

**AMENDMENT NO. 1 DATED APRIL 1<sup>st</sup>, 2021  
TO THE SHORT FORM PROSPECTUS DATED DECEMBER 11, 2020**

*No securities regulatory authority has expressed an opinion on the merits of the securities offered under this prospectus and any representation to the contrary is an offence.*

Continuous distribution

April 1<sup>st</sup>, 2021



Class “A” Shares, Series 1 and Series 2

The prospectus of Fondaction, le Fonds de développements de la Confédération des syndicats nationaux pour la coopération et l’emploi (hereinafter “Fondaction” or the “Fund”) dated December 11, 2020 is amended as set out below to take into account the fiscal policy announced by the Québec Minister of Finance on March 25, 2021 in his 2021-2022 Budget speech.

1. Section 5 entitled “Participation and subscription” is amended by adding the following subtitle immediately following the fifth paragraph:

*Fiscal years ending May 31, 2019, Mai 31, 2020 and May 31, 2021:*

2. Section 5 entitled “Participation and subscription” is amended by adding the following paragraph above subsection 5.1 entitled “Persons who should invest in Fondaction”:

*Fiscal years beginning as of June 1, 2021:*

*In the 2021-2022 Budget announced by the Québec Minister of Finance on March 25, 2021, the Québec government confirmed that it would not renew the 5% tax credit improvement and has not imposed limitations on the distributions of Class “A” Shares during a fiscal year. As a result, effective for the fiscal year beginning on June 1, 2021, the tax credit rate applicable against Québec income tax upon the purchase of Fondaction shares shall be 15% (see “Tax Credits”). Also, effective for the fiscal year beginning on June 1, 2021, Fondaction may, at its discretion, decide to suspend the issuance of Class “A” Shares during any fiscal year. Any such limitation would be announced by the issuance of a press release describing the terms and conditions thereof. Fondaction intends to promote systematic subscription methods and would therefore mainly limit subscriptions by way of lump-sum payment.*

3. Subsection 6.1 entitled “Changes in share price” is amended by adding the following at the end of the table:

- *November 30, 2020: \$14.07*

4. Subsection 9.1 entitled "Tax credits" is amended by repealing the second paragraph and adding the following paragraphs after the first paragraph:

*Effective for the fiscal year beginning as of June 1, 2021, the purchase of Fondation shares will be eligible for two tax credits totaling 30% of the amount paid to acquire shares of the Fund. The tax credit granted by the Québec government for labour-sponsored funds is 15%. The subscriber also benefits from a 15% credit against the federal tax payable. As of that date, a subscriber to Fondation shares will therefore be able to deduct from his or her income tax payable under Québec and federal income tax legislation an amount equal to 30% of the amount paid to acquire shares in the year or within 60 days after the end of each calendar year.*

*Until May 31, 2021, the maximum total amount of income tax savings that an individual can obtain using both tax credits is \$1,000 in Québec and \$750 at the federal level, which represents the purchase of \$5,000 worth of Fondation shares. Effective as of June 1, 2021, the maximum total amount of income tax savings that an individual can obtain using both tax credits will be \$750 in Québec and \$750 at the federal level, which represents the purchase of \$5,000 worth of Fondation shares.*

#### **RIGHT OF RESCISSION**

The Québec *Securities Act* grants purchasers a right of cancellation only within two business days after the receipt of a prospectus or any amendment thereto.

This Act also provides a purchaser with remedies for rescission, price review or, in some cases, damages arising from investment operations where the prospectus contains false or misleading information or is not delivered to the purchaser, but the purchaser must exercise such remedies within the prescribed time limits. Please refer to any applicable legislation and consult with a legal advisor, when applicable.

**CERTIFICATE OF FONDACTION AS AN INVESTMENT FUND AND INVESTMENT FUND MANAGER**

April 1<sup>st</sup>, 2021

This short form prospectus dated December 11, 2020 and amended herein, together with the documents incorporated by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered, as required under the securities legislation of the Province of Québec.

by : (s) Geneviève Morin  
President and Chief Executive Officer

by : (s) Patrick Cabana  
Vice-President and Chief Financial Officer

On behalf of the Board of Directors of Fondaction,

by : (s) Jacques Létourneau  
Chairman of the Board of Directors

by : (s) Louise St-Jacques  
Director



**SHORT FORM PROSPECTUS RELATING TO  
THE OFFERING OF SERIES 1 AND SERIES 2 CLASS “A”  
SHARES OF FONDACTION,  
LE FONDS DE DÉVELOPPEMENT  
DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX  
POUR LA COOPÉRATION ET L’EMPLOI**

