. Considering the size of the Corporation and the limited number of officers and high-level management, the Board has no compensation committee and the Corporation does not have a defined compensation program or strategy, with the exception of the Stock Option Plan

described at item 5.2 of this Proxy Circular. The main objective of this compensation is to motivate management and board members to create long-term economic value for the Corporation and its shareholders by linking a portion of their compensation to the value creation. Since the risks associated with the compensation practices are deemed to be at a low level, no risk analysis is performed by the Board regarding compensation policies.

### 3.2 Performance Graph

The following graph compares the change in the cumulative total shareholder return on the Corporation's common shares over the period from December 31, 2007 to December 31, 2012 with the cumulative total return of the S&P/TSX Composite Index over the same period, assuming reinvestment of dividends.



	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012
Savaria Corporation	\$100	\$44	\$79	\$156	\$166	\$174
S&P/TSX Composite Index	\$100	\$67	\$90	\$106	\$97	\$104

### 3.3 Executive Compensation Table

Named Executive Officer Name and Principal Position	Year	Salary (\$)	All other compensation <sup>1</sup> (\$)	Total Compensation (\$)
Marcel Bourassa Chief Executive Officer and President	2012	275,000	-	275,000
	2011	175,000	-	175,000
	2010	175,000	-	175,000
Jean-Marie Bourassa Chief Financial Officer	2012	-	-	-
	2011	-	-	-
	2010	-	-	-
Robert Berthiaume professional engineer and director	2012	153,451	-	153,451
	2011	153,277	11,500	164,777
	2010	144,252	-	144,252

<sup>1</sup> All other compensation is a taxable benefit on options exercised during the year.

See narrative discussion at item 3.1 of this Proxy Circular.

### 3.4 Executive Option-based Awards

The following table indicates for each NEO all awards outstanding as at December 31, 2012.

Director	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>1</sup> (\$)
Marcel Bourassa	-	-	-	-
Jean-Marie Bourassa	-	-	-	-
Robert Berthiaume	100,000	0.95	August 7, 2014	61,000

<sup>1</sup> Calculated based on the difference between the exercise price of the options and the closing price of the common shares of the Corporation as at December 31, 2012 which was \$1.56.

### 3.5 Executive Incentive plan awards – value vested during the year

The only NEO to whom options are granted from time to time is Robert Berthiaume; however, no options have been granted to him in the past three years. Vested value of the options held by Mr. Berthiaume during fiscal year 2012 is \$15,000.

## 4 – DIRECTOR COMPENSATION

### 4.1 Director Compensation Table

Director	Year	Fees earned (\$)	Option-based awards <sup>1</sup> (\$)	All other compensation <sup>6</sup> (\$)	Total (\$)
Jean-Louis Chapdelaine	2012	20,000	6,720 <sup>2, 5(i)</sup>	24,500	50,720
	2011	20,000	10,807 <sup>2, 5(i)</sup>	13,500	44,307
	2010	20,000	7,914 <sup>2, 5(i)</sup>	-	27,914
Peter Drutz	2012	20,000	6,720 <sup>2, 5(i)</sup>	21,500	48,220
	2011	20,000	10,807 <sup>2, 5(i)</sup>	13,500	44,307
	2010	20,000	7,914 <sup>2, 5(i)</sup>	-	27,914
Sylvain Dumoulin	2012	20,000	6,720 <sup>2, 5(i)</sup>	-	26,720
	2011	20,000	10,807 <sup>2, 5(i)</sup>	-	30,807
	2010	5,000	4,326 <sup>3, 5(ii)</sup>	-	9,326
Alain Tremblay	2012	20,000	6,720 <sup>2, 5(i)</sup>	-	26,720
	2011	5,000	1,125 <sup>4, 5(i)</sup>	-	6,125
	2010	-	-	-	-
Denis Potvin	2012	-	-	-	-
	2011	-	-	-	-
	2010	20,000	7,914 <sup>2, 5(i)</sup>	-	27,914
Normand Balthazard	2012	-	-	-	-
	2011	-	-	-	-
	2010	-	-	33,000	33,000

<sup>1</sup> The options granted pursuant to the Stock Option Plan (see “The Stock Option Plan”, below) allow its holder to purchase one common share of the Corporation. Any option not exercised at the expiry date will be cancelled.

<sup>2</sup> Each holder may exercise quarterly 25% of the options granted starting on the first quarter after the date of grant.

<sup>3</sup> The holder may exercise 50% of the options granted on December 30, 2010 and 50% on March 30, 2011.

