

## REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee of the Board of Directors has responsibility for all corporate governance matters including making recommendations to the Board of Directors in relation to Board and standing committee composition. The Corporate Governance Committee also administers the self-assessment process for the Board, its standing committees and individual directors.

The committee is composed of Messrs. Claude Boivin, Chair of the committee, Jean Brassard, Thomas P. d'Aquino and Gerald T. Squire, all of whom are independent directors. The committee met four times during fiscal 2008.

Mr. Boivin's role and responsibilities as Chair of the Corporate Governance Committee are described under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs* below.

### Corporate Governance Practices

Adherence to high standards of corporate governance is a hallmark of the way CGI conducts its business. The disclosure that follows sets out CGI's corporate governance practices.

CGI's corporate governance practices conform to those followed by U.S. domestic companies under the *New York Stock Exchange* listing standards.

### CGI's Shareholders

CGI's shareholders are the first and most important element in the Company's governance structures and processes. At each annual general meeting, the Company's shareholders elect the members of the Company's Board of Directors and give them a mandate to manage and oversee the management of the Company's affairs for the coming year. Shareholders have the option of withholding their votes from individual directors, should they wish to do so.

In the normal course of operations, certain corporate actions which may be material to CGI are initiated from time to time by the Company's senior management and, at the appropriate time, are submitted to CGI's Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI's shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and standing committees, CGI's corporate governance practices and applicable corporate and securities legislation. Messrs. Serge Godin and André Imbeau, respectively CGI's *Founder and Executive Chairman of the Board*, and CGI's *Executive Vice-Chairman of the Board and Corporate Secretary*, are members of the Board of Directors of CGI and, as of December 12, 2008, beneficially owned, directly or indirectly, or exercised control or direction over, shares of CGI representing respectively 46.52% and 6.98% of the votes attached to all of CGI's outstanding voting shares.

### Mandate, Structure and Composition of the CGI Board of Directors

The Corporate Governance Committee and the Board of Directors are of the view that the size and composition of the Board of Directors and its standing committees are well suited to the circumstances of the Company and allow for the efficient functioning of the Board of Directors as an independent decision-making body.

### *Board of Directors and Committee Charters*

Each standing committee operates according to its charter approved by the Board of Directors which sets out the committee's duties and responsibilities. The Board of Directors and standing committee charters are contained in CGI's *Fundamental Texts* which may be found as Appendix A to CGI's *2008 Annual Information Form* which was filed with the Canadian securities regulatory authorities and which is available at [www.sedar.com](http://www.sedar.com) and on CGI's web site at [www.cgi.com](http://www.cgi.com). A copy of the *2008 Annual Information Form* will be provided promptly to shareholders upon request. The charters are hereby incorporated by reference from the *Fundamental Texts* as follows:

- Board of Directors charter ..... page 18
- Corporate Governance Committee charter ..... page 27
- Human Resources Committee charter ..... page 33
- Audit and Risk Management Committee charter..... page 38

The following table summarizes the structure, responsibilities and membership of each of the Company's standing committees.

COMMITTEE	MEMBERSHIP
<p><b>Audit and Risk Management Committee</b> Composed entirely of independent directors elected by CGI's shareholders, the Audit and Risk Management Committee is mandated by the Board of Directors to recommend the appointment of the external auditors and the terms of their engagement, review with the auditors the scope of the audit review; review with the auditors and management the effectiveness of the Company's accounting policies and practices, the Company's internal control procedures, programs and policies and the adequacy and effectiveness of the Company's internal controls over the accounting and financial reporting systems within the Company; review related party transactions; and review and recommend to the Board of Directors the approval of the Company's interim and audited annual financial statements and all public disclosure documents containing audited or unaudited financial information.</p>	<p>Eileen A. Mercier (Chair)  Robert Chevrier  Gerald T. Squire  Robert Tessier</p>
<p><b>Corporate Governance Committee</b> Composed entirely of independent directors elected by CGI's shareholders, the Corporate Governance Committee is responsible for developing the Company's approach to Board governance issues and the Company's response to corporate governance requirements and guidelines; reviewing the composition of the Board of Directors, its standing committees and members and recommending Board nominees; carrying out the annual Board of Directors self-assessment process; overseeing the orientation program for new directors; and helping to maintain an effective working relationship between the Board of Directors and management.</p>	<p>Claude Boivin (Chair)  Jean Brassard  Thomas P. d'Aquino  Gerald T. Squire</p>
<p><b>Human Resources Committee</b> Composed entirely of independent directors elected by CGI's shareholders, the Human Resources Committee is responsible for reviewing and making recommendations to the Board of Directors for the appointment of senior executives of the Company and for determining the terms of their employment; it also performs functions such as reviewing and making recommendations to the Board of Directors in relation to succession planning and the compensation of directors and senior executive officers, as well as such other matters that the committee may consider suitable with respect to compensation or as may be specifically directed by the Board of Directors from time to time.</p>	<p>David L. Johnston (Chair)  Claude Boivin  Claude Chamberland  Robert Chevrier</p>

## **Roles and Responsibilities of the Executive Chairman and of the CEO**

Elected by the shareholders, the Board of Directors has delegated to senior management the responsibility for day-to-day management of the business of the Company in accordance with the Company's *Operations Management Framework* which has been adopted by the Board of Directors. The *Operations Management Framework* sets out the overall authority of the Company's management team as well as the level of management approval required for the various types of operations and transactions that make up the ordinary course of the Company's business.