**DECEMBER 11, 2020**



No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi at 2175 De Maisonneuve Boulevard East, Suite 103, Montréal, Québec H2K 4S3; by telephone at 514-525-5505 or 1-800-253-6665; by email at [info.actionnaires@fondaction.com](mailto:info.actionnaires@fondaction.com); on its website at [fondaction.com](http://fondaction.com); or on the SEDAR website at [www.sedar.com](http://www.sedar.com).**

Continuous distribution

December 11, 2020

## SHORT FORM PROSPECTUS



### Series 1 and Series 2 Class “A” Shares

The Series 1 Class “A” shares (for the transfer to an RRSP or any other recognized registered plan) and Series 2 Class “A” shares (for holding outside an RRSP) of Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (“**Fondaction**” or the “**Fund**”), as described in this prospectus are offered solely in Québec, and only individuals may subscribe for such shares.

SHARE PRICE	INVESTMENT COMMISSION	PROCEEDS RECEIVED BY THE FUND
\$12.59	None	\$12.59

The price per share is determined twice a year by the Board of Directors of Fondation, based on the audited financial statements of Fondation as at November 30 and May 31. Fondation plans to announce this price in a press release on or about December 23, 2020 and June 23, 2021 for fiscal 2020-2021 (see “Valuation of shares and share price”). Therefore, the price may vary depending on the subscription date. Fondation could limit the issuance of Class “A” shares for the current fiscal year (see “Participation and subscription”).

***Class “A” shares constitute a speculative investment suitable only for investors who can invest for the long term.***

***Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required under its terms remains the same even if the securities decrease in value.***

***No broker has participated in the preparation or examined the content of the short form prospectus.***

There is no market for trading Class “A” shares and it is not expected that such a market will be created, except with regard to the redemption rights provided by the *Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi*, which include

redemption within 60 days of the date of subscription, of the first payroll deduction or of the first account withdrawal, as the case may be, and with regard to purchases by agreement or transfers authorized by Fondation, subject to certain conditions set forth in a policy to this effect. This affects the liquidity of Class “A” shares (see “Redemption and purchase by agreement of shares” and “Restrictions on transfers of shares”, as well as “Risk factors” below).

### **Application of proceeds from issuance**

The proceeds from this issuance will be used to make development capital investments in accordance with the Fund’s mission and to purchase other investments (financial investments) on the market, as provided for in the financial investment policy (other investments) (see “Portfolio asset management”), as well as to cover operating costs related to all the Fund’s activities, including expenses related to this issuance.

Since 2006, Fondation has been exempted from the requirement of having its shares listed on an eligible exchange, pursuant to section 2.2 of Regulation 44-101, and has thereby qualified for the short form prospectus regime.

**Because of the special characteristics and inherent risks of this investment, every person should carefully review the information contained herein before making an investment decision. The shares offered hereunder are subject to certain risk factors (see “Risk factors”).**

<b>SUMMARY OF THE FEES TO BE PAID BY INVESTORS</b>	
Participation fees for new shareholders:	N/A
Annual fees:	N/A
Redemption or transfer fees:	N/A
Fees for the exchange of Class “B” shares for Class “A” shares:	N/A
Fees for transfer to an RRSP account or a RRIF account:	N/A
Fees to open an RRSP account or a RRIF account:	N/A
Total operating expense ratio as at May 31, 2020:	2.93%

This short form prospectus presents a concise account of the information pertaining to Fondation that all persons should read before deciding to subscribe.

The disclosure documents, listed hereinbelow and filed with the Autorité des marchés financiers are an integral part of the short form prospectus, and copies of the documents incorporated herein by reference may be obtained on request without charge from Fondation at 2175 De Maisonneuve Boulevard East, Suite 103, Montréal, Québec H2K 4S3 or on the Fondation website at [www.fondaction.com](http://www.fondaction.com) or on the SEDAR website at [www.sedar.com](http://www.sedar.com):

- the audited financial statements, the audited cost statement of development capital investments;
- the statement of other investments (unaudited), the index of the share of Fondation in the cost of investments made by partner or specialized funds (unaudited), and Management’s Discussion and Analysis (the “MD&A”) for the fiscal year ended May 31, 2020;
- the 2019-2020 notice of the 25<sup>th</sup> Annual General Meeting;
- the annual information form dated December 11, 2020;
- any material change report.