<sup>4</sup> The holder may exercise 50% of the options granted on December 31, 2011 and 50% on March 31, 2012.

<sup>5</sup> The fair value of options granted on the date of grant is determined by multiplying the number of options granted by the value established according to the Black-Scholes model. This value is the same as the fair book value established with generally accepted accounting principles. The following assumptions were used:

(i) For years ended December 31,	2012	2011	2010
Expected volatility	39.6%	65.7%	65.1%
Expected life	3 years	3 years	3 years
Risk-free interest rate	1.18%	2.44%	2.60%
Dividend yield	6.56%	10.2%	9.93%

(ii) For year ended December 31,	2010
Expected volatility	65.1%
Expected life	3 years
Risk-free interest rate	1.94%
Dividend yield	9.93%

<sup>6</sup> The other compensation is a taxable benefit on options exercised during the year.

The directors' fees were \$5,000 per quarter. Directors are also reimbursed for out-of-pocket expenses.

## 4.2 Director Option-based Awards

The following table indicates for each director who is not a NEO all awards outstanding as at December 31, 2012.

Director	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>1</sup> (\$)
Jean-Louis Chapdelaine	25,000	1.17	March 30, 2013	9,750
	25,000	1.65	March 31, 2014	-
	25,000	1.60	March 31, 2015	-
Peter Drutz	25,000	1.17	March 30, 2013	9,750
	25,000	1.65	March 31, 2014	-
	25,000	1.60	March 31, 2015	-
Sylvain Dumoulin	12,500	1.30	March 30, 2013	3,250
	25,000	1.65	March 31, 2014	-
	25,000	1.60	March 31, 2015	-
Alain Tremblay	6,250	1.41	March 31, 2014	938
	25,000	1.60	March 31, 2015	-

<sup>1</sup> Calculated based on the difference between the exercise price of the options and the closing price of the common shares of the Corporation as at December 31, 2012 which was \$1.56.

The objectives of Savaria's compensation practices are to motivate and reward directors, officers, other employees and consultants upon the achievement of corporate objectives and to closely align the personal interests of such individuals with those of the shareholders by providing them with the opportunity, through options, to acquire an increased proprietary interest in the Corporation.

In order to meet the objectives of the Corporation's compensation practices aimed at maintaining the ability to recruit and retain qualified employees as the Corporation grows, the Board approved a stock option plan for the Corporation in 2006 (the "**Stock Option Plan**"). Shareholders approved the Stock Option Plan on May 16, 2006. The Stock Option Plan is subject to a limit of a maximum number of options issued equal to

10% of the total issued and outstanding common shares, at any time. A detailed summary of the Corporation's Stock Option Plan can be found below, under the heading "The Stock Option Plan", below.

The Board approved in May 2006 an option grant program where each independent director receives, once a year, 25,000 stock options, under the Stock Option Plan, with a vesting period of 1 year and a duration of 3 years.

In 2012, Jean-Louis Chapdelaine, Peter Drutz, Sylvain Dumoulin and Alain Tremblay each received 25,000 options at a price of \$1.60 with an expiry date of March 31, 2015. Jean-Louis Chapdelaine and Peter Drutz each exercised 25,000 options at \$0.64. Options granted to directors and employees representing a total of 863,750 common shares at a weighted-average price of \$1.18 per share were outstanding at the end of fiscal year 2012.

#### **4.3 Director Incentive plan awards – value vested during the year**

The following table indicates for each director who is not a NEO, the value vested or earned of all awards during the 2012 financial year.

<b>Director</b>	<b>Option-based awards Value vested during the year (\$)</b>
Jean-Louis Chapdelaine	- 1
Peter Drutz	- 1
Sylvain Dumoulin	- 1
Alain Tremblay	594 <sup>1</sup>

<sup>1</sup> The exercise price of certain options vested in 2012 exceeded the market price of the underlying securities on the vesting date of such options.

## 5 – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

### 5.1 Equity Compensation Plan Information

The information included in the table below is as at end of fiscal year 2012.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Stock option plan approved by securityholders	863,750	1.18	1,216,075

### 5.2 The Stock Option Plan

The Stock Option Plan is administered by the Board of the Corporation which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Stock Option Plan, to interpret the Stock Option Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Stock Option Plan, subject to any necessary shareholder or regulatory approval. The Board may delegate any or all of its authority with respect to the administration of the Stock Option Plan. The board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of common shares to be subject to each option.