As a result of adjustments to the responsibilities of the Company's senior management which took effect on January 31, 2006, Serge Godin's title was changed to Founder and Executive Chairman of the Board and Michael E. Roach, previously President and Chief Operating Officer, became President and Chief Executive Officer ("CEO"). The Executive Chairman's role which includes responsibility for the office of the Executive Vice-Chairman, allows Mr. Godin to devote more time to the development and implementation of strategic initiatives, including strengthening the Company's partnerships with existing clients and fostering key relationships that lead to new business, including large outsourcing contracts and accretive acquisitions. The CEO reports to the Executive Chairman and for that reason the Executive Chairman is a senior executive officer of the Company and is not an independent chairman of the Board.

All operational and all other corporate functions report to the CEO who, jointly with the management team, develop the strategies and corporate objectives which are approved by the Board of Directors. Each year the Human Resources Committee assesses the performance of the management team in achieving the objectives and makes recommendations to the Board of Directors in relation to the vesting of stock options and the payment of bonuses to senior executives under the Company's *Profit Participation Plan*.

Taken together, the *Operations Management Framework* and the corporate objectives approved by the Board of Directors annually define the scope of management's authority and responsibilities, including those of the Executive Chairman and of the CEO, in relation to the Company's day to day operations and the attainment of its objectives. The Executive Chairman and the CEO table reports to the Board of Directors at each regularly scheduled Board meeting and their performance relative to objectives is assessed annually. Ultimately, the Board of Directors reports to the shareholders at the Annual General Meeting of shareholders.

## **Roles and Responsibilities of the Lead Director and Standing Committee Chairs**

### *Lead Director*

The Charter of the Board of Directors which is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* above), requires that the Board of Directors appoint a Lead Director from among the independent directors. The Lead Director is responsible for ensuring that the Board of Directors acts independently of the Company's management, is in full control of the Company's affairs, alert to its obligations to the shareholders and that it is in a position to evaluate management's performance objectively.

On February 5, 2008, as part of the normal Board of Directors succession process, Mr. Robert Chevrier took over as Lead Director, a position that Mr. Claude Boivin had held since January 2003.

In fulfilling his responsibilities the Lead Director provides input to the Executive Chairman in the preparation of Board of Directors meeting agendas, sets the agenda for and chairs the meetings of the independent directors, and leads the annual self evaluation process for the Board of Directors.

In conjunction with the Executive Chairman, the Lead Director facilitates the effective and transparent interaction of Board members and management. The Lead Director also provides feedback to the Executive Chairman and acts as a sounding board with respect to strategies, accountability, relationships and other issues.

#### *Standing Committee Chairs*

The role and responsibilities of each of the Chairs of the standing committees of the Board of Directors are set forth in the charter of each committee. The standing committee charters are incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* above).

The chair of each committee is responsible for leading the committee's work and, in that capacity, ensuring that the committee's structure and mandate is appropriate and adequate to support the discharge of its responsibilities, that the committee has adequate resources as well as timely and relevant information to support its work, and that the scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues. The committee chair is responsible for ensuring that the effectiveness of the committee is assessed on a regular basis.

The committee chair presides the committee's meetings and works with the Corporate Secretary and with the Executive Chairman and with the Company's concerned executive officers in setting both the calendar of the committee's meetings and the agendas for each meeting and has as well the authority to convene special meetings of the committee as the committee chair sees fit. The committee chair acts as liaison with the Company's management in relation to the committee's work program and ensures that the committee reports to the full Board of Directors at each subsequent meeting of the Board of Directors in relation to the committee's deliberations, decisions and recommendations.

#### **Criteria for Tenure on the CGI Board of Directors**

Each year, the Corporate Governance Committee reviews all of the Company's corporate governance practices as part of an exercise that takes place well in advance of the annual preparation and review of the Company's Management Proxy Circular, so that these policies, including those that govern the conditions for tenure on our Board of Directors, receive careful consideration apart from the year-end and annual general meeting preparation cycle.

#### *Independence*

CGI's corporate governance practices require that a majority of the members of CGI's Board of Directors be independent. This means that they must be and remain free from any material ties to the Company, its management and its external auditors that could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of the Company, and otherwise in keeping with industry best practices and the definitions of independence applicable under stock exchange and securities regulators' governance guidelines and rules.

The Board of Directors has concluded that the position of Lead Director, in place since 1996, ensures that the Board of Directors is able to act independently of management in an effective manner. The office of executive chairman of the board of the Company does not impair the ability of the Board of Directors to act independently. The Lead Director holds regular meetings of the independent directors without related directors present. The Lead director held six such meetings during the year ended September 30, 2008.

The Board of Directors has determined that the directors identified as being independent in this Management Proxy Circular do not have interests in or relationships with CGI or with either of CGI's significant shareholders, Messrs. Serge Godin, Founder and Executive Chairman of the

Board of CGI and André Imbeau, Founder, Executive Vice-Chairman of the Board and Corporate Secretary of CGI, that could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of the Company, and that they are therefore independent under the applicable guidelines and rules.

The independence of the Board of Directors and its standing committees is further enhanced because their charters provide that they may engage outside advisors as needed. In addition, individual directors may also engage outside advisors with the authorization of the Chair of the Corporate Governance Committee.

*Expertise and financial and operational literacy*

CGI's corporate governance practices require that all independent members of CGI's Board of Directors be both financially and operationally literate. The financial literacy of individual Board members need not be as extensive as that of members who sit on CGI's Audit and Risk Management Committee. Having operational literacy means that the director must have substantial experience in the execution of day to day business decisions and strategic business objectives acquired as a result of meaningful past experience as a chief executive officer or as a senior executive officer in another capacity but with a broad responsibility for operations.

The directors' experience and subject matter expertise is examined by the Corporate Governance Committee annually when it reviews and makes recommendations to the Board of Directors in relation to succession planning for the Board of Directors in the context of the Board of Directors and standing committee self-evaluation process (see the heading *Participation in the annual self-assessment process* below). Expertise in the industry vertical markets in which the Company operates, operational expertise and literacy, and financial literacy make up the key criteria that are used to select candidates for Board membership, to review and determine the composition of CGI's Board, and to assess the performance of directors annually as part of the annual Board of Directors and standing committee self-evaluation process. The Board's objective in relation to its composition is to ensure that it has expert representation for each of the Company's targeted vertical markets.