**These documents and the updates thereof are incorporated by reference in this short form prospectus and legally form an integral part hereof, provided they are not amended or replaced by a declaration in this prospectus or in any other document filed subsequently and incorporated or deemed to be incorporated by reference herein.**

**All of these documents constitute the permanent information record.**

The Québec *Securities Act* establishes certain rights for holders which are described in this short form prospectus.

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## 1. FONDACTION, LE FONDS DE DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX POUR LA COOPÉRATION ET L'EMPLOI

**Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi** (hereinafter called “Fondation” or the “Fund”) is an investment fund intended primarily to provide funding to Québec enterprises in order to maintain or create jobs, stimulate the economy, contribute to the training of Québec’s working men and women, and promote their participation in the development of such enterprises.

Fondation is a business corporation constituted at the initiative of the Confédération des syndicats nationaux (CSN). The Fund was established by the *Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi* (hereinafter referred to as the “Act”) and is deemed to have been constituted by the filing of articles on June 22, 1995.

Fondation’s head office is established in the territory of the city of Montréal, at 2175 De Maisonneuve Boulevard East, Suite 103, Montréal, Québec H2K 4S3.

Fondation’s main objective is to make development capital investments in eligible enterprises in order to obtain a long-term appreciation of the capital. Moreover, the Fund strives to reduce the risks usually associated with the investment of development capital by using the services of professional managers, by diversifying its portfolio, by investing in enterprises that are active in different regions or sectors and that are at various stages in their development, and by following up on these enterprises.

Under the Act, the main functions of Fondation are:

- a) to promote investment in enterprises by investing directly so as to allow the creation, maintenance and preservation of jobs or by guaranteeing or standing surety for any obligation contracted by them;
- b) to foster the development of the following enterprises:
  - (1) worker-controlled enterprises, whether cooperative or not, providing for an equal apportionment of voting rights among all the shareholders or members;
  - (2) enterprises whose work organization enable men and women who work in the enterprise to participate in the determination, organization and control of their work;
  - (3) environmentally friendly enterprises, whose commitments, behaviour or operations contribute to maintaining or improving the quality of the environment.by inviting working men and women and other community resources to participate in their development by subscribing for shares of the Fund;
- c) to develop the management skills of the working men and women in worker-controlled enterprises and facilitate their active involvement in the economic development of Québec;
- d) to help enterprises conform to environmental laws and regulations;
- e) to foster the development of environmental policies within enterprises.

## 2. PORTFOLIO ASSET MANAGEMENT

Fondation invests in enterprises with a possible return on invested capital proportionate to perceived risks, which have positive societal spin-offs from a sustainable development perspective. Potential investments are also assessed according to specific criteria, including the competence and experience of the management team, the financial position, the potential for profitability as well as current

and future societal spin-offs. In addition to financial benefits, societal spin-offs include economic benefits (across Québec), business benefits (business performance), territorial benefits (local footing), social benefits (for individuals and groups) and environmental benefits (issues and opportunities).

The Fund's investments may take different forms:

- a) equity participation, generally minority, *inter alia* through the acquisition of capital stock, shares or units;
- b) unsecured loans, acquisition of bonds or debentures;
- c) loan guarantees;
- d) secured loans.

Please see *Principales normes d'investissement* [Main investment standards] and *Politiques du conseil d'administration en matière d'investissement* [Investment policies of the Board of Directors] in Fondation's annual information form for a more detailed description of its portfolio asset management techniques.

### **2.1. Development capital investment**

The development capital investment portfolio is set up in such a way as to fulfil the mission to develop employment within Québec and to promote sustainable development. Sound diversification is sought by investing in different industry sectors and at various business development stages, as well as the products used.

Since June 1, 2019, the investment requirement percentage is set at not less than 65% of the average net assets of the Fund for the preceding fiscal year.

Development capital investments are subdivided into three groups: direct equity participation in private enterprises, investments in partner or specialized funds, and a securities portfolio of Québec public companies (i.e. listed securities).

Fondation's investments seek to create, maintain and preserve high-quality permanent and socially useful employment, and to foster and support the active involvement of working men and women in the determination, organization and control of their work. They also seek to foster the development of environmental policies within enterprises and to ensure that the initiators of collective projects have access to financial resources equivalent to the resources available to other types of enterprises.