The Board may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted without the consent of such optionees. Such changes include, without limitation:

- (i) minor changes of a "housekeeping nature";
- (ii) changing the class of participants eligible to participate under the Plan;
- (iii) accelerating vesting or extending the expiration date of any option (provided that such option is not held by an insider), provided that the period during which an option is exercisable does not exceed 10 years from the date the option is granted.

Any amendment to the Stock Option Plan which would materially modify the eligibility requirements for participation shall be effective only upon the approval of the Corporation's shareholders. Furthermore, specific security holder approval is required for:

- (i) a reduction in the exercise price or purchase price under a security based compensation arrangement benefiting an insider of the issuer;
- (ii) an extension of the term, under a security based compensation arrangement benefiting an insider of the issuer;
- (iii) any amendment to remove or to exceed the insider participation limit;
- (iv) an increase to the maximum number of securities issuable, either as a fixed number or a fixed percentage of the listed issuer's outstanding capital represented by such securities; and
- (v) amendments to an amending provision within a security based compensation arrangement.

A maximum number of common shares equal to 10% of the issued and outstanding common shares, from time to time, are reserved for issuance under the Stock Option Plan. If option rights granted to an individual under the Stock Option Plan are exercised, expire or terminate for any reason without having been exercised, such shares may be made available for other options to be granted under the Stock Option Plan. An option granted under the Stock Option Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by an optionee, other than by will or other testamentary instrument or the laws of succession.

In accordance with the policies of the TSX, shareholders last approved all unallocated options, rights and other entitlements under the Stock Option Plan at the annual and special meeting held on May 29, 2012. Shareholders will be required to again approve any unallocated options, rights and other entitlements under the Stock Option Plan on or before May 29, 2015.

No one individual may be granted options to purchase common shares totaling more than 5% of the issued and outstanding common shares at any time, from time to time. No one individual acting as a consultant to the Corporation may be granted options to purchase common shares totaling more than 2% of the issued and outstanding common shares in any one 12-month period. No one individual providing investor relations services to the Corporation may be granted options to purchase common shares totaling more than 2% of the issued and outstanding common shares in any one 12-month period, and options issued to individuals performing investor relations services must vest in stages over at least 12 months with no more than 1/4 of the options vesting in any three month period.

Options may be granted under the Stock Option Plan to any person who is a director, officer, employee or consultant of the Corporation or its subsidiaries. Subject to compliance with applicable requirements of the TSX, individuals may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the terms of the Stock Option Plan in the same manner as if the options were held by the individuals.

The number of securities:

- (i) issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of issued and outstanding common shares; and
- (ii) issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of issued and outstanding

common shares.

The exercise price for the options granted pursuant to the Stock Option Plan shall be the closing price of the common shares on the TSX on the trading day preceding the day on which the option is granted or, if no common shares have been traded on such immediately preceding trading day, the simple average of the final bid and ask price of the common shares on the TSX, or such greater amount as the Board may designate.

Each option granted under the Stock Option Plan shall expire on the date set out in the specific option agreements with optionees, subject to earlier termination as provided below. In no circumstances shall the duration of an option exceed ten years.

In the event the Corporation undergoes a change of control by a reorganization, acquisition, amalgamation or merger (or a plan or arrangement in connection with any of these) with respect to which all or substantially all of the persons who were the beneficial owners of the common shares immediately prior to such reorganization, amalgamation, merger or plan or arrangement do not, following such reorganization, amalgamation, merger or plan or arrangement, beneficially own, directly or indirectly more than 50% of the resulting voting shares on a fully diluted basis (not including a public offering or private placement out of treasury), or sale to a person other than an affiliate of the Corporation of all, or substantially all, of the Corporation's assets, then all granted and outstanding options shall be deemed to vest immediately upon the completion of the transaction causing the change of control.

If, at any time when an option granted under the Stock Option Plan remains unexercised with respect to any optioned shares, an offer to purchase all of the common shares is made by a third party, the Corporation shall use its best efforts to bring such offer to the attention of optionees as soon as practicable. The Corporation may, at its discretion, require the acceleration of the time for the exercise of the option rights granted under the Stock Option Plan and of the time for the fulfillment of any conditions or restrictions on such exercise.

If an individual is dismissed as an employee, officer or consultant by the Corporation, or by one of its subsidiaries, for cause, all unexercised option rights of that individual under the Stock Option Plan shall terminate immediately upon such dismissal, notwithstanding the original term of the option granted to such individual.