The members of the Board who serve on the Company's Audit and Risk Management Committee must be operationally literate and be financially literate in the sense of having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CGI's financial statements, and otherwise in keeping with applicable governance standards under applicable securities laws and regulations.

The Corporate Governance Committee and the Board of Directors have determined that all members of the Audit and Risk Management Committee are financially literate and that two of the members of the committee, the committee Chair, Mrs. Eileen A. Mercier and Mr. Robert Chevrier have financial expertise as required by the New York Stock Exchange corporate governance rules and the rules adopted by the U.S. *Securities and Exchange Commission* ("SEC") in accordance with the *Sarbanes Oxley Act of 2002*. Mrs. Mercier acquired her expertise during the course of her career including in her capacity as *Senior Vice-President and Chief Financial Officer* of Abitibi-Price Inc. from 1990 to 1995. Mr. Chevrier is a chartered accountant and was formerly CEO of Rexel Canada Inc. (formerly Westburne Inc.) and in that capacity supervised its principal financial officer.

The remaining members of the Audit and Risk Management Committee, Messrs. Gerald T. Squire and Robert Tessier, are financially literate in the sense that their knowledge and skills necessary to allow them to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CGI's financial statements.

Both Mr. Squire and Mr. Tessier acquired their financial literacy while serving as chief executive officers for Cooperators Group Limited and Gaz Métro Inc., respectively. In their roles as chief executive officers they were each responsible for the supervision of the chief financial officer of their respective companies and were ultimately responsible for operations as well as accounting and financial reporting. In addition, Mr. Squire held various management positions spanning his career of more than 47 years in the insurance business that also contributed to his financial literacy. Prior to his role at Gaz Métro Inc., Mr. Tessier had been President and Chief Executive Officer of Alstom Canada, a manufacturer of power and railway equipment, a position that similarly contributed to Mr. Tessier's financial literacy.

#### *Attendance at Board and Standing Committee Meetings*

The committee monitors director attendance and, in addition to considering attendance in relation to the recommendation for directors to be proposed for election at the Annual General Meeting of shareholders, the committee discloses the attendance record for all directors in the Management Proxy Circular. The overall attendance rate for CGI's Board of Directors for fiscal 2008, including special meetings, was 96% for the Board of Directors, 100% for the Audit and Risk Management Committee, 100% for the Human Resources Committee and 100% for the Corporate Governance Committee. Detailed meeting and attendance information is provided in the following table.

<b>Board and Standing Committee Meetings and Attendance</b>					
<b>Year ended September 30, 2008</b>					
<b>Director</b>	<b>Board Meetings Attended</b>		<b>Committee Meetings Attended</b>		
	6 regular, 2 special meetings		<b>Audit</b>	5 regular meetings	
			<b>Governance</b>	3 regular meetings, 1 special meeting	
			<b>Human Resources</b>	4 regular meetings	
Claude Boivin	8 of 8	100%	Governance (Chair)	4 of 4	100%
			Human Resources	4 of 4	100%
Bernard Bourigeaud	1 of 1 <sup>(a)</sup>	100%			
Jean Brassard	8 of 8	100%	Governance	3 of 3 <sup>(c)</sup>	100%
Claude Chamberland	7 of 8	89%	Human Resources	4 of 4	100%
Robert Chevrier	7 of 8	89%	Audit	5 of 5	100%
			Human Resources	4 of 4	100%
Thomas P. d'Aquino	7 of 8	89%	Governance	4 of 4	100%
Paule Doré	8 of 8	100%			
Serge Godin (Chair)	8 of 8	100%			
André Imbeau	8 of 8	100%			
David L. Johnston	7 of 8	89%	Human Resources (Chair)	4 of 4	100%
Eileen A. Mercier	7 of 8	89%	Audit (Chair)	5 of 5	100%
Michael E. Roach	8 of 8	100%			
C. Wesley M. Scott	7 of 7 <sup>(b)</sup>	100%	Audit	5 of 5	100%
			Audit	5 of 5	100%
Gerald T. Squire	8 of 8	100%	Governance	4 of 4	100%
			Governance	1 of 1 <sup>(d)</sup>	100%
Robert Tessier	8 of 8	100%	Audit	2 of 2 <sup>(c)</sup>	100%

- (a) Mr. Bourigeaud's attendance only reflects the meeting held after he joined the Board on August 14, 2008.
- (b) Mr. Scott's attendance only reflects meetings held prior to his leaving the Board on August 11, 2008.
- (c) Messrs. Brassard's and Tessier's attendance reflects attendance following their appointment to the committee.
- (d) Mr. Tessier's attendance reflects attendance prior to his leaving the committee.

#### *Share Ownership Guidelines for Directors*

A share ownership guideline was adopted for directors on June 15, 2004. CGI's directors are required to hold at least 10,000 Class A subordinate shares or DSUs within the later of i) three years of their election or appointment to the Board of Directors and ii) three years from the adoption of the guideline on June 15, 2004. All directors' holdings respect the guideline.

The share ownership on the part of the Company's independent directors and the date on which their holding must meet the minimum level of share ownership are set out in the following table.