Fondation may invest in any enterprise, regardless of the industry sector. However, in accordance with its mission, the Fund is particularly open to socially responsible enterprises concerned with different aspects of sustainable development (economic and financial, social and environmental), whose decisions or activities help to develop a more equitable, more inclusive, greener and stronger economy.

Fondation may intervene at any stage in the development of an enterprise: the start-up phase, a period of development or expansion requiring an increase in production or the development of new products or markets, a need for consolidation or restructuring, a succession plan, the acquisition of equity participation in the enterprise by workers, or a merger or acquisition.

Fondation may invest up to 5% of its assets, as determined on the basis of the latest valuation by experts, in a given enterprise. The Fund mainly seeks investments of between \$1 million and \$20 million per enterprise.

### **2.2. Management of the portfolio of other investments (financial investments)**

In order to create a stable income base for the Fund and to diversify assets so as to protect shareholder's capital, the Board of Directors also adopted a financial investment policy (other investments) to maintain a diversified portfolio. This portfolio consists of bonds, equities and various Canadian and global fund units, as well as money market and derivative financial instruments. In this

way, the development capital investment portfolio can be diversified while ensuring the availability of the liquidity needed to maintain the Fund's activities. As at May 31, 2020, this portfolio (other investments) accounted for 47.1% of the assets under management at Fondation.

### 2.3. Use of derivatives

Derivatives such as forwards, futures contracts and options may be used to take advantage of changes in interest rates, exchange rates, stock or bond markets and commodity prices, or to offset or reduce such volatility risks. The use of these derivative financial instruments is governed by a financial investment policy (other investments) which defines the authorized instruments. Derivatives must fall within the asset classes authorized under the policy, and their use must relate to the management of these asset classes. The policy further stipulates that they must be highly liquid and trade on authorized markets; or in the case of over-the-counter (OTC) market products, they must be traded with banks having at least an "A" rating assigned by a recognized rating agency.

## 3. DESCRIPTION OF CAPITAL STOCK

Fondation is authorized to offer and to issue, in consideration of the subscriptions it receives, Class "A" and Class "B" shares and fractional shares having no par value. Class "A" shares and fractional shares may be issued in one or more series. Only a natural person may acquire or hold a Class "A" or Class "B" share or fractional share. Fondation may also issue Class "G" shares.

**3.1. Class "A" shares** Class "A" shares have no par value. Fondation may redeem these shares under the circumstances set forth in the Act or purchase them by agreement under the exceptional circumstances set forth in a purchase by agreement policy adopted by the Board of Directors of the Fund and approved by the Minister of Finance of Québec (see "Redemption and purchase by agreement of shares").

Class "A" shares are issued in the form of Series 1 and Series 2 Class "A" shares, as the case may be. The issuance of Series 1 Class "A" shares is reserved for persons who request the immediate transfer to a trustee in connection with a registered retirement savings plan or any other recognized registered plan; Series 2 Class "A" shares are issued to natural persons who do not request such a transfer.

The voting right attached to Series 1 and Series 2 Class "A" shares is exercised at the same meeting, regardless of the series, and shareholders may receive notice of the meeting, give proxy and generally act indiscriminately at the meeting, except in cases where the Act, incorporating instrument or bylaws, if applicable, require a separate vote.

Regardless of the series, such shares rank equally among themselves as Class "A" shares with respect to the payment of dividends and the sharing of property in the event of Fondation's dissolution, liquidation or the distribution of all or part of its assets among its shareholders. They also rank equally among themselves with respect to the payment of any purchase or redemption price and are at all times treated equally.

To recover refundable tax on hand and to reduce or eliminate a deficit, the Board of Directors of Fondation may, however, from time to time, by resolution of the directors, increase or reduce the portion of the issued and paid-up capital account relating to the Series 1 Class "A" shares, without distributing or paying the amount added to or deducted from the issued and paid-up capital account, as the case may be, to the holders of such shares. The Fund may also, from time to time, by resolution of the directors, apply any contributed surplus to eliminate or reduce a deficit. Such transactions do not affect the current or future value of Fondation's share (see "Dividend tax consequences").

Amendments to the rights attached to Series 1 and Series 2 Class "A" shares are subject to the provisions of the Act and the *Companies Act*.

As at October 31, 2020, 182,746,451 Class "A" shares were issued.

### **3.2. Class “B” shares**

Class “B” shares must be issued by series, each series being related to the raising of specific funds for a specific project and being identified as such. For this purpose, the directors of Fondation are authorized to determine the number and designation of each series of Class “B” shares.