If an individual ceases to be an officer, employee or consultant of the Corporation or of one of its subsidiaries as a result of:

- (i) disability or illness preventing the individual from performing the duties routinely performed by such person;
- (ii) retirement at the normal retirement age prescribed by the Corporation pension plan;
- (iii) resignation; or
- (iv) such other circumstances as may be approved by the Board,

such individual shall have the right, for a period not exceeding 90 days from the date of ceasing to be an officer, employee or consultant (or, if earlier, until the expiry date of the option rights pursuant to the terms of the specific option agreement) to exercise the

options to the extent they had vested and were exercisable on the date of ceasing to be an officer, employee or consultant.

If an optionee ceases to be a director of the Corporation or of one of its subsidiaries as a result of:

- (i) disability or illness preventing the optionee from performing the duties routinely performed by such optionee;
- (ii) retirement at the normal retirement age prescribed by the Corporation pension plan;
- (iii) resignation; or
- (iv) such other circumstances as may be approved by the Board,

such optionee shall have the right, for a period not exceeding one year from the date of ceasing to be a director (or, if earlier, until the expiry date of the option rights of the optionee pursuant to the terms of the particular option agreement) to exercise the option under the Stock Option Plan with respect to all optioned shares of such optionee to the extent they had vested and were exercisable on the date of ceasing to be a director.

If an individual providing investor relations services to the Corporation ceases to be employed to provide such services as a result of:

- (i) disability or illness preventing the individual from performing investor relations services;
- (ii) retirement at the normal retirement age prescribed by the Corporation pension plan;
- (iii) resignation; or
- (iv) such other circumstances as may be approved by the Board,

such individual shall have the right, for a period not exceeding 30 days from the date of ceasing to be engaged (or, if earlier, until the expiry date of the option rights of the Eligible Participant pursuant to the terms of the Option Agreement), to exercise the option under the Plan with respect to all Optioned Shares of such Eligible Participant to the extent they had vested and were exercisable on the date of ceasing to be an Employee.

In the event of the death of an optionee, the legal representatives of the deceased optionee shall have the right for a period not exceeding one year from the date of death of the deceased optionee (or such shorter period being, until the expiry date of the option rights pursuant to the terms of the specific option agreement) to exercise the deceased optionee's option.

The Board may from time to time approve financial assistance to an Eligible Participant for the exercise of options granted to such Eligible Participant under the Plan. Any such financial assistance shall be approved by resolution of the Board and shall be on commercially reasonable terms with respect to the amount of interest payable. The repayment term of such financial assistance shall be for a period of not more than ten years. A term of any such financial assistance will require that the common shares issued upon such exercise shall be pledged to the Corporation as security for repayment of the financial assistance.

At the date of this Proxy Circular, 956,250 options were outstanding, representing 4.1% of the issued and outstanding common shares of the Corporation. Of that total, 381,250 options belonged to insiders, representing 1.6% of the issued and outstanding common shares.

## 6 – BOARD AND AUDIT COMMITTEE ATTENDANCE

The following table shows a record of attendance by directors at meetings of the Board and Audit Committee held during the 12-month period ended December 31, 2012.

Director	Number of meetings attended	
	Board	Audit Committee
Robert Berthiaume	4 of 4	n/a
Jean-Marie Bourassa	4 of 4	n/a
Marcel Bourassa	4 of 4	n/a
Jean-Louis Chapdelaine	4 of 4	n/a
Peter Drutz	4 of 4	4 of 4
Sylvain Dumoulin	4 of 4	4 of 4
Alain Tremblay	3 of 4	4 of 4

## 7 - MANAGEMENT CONTRACTS

Management functions of the Corporation are substantially performed by directors and senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## 8 - INDEBTEDNESS OF DIRECTORS AND OFFICERS

During the fiscal year 2007, a long-term loan in the amount of \$250,000 was issued to a director, Robert Berthiaume, who is also an employee, for the exercise of 250,000 stock options at \$1 per share. The loan, which was renewed in May 2012, has a current balance of \$250,000, bears interest at prime rate minus 1% and is secured by 200,000 common shares of the Corporation. Interest is compounded and payable on an annual basis while the principal is payable at maturity, on May 30, 2017. This type of financial assistance is permitted under the revisions to the Stock Option Plan approved in 2009, and further extended by shareholder approval on May 29, 2012.

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

The directors, officers, principal shareholders and any informed person of the Corporation (and the known associates and affiliates of such persons) have had no direct or indirect interest in any transaction involving the Corporation, or its subsidiaries since the commencement of the Corporation's most recently completed fiscal year, or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **10 - INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors, officers or nominees for election as a director of the Corporation, or any of their associates or affiliates, has or has had any interest, direct or indirect, in any matter to be acted upon at the Meeting other than as set out in this Proxy Circular.