Independent Directors' Share Ownership <sup>(a)</sup>							
Director	Year	Number of Class A shares	Number of DSUs	Total Number of shares and DSUs	Total "at risk" value of shares and DSUs <sup>(b)</sup>	Shares or DSUs to be acquired to meet minimum ownership level	Date by which minimum ownership level must be met
Claude Boivin	2008	104,596	6,169	110,765	\$974,732	n.a.	Complies with ownership guidelines
	2007	106,596	6,169	112,765	\$1,317,095		
	<b>Change</b>	<b>(2,000)</b>	-	<b>(2,000)</b>	<b>(\$342,363)</b>		
Bernard Bourgeaud	2008	-	-	-	-	10,000	August 14, 2011
	2007	n.a.	n.a.	n.a.	n.a.		
	<b>Change</b>	n.a.	n.a.	n.a.	n.a.		
Jean Brassard <sup>(c)</sup>	2008	1,593,886	-	1,593,886	\$14,026,196	n.a.	Complies with ownership guidelines
	2007	1,593,886	-	1,593,886	\$18,616,588		
	<b>Change</b>	-	-	-	<b>(\$4,590,391)</b>		
Claude Chamberland	2008	11,396	15,915	27,311	\$240,337	n.a.	Complies with ownership guidelines
	2007	11,396	12,367	23,763	\$277,552		
	<b>Change</b>	-	<b>3,548</b>	<b>3,548</b>	<b>(\$37,215)</b>		
Robert Chevrier	2008	10,000	10,200	20,200	\$177,760	n.a.	Complies with ownership guidelines
	2007	10,000	7,590	17,590	\$205,451		
	<b>Change</b>	-	<b>2,610</b>	<b>2,610</b>	<b>(\$27,691)</b>		
Thomas P. d'Aquino	2008	-	10,590	10,590	\$93,192	n.a.	Complies with ownership guidelines
	2007	-	6,520	6,520	\$76,154		
	<b>Change</b>	-	<b>4,070</b>	<b>4,070</b>	<b>\$17,038</b>		
David L. Johnston	2008	25,026	27,742	52,768	\$464,358	n.a.	Complies with ownership guidelines
	2007	26,771	22,896	49,667	\$580,111		
	<b>Change</b>	<b>(1,745)</b>	<b>4,846</b>	<b>3,101</b>	<b>(\$115,753)</b>		
Eileen A. Mercier	2008	15,774	13,830	29,604	\$260,515	n.a.	Complies with ownership guidelines
	2007	15,774	11,286	27,060	\$316,061		
	<b>Change</b>	-	<b>2,544</b>	<b>2,544</b>	<b>(\$55,546)</b>		
Gerald T. Squire	2008	25,000	19,214	44,214	\$389,083	n.a.	Complies with ownership guidelines
	2007	25,000	14,950	39,950	\$466,616		
	<b>Change</b>	-	<b>4,264</b>	<b>4,264</b>	<b>(\$77,533)</b>		
Robert Tessier	2008	11,000	16,664	27,664	\$243,443	n.a.	Complies with ownership guidelines
	2007	11,000	13,116	24,116	\$281,675		
	<b>Change</b>	-	<b>3,548</b>	<b>3,548</b>	<b>(\$38,232)</b>		

- (a) 2008 information is provided as of December 12, 2008 and 2007 information is provided as of December 11, 2007. The minimum ownership level for directors is 10,000 shares and/or DSUs.
- (b) Based on the closing prices of the Company's shares on the Toronto Stock Exchange on December 12, 2008 and December 11, 2007 respectively.
- (c) The number of shares shown for Mr. Brassard combines the 238,475 Class A subordinate voting shares and 1,355,411 Class B shares owned or controlled, directly or indirectly, by Mr. Brassard.

#### *Availability and Workload*

The Board of Directors has endorsed the Corporate Governance Committee's recommendation not to adopt formal guidelines on the number of boards or committees on which independent directors may sit on the basis that the contribution of each director to the work of the Board of Directors forms part of the Board of Directors self-assessment process and that arbitrary limits might not serve the interests of the Company.

Mrs. Eileen A. Mercier serves on the audit committees of three other companies, Mr. Robert Chevrier serves on two other audit committees and Messrs. Squire and Tessier each serve on the audit committee of one other company. The Board of Directors and the Corporate Governance Committee have determined that the service of the members of the Audit and Risk Management Committee on those other committees does not impair their capacity to serve the Company's Audit and Risk Management Committee effectively.

### *Conflicts of Interest*

A process is in place for directors to acknowledge annually CGI's *Code of Ethics and Business Conduct* in the same way as officers and employees, and all the directors have done so. All directors have also declared their interests in all other companies where they serve as directors or officers. The Board of Directors has endorsed the Corporate Governance Committee's recommendation to maintain the practice of having directors tender their resignation for consideration upon a major change in their principal occupation.

### *Participation in the orientation and education program*

Each new director participates in a formal orientation and education program. The program consists of a detailed presentation of the Company's current three year strategic plan, coupled with a series of meetings between the new director and i) the Founder and Executive Chairman of the Board, ii) the Lead Director, iii) the President and Chief Executive Officer, iv) the chair of each standing committee to which the director will be assigned, and v) other key senior executive officers of the Company. Depending on the director's experience and background and the results of the executive meetings, additional meetings may be scheduled. In addition to the executive briefings, new directors receive the *CGI Director Reference and Orientation Binder*, a comprehensive set of documents containing both public and non-public information concerning the Company, which includes, detailed information in relation to the Company; its operations; financial condition; management structure; policies and public disclosure record; the work programs and minutes of past meetings of the Board of Directors and of its standing committees; biographies of CGI's key senior officers; and materials related to the director's duties and responsibilities, including, a synopsis of the Company's insurance coverage for directors and officers liability; CGI's *Guidelines on Timely Disclosure of Material Information and Transactions in Securities by Insiders* (see the heading *Guidelines on Disclosure of Information* below); and the Company's process for reporting transactions in its shares carried out by its insiders.