Class “B” shares are not redeemable. However, they shall be exchangeable at any time at the option of the Fund or the holder for Class “A” shares, at the rate of one share for each Class “B” share held by the shareholder. Class “B” shares held by a trustee are exchangeable at any time at the option of Fondation or their holder for Series 1 Class “A” shares, and Class “B” shares held by a natural person are exchangeable at any time, at the option of Fondation or their holder for Series 2 Class “A” shares, at the rate of one Class “B” share for every Series 1 Class “A” share or, as the case may be, for every Series 2 Class “A” share.

The holder of a Class “B” share or fractional share may not alienate it.

As of the date of these presents, no Class “B” share has been issued.

### **3.3. Rights of Class “A” and Class “B” shareholders**

Holders of Class “A” and Class “B” shares have the right:

- a) to vote at any meeting of the shareholders of the Fund on the basis of one vote per share, fractional shares not carrying a right to vote. If the shares have been transferred to a registered retirement savings plan (an “RRSP”) of which the shareholder or the spouse is the beneficiary and annuitant, the beneficiary of the plan is deemed to keep the voting rights attached to the shares thus transferred;
- b) to elect four representatives to the Board of Directors of Fondation;
- c) to receive any dividend declared by Fondation, namely the portion of its profits that the Fund may decide to pay to its shareholders;
- d) to request that Fondation redeem their Class “A” shares, subject to certain conditions set forth in the Act; if the shares were transferred to an RRSP of which the spouse is the beneficiary and annuitant, the spouse is deemed to be the person who purchased the shares from the Fund for the application of the provisions regarding their redemption (see “Redemption provided for in the Act”);
- e) to receive a prorated portion of the remaining assets of the Fund, should the Fund be liquidated.

### **3.4. Class “G” shares**

Class “G” shares were created through a bylaw amending Fondation’s articles, which was passed by Fondation’s directors on March 12, 1998 and ratified by Fondation’s shareholders on May 2, 1998. Class “G” shares are without par value and do not carry the right to vote at meetings of the shareholders of the Fund.

Holders of Class “G” shares are not entitled to any dividend on their shares and do not in any way participate in the profits or surpluses of the Fund. Class “G” shares are not transferable to a third party and are redeemable at the option of the shareholder, at a price corresponding to the lesser of their issue value or their book value. In the case of a deficit, holders of Class “G” shares will assume in priority, up to the consideration paid on such shares, any deficit and any unrealized capital loss in the Fund.

Should Fondation’s assets be distributed further to its dissolution or liquidation or in case of any other disposition, in whole or in part, of its assets, holders of Class “G” shares are entitled to the remainder of the assets of the Fund after holders of Class “A” and Class “B” shares have been reimbursed without, however, exceeding the paid-up capital of Class “G” shares.

As at the date hereof, no Class “G” share has been issued.

#### 4. DIVIDENDS

In order to increase the capital made available to enterprises and to ensure the appreciation of its shares, it is Fondation's policy to reinvest the annual income generated by its operations and not to pay any dividends to its shareholders.

#### 5. PARTICIPATION AND SUBSCRIPTION

In order to participate in Fondation and to subscribe for shares, a person must complete and sign the appropriate form or use the online subscription service on Fondation's website.

Subject to the provisions of the *Securities Act*, only certain individuals may offer shares of the Fund as an investment (see "Collection of subscriptions").

Fondation generally issues the shares as they are paid for. The price of shares is the price in effect on the date that payment is received (see "Valuation of shares and share price").

Shareholders pay no participation fees, no subscription or sales commission, no transfer or exchange fees, and no redemption or cancellation fees when closing their accounts. They do not pay any fees for trustee services when their shares are transferred to an RRSP.

**The above-mentioned fees may at any time be raised or lowered, as the case may be, upon the sole decision of Fondation's directors.**

In the 2018-2019 Budget, as a result of the temporary maintenance of the 20% tax credit rate applicable against Québec income tax upon the purchase of Fondation shares (see "Tax credits"), as of the fiscal year beginning on June 1, 2018 until that ending on May 31, 2021, a limit has been imposed by the Québec government on the capital that Fondation may raise.