## **11 – AUDITOR AND REGISTRAR**

The current auditor of the Corporation is *KPMG LLP*, 600 Maisonneuve Boulevard West, Suite 1500, Montreal, Quebec, H3A 0A3. *Computershare Trust Company of Canada*, 1500 University, Suite 700, Montreal, Quebec, H3A 3S8 is the transfer agent and registrar for the Corporation's common shares.

## **12 - AUDIT COMMITTEE INFORMATION**

Reference is made to the Annual Information Form of the Corporation for the year ended December 31, 2012, for a disclosure of information relating to the Audit Committee required under Form 52-110F1. A copy of this document can be found in March 2013 on SEDAR at [www.SEDAR.com](http://www.SEDAR.com) or by contacting the V.P. Finance of the Corporation at its head office at 2724 Etienne-Lenoir, Laval, Quebec H7R 0A3, telephone 1-800-931-5655.

## **13 - ADDITIONAL INFORMATION**

The Corporation is a reporting issuer in Canada and is required to file various documents, including an annual information form and financial statements. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2012. Additional information relating to Savaria is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Savaria's website at [www.savaria.com](http://www.savaria.com) or may be obtained on request from the V.P. Finance of the Corporation.

**SCHEDULE A**  
**SAVARIA CORPORATION**  
**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The board of directors and management of the Corporation believe that appropriate corporate governance practices are important for the effective management of the Corporation and value creation for its shareholders. Effective June 30, 2005, the Canadian Securities Administrators have adopted *National Instrument 58-101 Disclosure of corporate governance practices* ("**NI 58-101**") and the associated *National Policy 58-201* which require the Corporation to disclose its corporate governance practices. This information is set out below. Information regarding the Corporation's Audit Committee, required pursuant to *Multilateral Instrument 52-110* ("**MI 52-110**") is set out under the heading "Audit Committee Information" in the Corporation's most recent Annual Information Form.

<b>Corporate Governance Disclosure Requirement <sup>(1)</sup></b>	<b>Comments</b>
<b>1. Board of Directors</b> (a) Disclose the identity of directors who are independent.	Of the current seven members of the board of directors of the Corporation (the " <b>Board</b> "), four directors are independent within the meaning of the definition included in section 1.4 of MI 52-110. They are Sylvain Dumoulin, Jean-Louis Chapdelaine, Peter Drutz and Alain Tremblay.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	The Board has determined, after reviewing the roles and relationships of each of the directors, that the following members of the Board are not independent: <ul style="list-style-type: none"> <li>i) Marcel Bourassa is an officer (President and Chief Executive Officer ("CEO")) of the Corporation,</li> <li>ii) Jean-Marie Bourassa is an officer (Chief Financial Officer) of the Corporation and</li> <li>iii) Robert Berthiaume is an employee of a subsidiary of the Corporation.</li> </ul> Therefore, these three members do not qualify as "independent" within the meaning of the Authority Disclosure Instrument.
(c) Disclose whether or not a majority of the directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.	Four of the seven directors are independent from the Corporation. Therefore, a majority of the directors are independent.
(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	All directorships with other public entities for each of the nominees are set out in this Proxy Circular in the table under the heading "Election of Directors".

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Comments
foreign jurisdiction, identify both the director and the other issuer.	
(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 during the 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.	During the year 2012, there was no regularly scheduled meetings at which non-independent directors and members of management were not in attendance. However, independent members had informal discussions throughout the year in order to discuss any subjects of their choice. Also, an "in camera session" is held at each meeting of the Board in which non-independent directors and members of management are not in attendance.
(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 Chairman of the Board, Marcel Bourassa, is not independent since he is also the President and the CEO of the company. The Corporation's Board gives a dominant place to independent directors of the Corporation in particular by communication and free access to its executive management. Moreover, the Audit Committee is chaired by an independent director.
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the most recently completed financial year.	An attendance record for each administrator at Board and Audit Committee meetings held during 2012 fiscal year is included in this Proxy Circular.
<p><b>2. Board Mandate</b></p> <p>Disclose the text of the Board's written mandate, or describe how the Board delineates its role and responsibilities.</p>	The Board has an official written mandate of the Board (Charter), which is attached hereto as Schedule B.
<p><b>3. Positions Descriptions</b></p> <p>(a) Disclose whether or not the Board has developed written position description for the chair and the chair of each Board committee, or describe how the Board delineates the role and responsibilities of each such position.</p>	<p>The Board has adopted official position descriptions for the Chairman of the Board and other Committee Chairs.</p> <p>The Chairman of the Board shall have, among others, the following responsibilities: (i) planning the meetings of the Board and its committees, establishing the agenda of these meetings and coordinating the activities of the Corporate Secretary as regards the affairs of the Board and its committees; (ii) chairing all of the meetings of the</p>