In addition to the formal orientation program, presentations on a variety of topics are provided to the Board of Directors by management on a regular basis and directors receive updates on business and governance initiatives as well as responses to questions raised by the members of the Board of Directors from time to time. Directors who wish to do so may make arrangements with the Corporate Secretary to participate, at CGI's expense, in board-level industry associations or conferences, to attend continuing education courses that are relevant to their role as a director of the Company or otherwise to pursue activities that contribute in a meaningful way to the value they bring to CGI's Board of Directors.

### *Participation in the annual self-assessment process*

The Lead Director, in concert with the Corporate Governance Committee, coordinates an annual self-assessment of the effectiveness of the Board of Directors as a whole, of the standing committees of the Board, and of the contribution of individual directors. The Corporate Governance Committee is also responsible for establishing the competencies, skills and personal qualities it seeks in new Board members with a view to adding value to the Company, and directors are assessed against the contribution they are expected to make. This assessment is based on annual questionnaires to which directors respond.

Separate questionnaires cover the assessment of the Board as a whole and the individual directors' contributions. Once the responses are received by the Lead Director, he compiles and analyses the results. He then discusses the self assessments with each director. Following the one-on-one discussions with directors, the Lead Director then reviews the overall results of the self-assessment process with the Founder and Executive Chairman of the Board, and with the chairs of the standing committees. The Corporate Governance Committee then meets to review the results of the self-assessment process and subsequently presents the final result to the Board of Directors for discussion.

The Board of Directors reviews the assessment of its performance and the recommendations provided by the Corporate Governance Committee annually with the objective of increasing the Board's effectiveness in carrying out its responsibilities. The Board of Directors takes appropriate action based on the results of the review process.

#### *Retirement Age and Director Term Limits*

The Board of Directors has endorsed the Corporate Governance Committee's recommendation not to adopt a formal retirement age or term limits for directors.

CGI's success is due in large measure to the Company's experience and expertise in its vertical markets. The selection criteria for CGI's Board of Directors which are explained above under the heading *Expertise and financial and operational literacy* recognize this and are designed to ensure that the Company has subject matter experts on the Board of Directors who can effectively provide intelligence, experience, expertise and business and operational insight into each of the Company's industry vertical markets. Qualified directors who meet our selection criteria are in very short supply, particularly because conflicting commitments eliminate many individuals who could otherwise be valuable candidates for service on the Company's Board of Directors.

Imposing a term limit or an arbitrary retirement age would unnecessarily expose the Company to losing valuable resources that could not be easily replaced. The Corporate Governance Committee and the Board of Directors are therefore of the view that a mandatory retirement age or term limits might arbitrarily and needlessly deprive the Board of Directors of valuable resources.

As with the other aspects of our corporate governance practices, director term limits and the Board of Directors retirement policy are reviewed annually. When the time comes to discuss term limits or a retirement age, the directors who would be affected in the event that such limits were adopted, withdraw from the meeting and abstain from voting on the matter.

#### **Nomination Process for the Board of Directors**

The responsibility for nominating candidates to the Company's Board of Directors ultimately lies with the Board of Directors. The Board of Directors relies on the nomination recommendations of the Corporate Governance Committee.

Based on the results of the Board of Directors self-evaluation (see the heading *Participation in the annual self-assessment process* above) or on its own assessment from time to time of the needs of the Company, the committee may recommend that the composition of the Board or its standing committees be varied in order to ensure that it continues to serve the best interests of the Company and to ensure an appropriate succession of directors. By way of example, when it is appropriate to do so, additional directors may be appointed to committees so as to ensure that knowledge is passed along in order to facilitate a smooth transition should the need arise.

When changes to Board composition are required, potential candidates are identified on the basis of their expertise and knowledge in the industry vertical markets in which the Company operates and their operational and financial literacy. The Corporate Governance Committee, the Executive Chairman, the Chair of the Corporate Governance Committee and the Lead Director consult with each other with respect to the actions to be taken and the necessary steps are then taken to evaluate the candidates and confirm their willingness to serve on the Board of Directors.

Once the selection of candidates is made, the committee recommends to the Board of Directors that the candidate or candidates be either appointed by the Board of Directors if there is a vacancy to be filled, or be nominated for election at the next meeting of shareholders.

In August 2008, Mr. C. Wesley M. Scott stepped down from the Board of Directors following seven years as a director of the Company during which his experience and financial acumen made a valuable contribution to the Company's success. On the recommendation of the Corporate Governance Committee, the Board appointed Mr. Bernard Bourigeaud to fill the vacancy resulting from Mr. Scott's departure. Mr. Bourigeaud brings vast experience in information technology, finance and consulting to the Company's Board as well as a deep understanding of the global market place for information technology services that will contribute to the execution of the Company's global strategy.

### **Board of Directors Participation in Strategic Planning**

The Board of Directors is directly and closely involved in the preparation and approval of CGI's rolling three-year strategic plan which is reviewed and assessed annually by the Board of Directors.

CGI has adopted a bottom-up process for budgeting and strategic planning in order to ensure that the resulting business plan is as closely attuned as possible to maximizing the Company's business opportunities and mitigating operational and other risks. The Board of Directors receives a detailed briefing early in the planning process covering all aspects of CGI's strategic planning so that the directors may contribute to the process in a meaningful way before the final business plan has taken shape.

For example, in 2005 the Company modified its strategic planning process by shifting from a static three year plan to a rolling three year plan. For that purpose the Board of Directors met to review and discuss the first iteration of the rolling three-year plan in early February 2005. The directors received additional information and had the opportunity to contribute to the planning process during subsequent Board meetings and the first rolling three year plan was approved by the Board in September 2005. In subsequent years, in keeping with the new three-year rolling format, the strategic plan is presented for discussion with the directors in July and it is subsequently approved in September. The shift to a rolling three-year planning process provides a greater opportunity for the directors to contribute to the strategic planning process. In addition to the formal planning process, every Board meeting agenda features a standing item entitled *Directors' Round Table* that serves as a forum for continuing free-ranging discussion between the Board and management in relation to the Company's strategic direction.

### **Guidelines on Disclosure of Information**

CGI's *Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders* adopted by CGI's Board of Directors (the "Guidelines") set out the essential principles underlying the Company's disclosure practices in keeping with the rules of regulatory authorities and best disclosure practices. The Guidelines are contained in CGI's *Fundamental Texts* which may be found as Appendix A to CGI's *2008 Annual Information Form* which was filed with the Canadian securities regulatory authorities and which is available at [www.sedar.com](http://www.sedar.com) and on CGI's web site at [www.cgi.com](http://www.cgi.com). A copy of the *2008 Annual Information Form* will be provided promptly to shareholders upon request.

Under the Guidelines, the Board of Directors has the responsibility to oversee the content of the Company's major communications to its shareholders and the investing public. The Board of Directors believes that it is management's role to communicate on behalf of the Company with its shareholders and the investment community. The Company maintains an effective investor relations process to respond to shareholder questions and concerns. In 2004 the Company adopted the *CGI Shareholder Partnership Management Framework* ("SPMF"). The SPMF structures the processes and information flows between CGI and its shareholders as well as with the investment community, including both the buy-side (institutional investors) and sell-side (investment dealers) research analysts. CGI obtained ISO 9001 certification for the application of the SPMF in the Company's operations.

As part of the SPMF process, CGI conducts a survey of sell-side analysts and institutional shareholders annually as a means of measuring shareholder satisfaction. The survey is designed to provide insights so that the Company can improve its investor relations program.

In 2008, CGI's shareholder satisfaction assessment program was changed so that it is now based on a scale of one to six rather than a scale of one to ten. The change was made to facilitate the comparison of the result obtained by CGI to similar assessments carried out by other public companies. The 2008 assessment process returned an overall score for CGI of 4.8 out of six which compares very favourably to the average score for other public companies of 4.6 out of six.

Following the annual assessment, suggestions for improvement received in the course of the survey are acted upon as a means of assuring continuous improvement.

The Board of Directors reviews and, where required, approves statutory disclosure documents prior to their dissemination to the market and to the Company's shareholders.

The Charter of the Board of Directors which is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* above) provides that directors' duties include the oversight of the integrity of the Company's internal control and management information systems. The Audit and Risk Management Committee has the primary responsibility under its charter to review the internal control and management information systems of the Company. The committee reports to the Board of Directors in that regard.

### **Directors' Compensation**

The Human Resources Committee reviews directors' compensation periodically. In determining directors' remuneration, the committee considers the directors' time commitment, directors' compensation offered by the companies comprised in the reference group of companies used as a guide in determining compensation matters, and the risks and responsibilities that the directors of the Company assume in keeping with roles of the Board of Directors and of the standing committees. See the heading *Compensation of Directors* in the report of the Human Resources Committee above.

### **Codes of Ethics and Business Conduct**

CGI's *Code of Ethics and Business Conduct* and its *Executive Code of Conduct* are contained in CGI's *Fundamental Texts* which may be found as Appendix A to CGI's 2008 *Annual Information Form* which was filed with the Canadian securities regulatory authorities and which is available at [www.sedar.com](http://www.sedar.com) and on CGI's web site at [www.cgi.com](http://www.cgi.com). A copy of the 2008 *Annual Information Form* will be provided promptly to shareholders upon request.

All of CGI's members, officers and directors are subject to CGI's *Code of Ethics and Business Conduct* that must be reviewed and acknowledged by each member, officer and director on an annual basis.

The Board of Directors monitors compliance with the *Code of Ethics and Business Conduct* and under the Board of Directors charter is responsible for any waivers of the codes' provisions granted to directors or officers. No such waivers have been granted to date.

It is the Corporate Governance Committee that is principally responsible for the annual review of the *Code of Ethics and Business Conduct*, overseeing compliance with the code of ethics, reviewing any request to waive or exempt from its application, and making recommendations on these matters to the Board of Directors.

Under the terms of the *Code of Ethics and Business Conduct* all of CGI's members are required to comply with the code and to see that it is complied with. The code requires that infractions be reported to management and the corporate secretary is specifically mandated with receiving reports of infractions and reporting them to the Corporate Governance Committee and to the Board of Directors.

The Board of Directors has established procedures approved by the Audit and Risk Management Committee for the receipt, retention, and treatment of complaints regarding accounting, internal accounting control or auditing matters as well as other breaches of the *Code of Ethics and Business Conduct* or of the *Executive Code of Conduct*. In that regard, the Company adopted the *CGI Serious Ethical Incidents Reporting Policy* which allows members who wish to submit a complaint to do so via a third party ethics reporting hotline and secure web site which assures that members who wish to preserve their anonymity are able to do so with confidence. The Audit and Risk Management Committee is primarily responsible for receiving and dealing with these incident reports. A report on the process and on incident reports received is provided quarterly to the Audit and Risk Management Committee by the head of the internal audit department.

A program for the integration of new members ensures that new members receive an orientation that familiarizes them with CGI's policies, their responsibilities as members and the benefits to which they are entitled. In order to ensure that all our members are aware of the importance that the Company attaches to compliance with the *Code of Ethics and Business Conduct*, each new member is informed about the code and the process for reporting ethics breaches, and is required to undertake in writing to comply with the code. This written undertaking is renewed annually at the same time as the member's evaluation.

CGI's *Leadership Institute* regularly provides an intensive series of courses designed to ensure that new managers are familiar with CGI's methods of operation and its policies, including the *Code of Ethics and Business Conduct* and the process for reporting breaches.