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Comments
	<p>Board, ensuring the proper and efficient conduct thereof, ensuring that all members are able to express their opinions on the topics being discussed and making sure that the decisions made by the Board are clear; (iii) ensuring that all strategically important issues are communicated to the Board for approval and that the Board receives the information, reports, documents it needs to allow its members to fully assume their role; (iv) following up on the implementation of decisions made by the Board; (v) ensuring that all policies of the Board relating to compliance with regulations as well as ethics and conduct standards are communicated to all interested parties; (vi) receiving any complaint respecting breaches of the Code of Ethics on the part of the independent directors and bringing these to the attention of the Board in order that the matter may be dealt with appropriately; (vii) receiving any complaint respecting breaches of the Code of Ethics on the part of the officers and employees and bringing these to the attention of the Board in order that the matter may be dealt with appropriately; (viii) ensuring that appropriate relations are maintained with shareholders, employees, the financial community, governments and the general public; (ix) ensuring that the Board and each of its committee respect their respective mandates (or charters).</p> <p>Every chair of a Board committee shall have, among others, the following responsibilities: (i) planning committee meetings, establishing the agenda of these meetings together with the Chairman of the Board and coordinating the activities of the Corporate Secretary as regards the affairs of the committee; (ii) chairing all of the meetings of the committee, ensuring the proper and efficient conduct thereof, ensuring that all members are able to express their opinions on the topics being discussed and making sure that the decisions or recommendations made by the committee are clear.</p> <p>The Chair of a committee shall report to the Board in matters relating to his mandate and to the work of his committee.</p>
(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO, or describe how the Board delineates the role and responsibilities of the CEO.	<p>The Board has developed an official position description for the position of Chief Executive Officer. Among others, the CEO shall have the following responsibilities: (i) supervising the management team and employees of the Corporation; (ii) in collaboration with the management team, preparing strategic plans and budgets, financial</p>

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Comments
	<p>statements and any other information respecting the affairs of the Corporation that must periodically be submitted to the Board for approval or auditing; (iii) ensuring the daily management and execution of the strategic plan of the Corporation as well as implementing the decisions, guidelines and policies of the Board; (iv) ensuring the efficient use of resources available to the Corporation to achieve its strategic objectives, including its objectives in terms of growth and short-and long-term profitability; (v) representing the Corporation before the principal interested parties: employees, shareholders, financial community, governments and general public; (vi) receiving any complaint respecting breaches of the Code of Ethics on the part of the officers and employees and bringing these to the attention of the Board in order that the matter may be dealt with appropriately.</p>
<p><b>4. Orientation and Continuing Education</b>  (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 Corporation's business</p>	<p>The directors are provided with the appropriate documentation relating to the commercial activities, internal structure and governance practices of the Corporation. Periodic reports are provided to all directors concerning the Corporation's commercial activities. The meetings that the new directors attend as well as the discussions with other directors allow new directors to quickly familiarize themselves with the Corporation's business operations.</p> <p>The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Board, the size of the Corporation and the nature and scope of the Corporation's business and operations and the experience and expertise of Board members.</p>
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors, or describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>The Board does not formally provide continuing education to its directors. However, there is from time to time appropriate education for directors, which may include presentations from management and site visits. The directors are experienced members and are expected to maintain the necessary level of expertise to perform their responsibilities as directors.</p>
<p><b>5. Ethical Business Conduct</b>  (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:  (i) disclose how an interested party</p>	<p>The Corporation has not adopted a formal code for its employees, however, it has adopted a Code of Ethics and Business Conduct for the directors and officers. Moreover, the Board has adopted an internal "Disclosure Policy" and an "Insider Trading</p>