In addition, the Company provides an electronic portal that ensures that all members have access to the Company's policies, including the code of ethics and the process for reporting breaches.

These measures are augmented by the internal audit department, the internal controls review function, and the law department, each of which tables a quarterly report with the Audit and Risk Management Committee on the matters for which they are responsible. These reports may include reports of breaches of the code of ethics when such breaches are raised in internal audit mandates or in claims made against the Company.

In addition to CGI's *Code of Ethics and Business Conduct*, CGI's principal executive and financial officers, including the *Founder and Executive Chairman of the Board*, the *Founder, Executive Vice-Chairman of the Board and Corporate Secretary*, the *President and Chief Executive Officer* and the *Executive Vice-President and Chief Financial Officer*, the principal accounting officer or controller, and other persons performing similar functions, are subject to CGI's *Executive Code of Conduct* which they are required to review and acknowledge on an annual basis.

### **Relationship with Shareholders**

In accordance with the recommendation of the Human Resources Committee, the vesting of stock options is linked to the Company's performance in relation to the objectives of profitability and growth set by the Board of Directors on the recommendation of the Human Resources Committee. CGI now provides for the vesting of stock options entirely dependent on the achievement of our objectives, with forfeiture of options that do not vest. See the heading *Vesting results for the options granted in respect of the 2008 fiscal year* above.

CGI implemented the SPMF which forms part of the Company's ISO certification. See the heading *Guidelines on Disclosure of Information* above for a more detailed discussion of the SPMF.

## Decisions Requiring the Consent of CGI's Shareholders

In the normal course of operations certain corporate actions which may be material to CGI are initiated from time to time by the Company's senior management and, at the appropriate time, are submitted to CGI's Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI's shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and standing committees, CGI's corporate governance principles and applicable corporate and securities legislation. Messrs. Serge Godin and André Imbeau, respectively CGI's *Founder and Executive Chairman of the Board* and *Founder, Executive Vice-Chairman of the Board and Corporate Secretary*, are members of the Board of Directors of CGI and, as of December 12, 2008, beneficially owned, directly or indirectly, or controlled or directed shares of CGI representing respectively 46.52% and 6.98% of the votes attached to all of CGI's outstanding voting shares.

## REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Board of Directors is composed entirely of independent directors who meet the independence and experience requirements of *National Instrument 52-110* adopted by the *Canadian Securities Administrators* as well as those of the *New York Stock Exchange* and of the U.S. *Securities and Exchange Commission*.

The Audit and Risk Management Committee is composed of Mrs. Eileen A. Mercier, Chair of the committee, and Messrs. Robert Chevrier, Gerald T. Squire and Robert Tessier. The committee met five times during fiscal 2008. Mrs. Mercier's role and responsibilities as Chair of the Audit and Risk Management Committee are described above in the report of the Corporate Governance Committee under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs*.

The role and responsibilities of the Audit and Risk Management Committee are contained in the committee's charter. The Audit and Risk Management Committee's charter forms part of CGI's *Fundamental Texts* and the charter is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the CGI Board of Directors* above) and is available on CGI's web site at [www.cgi.com](http://www.cgi.com). The responsibilities of the Audit and Risk Management Committee include, among others:

- (a) reviewing all public disclosure documents containing audited or unaudited financial information concerning CGI;
- (b) identifying and examining the financial and operating risks to which the Company is exposed and reviewing the various policies and practices of the Company that are intended to manage those risks. The Audit and Risk Management Committee regularly reports to the Board of Directors concerning risk management;
- (c) reviewing and assessing the effectiveness of CGI's accounting policies and practices concerning financial reporting;
- (d) reviewing and monitoring CGI's internal control procedures, programs and policies and assessing their adequacy and effectiveness;
- (e) reviewing the adequacy of CGI's internal audit resources including the mandate and objectives of the internal auditor;
- (f) recommending to the Board of Directors the appointment of the external auditors, asserting the external auditors' independence, reviewing the terms of their engagement and pursuing ongoing discussions with them;

- (g) reviewing all related party transactions in accordance with the rules of the *New York Stock Exchange* and other applicable laws and regulations;
- (h) reviewing the audit procedures including the proposed scope of the external auditors' examinations; and
- (i) such other responsibilities that are usually attributed to audit committees or as directed by the Board of Directors.

### **External Auditors' Independence**

The Audit and Risk Management Committee is required to assert the independence of CGI's external auditors. To this end, the Audit and Risk Management Committee entertains discussions with the external auditors on applicable criteria and obtains yearly confirmations from them as to their independence.

### **Auditor Independence Policy**

In order to satisfy itself as to the independence of the external auditors, the Audit and Risk Management Committee has adopted an auditor independence policy which covers (a) the services that may and may not be performed by the external auditors, (b) the governance procedures to be followed prior to retaining services from the external auditors, and (c) the responsibilities of the key participants. The following is a summary of the material provisions of the policy.

#### *Performance of Services*

Services are either acceptable services or prohibited services.

The acceptable services are: (a) audit and review of financial statements, (b) prospectus work, (c) audit of pension plans, (d) special audits on control procedures, (e) tax planning services on mergers and acquisitions activities, (f) due diligence relating to mergers and acquisitions, (g) tax services related to transfer pricing, (h) sales tax planning, (i) research and interpretation related to taxation, (j) research relating to accounting issues, (k) proposals and related services for financial structures and large tax planning projects, (l) preparation of tax returns, and (m) all other services that are not prohibited services.

The prohibited services are: (a) bookkeeping services, (b) design and implementation of financial information systems, (c) appraisal or valuation services or fairness opinions, (d) actuarial services, (e) internal audit services, (f) management functions, (g) human resources functions, (h) broker-dealer services, (i) legal services, (j) services based on contingency fees, and (k) expert services.

#### *Governance Procedures*

The following control procedures are applicable when considering whether to retain the external auditors' services:

For all services falling within the permitted services category, whether they are audit or non-audit services, a request for approval must be submitted to the Audit and Risk Management Committee through the *Executive Vice-President and Chief Financial Officer* prior to engaging the auditors to perform the services.

In the interests of efficiency, certain permitted services are pre-approved quarterly by the Audit and Risk Management Committee and thereafter only require approval by the *Executive Vice-President and Chief Financial Officer* as follows:

- The Audit and Risk Management Committee can pre-approve envelopes for certain services to pre-determined dollar limits on a quarterly basis;
- Once pre-approved by the Audit and Risk Management Committee, the *Executive Vice-President and Chief Financial Officer* may approve the services prior to the engagement;
- For services not captured within the pre-approved envelopes and for costs in excess of the pre-approved amounts, separate requests for approval must be submitted to the Audit and Risk Management Committee; and
- At each meeting of the Audit and Risk Management Committee, a consolidated summary of all fees by service type is presented including a break down of fees incurred within each of the pre-approved envelopes.

#### *Key Participants' Responsibilities*

Management and the Audit and Risk Management Committee are the two key participants.

The primary responsibilities of management are: (a) creating and maintaining a policy that follows Canadian and U.S. auditor independence standards, (b) managing compliance with the policy, (c) reporting to the Audit and Risk Management Committee all mandates to be granted to the external auditors and (d) monitoring and approving services to be performed within the pre-approved envelopes.

The primary responsibilities of the Audit and Risk Management Committee are: (a) nominating the external auditors for appointment by the Company's shareholders, (b) approving fees for audit services, (c) approving the auditor independence policy and amendments to the policy, (d) monitoring management's compliance with the policy, (e) obtaining yearly confirmations of independence from the external auditors, (f) monitoring five-year audit partner rotation requirements, (g) monitoring the twelve-month "cooling off" period when hiring members of the audit engagement team in a financial reporting oversight role, (h) reviewing the appropriateness of required audit fee disclosure, (i) interpreting the policy in the event that its application is unclear and (j) approving all auditor mandates or pre-approving envelopes for specific services.

It is clear under the Auditor Independence Policy that the Audit and Risk Management Committee has the ultimate responsibility to assert the independence of CGI's external auditors.

#### **Related Party Transactions**

The Audit and Risk Management Committee that is made up entirely of independent directors is responsible under its charter for reviewing and making recommendations to the Board of Directors in relation to any transaction in which a director or a member of senior management has an interest. To the extent that it is necessary to do so, the committee may retain outside advisors to assist it in reviewing related party transactions.

For more important transactions, the Board of Directors generally establishes an *ad hoc* committee made up entirely of independent directors that is mandated to review the transaction and to make a recommendation to the Board. Such committees may retain independent legal and accounting advisors to assist them in reviewing the transaction.

Whether it is the Audit and Risk Management Committee or an *ad hoc* committee, the committee mandated with reviewing the transaction tables its report with the Board of Directors and it is the Board of Directors that has the responsibility of approving the transaction if it determines that it is appropriate to do so.

### Fees Paid to External Auditors

During the years ended September 30, 2008 and September 30, 2007, CGI paid the following fees to its external auditors:

Service retained	Fees paid	
	2008	2007
Audit fees	\$3,786,221	\$4,366,192
Audit related fees <sup>(a)</sup>	\$2,823,827	\$1,984,671
Tax fees <sup>(b)</sup>	\$617,221	\$812,281
All other fees <sup>(c)</sup>	-	\$6,625
<b>Total fees paid</b>	<b>\$ 7,227,269</b>	<b>\$7,169,769</b>

- (a) The audit related fees paid to the external auditors for the years ended September 30, 2008 and September 30, 2007 were in relation to service organization control procedures audits, accounting consultations and employee benefit plan audits.
- (b) The tax fees paid to the external auditors for the years ended September 30, 2008 and September 30, 2007 were in relation to tax planning services on mergers and acquisitions and reorganization activities, research and interpretation related to taxation, support activities related to tax audit and preparation of personal tax returns, principally on behalf of expatriates. None of the persons for whom tax returns were prepared were officers of the Company.
- (c) The other fees paid to the external auditors for the year ended September 30, 2007 were for advisory services related to human resources matters.

### OTHER BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING

Management of the Company is not aware of any matter to be submitted at the Meeting other than the matters set forth in the Notice of Meeting. Every proxy given to any person in the form of proxy that accompanied this Management Proxy Circular will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

### ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Corporate Secretary of the Company, a copy of this *Management Proxy Circular*, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this *Management Proxy Circular*.

Additional financial and other information relating to the Company is included in its 2008 audited annual and unaudited quarterly financial statements, annual and quarterly *Management's Discussion and Analysis of Financial Position and Results of Operations* and other continuous disclosure documents which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). For additional copies of this *Management Proxy Circular* or other financial information, please contact Investor Relations by sending an e-mail to [ir@cgi.com](mailto:ir@cgi.com), by visiting the Investors section on the Company's Web site at [www.cgi.com](http://www.cgi.com) or by contacting us by mail or telephone:

Investor Relations  
 CGI Group Inc.  
 1130 Sherbrooke Street West  
 7th Floor  
 Montreal, Quebec  
 H3A 2M8  
 Canada  
 Tel.: (514) 841-3200

**APPROVAL BY THE DIRECTORS**

The Board of Directors of the Company has approved the content and the delivery of this Management Proxy Circular.

A handwritten signature in black ink, reading "Serge Godin". The signature is written in a cursive, flowing style with a large initial 'S'.

Serge Godin  
Founder and Executive  
Chairman of the Board