Corporate Governance Disclosure Requirement <sup>(1)</sup>	Comments
<p>may obtain a copy of the written code;</p> <p>(ii) describe how the Board monitors compliance with its code; and</p>	<p>and Blackout Policy".</p> <p>The policies are available on request to the Vice President Finance of the Corporation.</p> <p>Chairman of the Board and Vice-President Finance monitor compliance with the corporate governance practices. Any suspected violation would be immediately reported to the Board, and measures would be taken to address it.</p>
<p>(iii) provide a cross-reference to any material change report filed since the beginning of most recently completed financial year that pertains to any conduct of a director or executive office that constitutes a departure from the code.</p>	<p>No material change report has been filed or required to be filed in regards to any conduct of a director or executive officer which would constitute a departure from the code during the Corporation's most recently completed financial year.</p>
<p>(b) Describe any 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.</p>	<p>In accordance with applicable law, a director of the Corporation must disclose the nature and extent of any interest that he has in a material contract or transaction. Should there be a discussion or association in which a director has an interest, the Board would request such director to withdraw from participating in any such discussions or decisions.</p>
<p>(c) Describe any steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Corporation has adopted various corporate policies, including a Whistleblower Policy, whereby employees may, anonymously and confidentially, report wrongdoings in connection with accounting, internal accounting controls, auditing matters, potential or actual violations of the law, and generally matters relating to the Corporation.</p>
<p><b>6. Nomination of Directors</b></p> <p>(a) Describe the process by which the Board identifies new candidates for Board nomination.</p> <p>(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors, or describe what steps the Board takes to encourage an objective nomination process.</p> <p>(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The entire Board is responsible for identifying the required competencies and background of potential directors. All board members have the opportunity to suggest candidates for consideration. The chairman of the Board interviews the candidate and makes a proposal to the Board. An invitation to join the Board is extended only after the Board has reached a consensus on the appropriateness of the candidate.</p> <p>The Board has no nominating committee. Considering the size of the Corporation and the limited number of Board members, they judge that it is unnecessary to appoint a nominating committee. The entire Board is responsible for approving the nomination of a new Board member.</p>

<p align="center"><b>Corporate Governance Disclosure Requirement <sup>(1)</sup></b></p>	<p align="center"><b>Comments</b></p>
<p><b>7. Compensation</b> (a) Describe the process by which the Board determines the compensation for the Corporation's directors and officers.</p>	<p>The Board reviews and approves the compensation policies and practices for the directors in order to ensure that such compensation realistically reflects the responsibilities and risks associated with the position of director.</p>
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors, or describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>The Board has no compensation committee. Considering the size of the Corporation and the limited number of officers and high level management, board members judge that it is unnecessary to nominate a compensation committee. The entire Board is responsible for approving the CEO's salary. The CEO is responsible for approving high level management salaries.</p>
<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>N/A</p>
<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 issuer, state that fact and briefly describe the nature of the work.</p>	<p>No compensation consultant or advisor has been retained in the past year.</p>
<p><b>8. Other Board Committees</b> If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has no other committees other than the Audit Committee.</p>
<p><b>9. Assessments</b> 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, or describe how the Board satisfies itself that the Board, its committees, and its individual directors</p>	<p>The Charter of the Board states that the Board is responsible for assessing its own performance and that of each of its directors. Given the relative size of the Board and its Audit Committee, the assessments are not conducted on a regular basis nor in a formal way.</p>

<b>Corporate Governance Disclosure Requirement <sup>(1)</sup></b>	<b>Comments</b>
are performing effectively.	

(1) Reference is made to the Form 58-101F1 *Corporate Governance Disclosure*.

## **SCHEDULE B**

### **SAVARIA CORPORATION**

### **CHARTER OF THE BOARD OF DIRECTORS**

#### **Role**

The board of directors of Savaria (the "**Board**") must promote the viability of Savaria (the "**Corporation**") and value creation, require that the management of the Corporation be in the best interest of the Corporation and of its shareholders, while taking into account the interest of other parties. Furthermore, it shall promote the constant improvement of the performance of the Corporation and thus ensure its continuous development.

The Board supervises the management of the affairs of the Corporation. The Board is responsible for the good governance of the Corporation and must to this end ensure an efficient allocation of the resources and have the power to report it.

#### **Composition and Meetings**

In accordance with the articles of the Corporation, the Board is composed of a minimum of three directors and of a maximum of twelve directors.

The directors must devote the necessary time to the business of the Board and have the relevant skills, experience and aptitudes relating to their appointment as a director in order to meet the needs of the Corporation and to allow the Board to function effectively.

The majority of the directors must be considered independent by the Board, in accordance with the legislative and regulatory requirements and the listing criteria which the Corporation is subjected to. As an indication, a director is independent if he does not have a significant relationship, either direct or indirect, with the Corporation.

The Board is governed by the Corporation's by-laws approved by the shareholders and by the resolutions adopted by the Board.

Essential information and documentation relating to the points on the agenda, subjects discussed at the Board meetings are distributed to the Board members prior to each meeting to allow them to acquiesce such points and related subjects. Furthermore, the Corporation will distribute to the Board the necessary and pertinent information on the Corporation, its operations and its finances.

Members of the Board may take part in the meetings by teleconference or any other similar means of communication allowing all the individuals participating in the meeting to communicate simultaneously.

Executive management may, on invitation, participate in the meetings and make presentations so that the directors acquire better knowledge and comprehension of the business of the Corporation.

The directors may, if need be, meet without executive management or the non independent directors, according to what they consider suitable in order to allow a free and open discussion between the independent directors.

**The primary responsibilities of the Board are the following:**

**1. Strategic Planning**

- a) Provide management with the benefits of its vision for new trends and recent events and recommend action appropriated to the circumstances to management;
- b) Adopt and oversee that the strategic plan is updated, by taking into account, among others, opportunities and risks related to the Corporation's activities, global trends related to the Corporation's industry and growth potential;
- c) Identify the principal risks of which the commercial activities of the Corporation are exposed to and supervise the implementation of the strategic plan and the appropriate systems to manage risks;
- d) Examine and approve, if necessary, any strategic decision for the Corporation including, in particular, acquisition, merger and disposal of shares, assets or businesses exceeding the delegated powers of approval of executive management; and
- e) Understand and regularly re-evaluate the business plans of the Corporation.

**2. Integrity**

- a) Ensure the integrity of the President and Chief Executive Officer and the members of the executive management and maintain a culture of integrity within the Corporation;
- b) Ensure that the Corporation possesses the means to respect the legislative and regulatory requirements regarding its operations;
- c) Adopt a code of ethics that governs the behaviour of the directors, management and the employees of the Corporation, see to the continuance of a conformity process with its own code of ethics and politics and review, from time to time, the Corporation's code of ethics.

**3. Supervision of the Business of the Corporation**

- a) Approve the annual financial objectives, budgets and plan of action, including major capital allowances and expenditures;
- b) Approve the issuance of securities and any operation out of the normal course of the activities of the Corporation, including proposals regarding mergers, acquisitions and other important operations such as investments and investment withdrawals;

- c) Supervise executive management in order to ensure that the Corporation's daily activities are managed in a competent manner and in accordance with the business plan approved by the Board;
- d) Provide advice to executive management when required by the circumstances;
- e) Ensure that executive management understands the expectations of the Board, that the appropriate questions are presented to the Board and that it is kept informed of the feedback from the shareholders;
- f) Ensure that the Board may exercise its functions independently from executive management of the Corporation;
- g) Determine the expediency of declaring dividends and declare such dividends, where applicable;
- h) Review the financial information and monitor the integrity of the Corporation's internal control and management information systems;
- i) Consider and approve any modification to the present charter of the Board.

#### **4. Evaluation and Succession planning**

- a) Evaluate its own efficiency with regard to the performance of the aforementioned duties and the other responsibilities of each Director;
- b) Supervise the composition of the Board to ensure the effectiveness of the decision making process;
- c) Verify that the members of executive management have the required skills to accomplish their functions;
- d) Create necessary Board committees (including the mandatory Audit Committee), establish their mandates and choose their members;
- e) Recommend candidates for director positions to fill any vacancy on the Board;
- f) Ensure that all new directors are completely oriented in order that they fully understand the role of the Board and its committees, as well as the nature and operation of the Corporation's business;
- g) Evaluate and supervise the succession planning, in emergency circumstances, of the Chief Executive Officer and executive management; and
- h) Ensure that directors receive adequate continuing training and orientation.

## **5. Communication**

- a) Supervise the steps followed so that the Corporation conforms to its obligations of continuous and timely disclosure and avoids selective disclosure;
- b) Examine and approve the content of the principal disclosure documents, including the annual information form, press releases regarding quarterly and annual financial results as well as the corresponding financial statements, and the management proxy circular;
- c) Review, when necessary, the Corporation's communication policies.

## **6. Meeting attendance**

- a) To ensure the efficient performance of their responsibilities, the Board and Audit Committee shall meet periodically, at least once quarterly, while the other committees (if applicable) shall at least once a year;
- b) Unless prevented by circumstances beyond their control, all directors must attend all meetings of the Board or committee on which they sit;
- c) Before each meeting, the directors shall receive the documentation required for the following meeting. Each director shall be responsible for examining this documentation before that meeting opens.

## **7. Other**

Carry out any other appropriate duties and responsibilities pursuant to the legislative and regulatory requirements pertaining to its operations and to the by-laws of the Corporation.