For the fiscal year beginning on June 1, 2020 and ending on May 31, 2021, the ceiling for annual issuances is fixed at \$275 million. However, the unused portion of the ceiling for annual issuances for a given year continues to be added to the ceiling for annual issuances of the following years. As a result, given the annual issuances of recent years, the issuances of shares in the next fiscal year may reach slightly more than \$290 million.

In the event that, at the end of one of these fiscal years, the amount of capital raised for the year exceeds the maximum amount authorized, Fondation will have to pay, no later than the 90<sup>th</sup> day following the end of the particular fiscal year, a tax equal to 20% of such excess amount.

In order to comply with the imposed limit, Fondation could decide to suspend the issuance of Class "A" shares, in whole or in part, during a fiscal year. Fondation will issue a press release regarding any such decision. Should Fondation decide to suspend the issuance of its shares, it reserves the right, at any time, to continue the issuance of shares, in whole or in part, without any notice or formality other than that of issuing a press release in such regard.

Fondation will take the appropriate measures to limit the maximum amount authorized, the amount of paid-up capital for a particular fiscal year, and thus avoid payment of the special tax. Fondation intends to give preference to the maintenance of subscriptions by payroll deduction, by withdrawal under an agreement with a savings union, and by preauthorized payments from a financial institution.

It should be noted that if Fondation were required to pay the special tax, subscribers would still be entitled to claim tax credits totalling 35%.

## 5.1. Persons who should invest in Fondation

The following persons would benefit from subscribing to Fondation:

- a) working men and women wishing to promote investment in enterprises in order to foster the creation, maintenance, and preservation of high-quality employment in Québec from a sustainable development perspective;
- b) persons interested in fostering the development of enterprises whose work organization allows for the participation of working men and women in the organization and control of their work;
- c) investors looking for an investment eligible for an RRSP or a RRIF with an additional tax incentive;
- d) persons who encourage investment in enterprises whose commitment, conduct or activities contribute to improving the quality of the environment;
- e) persons looking for affordable investments that will make it easier to save for retirement;
- f) persons who wish, through their investment, to stimulate the development of Québec enterprises, including cooperatives or other forms of collective enterprises;
- g) persons who believe in the necessity of promoting active involvement by working men and women in Québec's economic development;
- h) persons who expect to be able to hold on to their shares until they retire;
- i) all Quebeckers who pay taxes to Québec and have enough taxable income to benefit from tax credits resulting from the purchase of Fondation shares;
- j) persons who want to obtain tax benefits by saving for retirement by way of a non-registered investment.

## 5.2. Methods of payment

### a) Payroll deduction (PD)

An individual may ask his employer to deduct the amount he determines from his salary or wages, for the period he specifies, to pay for the Class "A" shares or fractional shares he has decided to acquire from the Fund.

The employer shall, within a reasonable time, make the deduction from the salary or wages of the individual requesting it if 50 employees, or 20% of the employees, whichever number is lower, so request.

An individual having requested a payroll deduction may at any time notify the employer of his decision to cease acquiring shares from the Fund by payroll deduction. The employer shall comply with the individual's decision with reasonable dispatch.

The employer shall remit to Fondation or to the trustee designated by Fondation the deducted or debited amounts no later than the fifteenth day of the month following the month in which the deduction or debit is made. The remittance shall be accompanied by a statement indicating the amount deducted or debited and the name and social insurance number of the employee. The amounts deducted by an employer remain due to the employee as salary or wages until they are remitted by the employer to the Fund or to the trustee designated by the Fund.

An individual for the benefit of whom sums have been remitted is deemed to have subscribed for as many Class "A" shares or fractional shares of Fondation as the amounts remitted permit him to acquire.

An individual may ask his employer to apply, on each paycheque, the income tax benefits related to the acquisition of Fund shares.

b) Contributions pursuant to an agreement with a credit union

An individual may request a credit union that is a member of the Fédération des caisses Desjardins du Québec, hereinafter called a “credit union,” if an agreement for deduction at source exists between his employer and the credit union, to debit an amount from his account, for the period he specifies, to pay for the Class “A” shares or fractional shares he has decided to acquire from the Fund.

An individual who has authorized a credit union to debit from his account the amounts required to acquire shares from the Fund may at any time notify the credit union of his decision to cease acquiring shares by account debits, and the credit union shall comply with the individual’s decision with reasonable dispatch.

The credit union shall remit to the Fund or to the trustee designated by the Fund the deducted or debited amounts no later than the fifteenth day of the month following the month in which the deduction or debit is made. The remittance shall be accompanied by a statement indicating the amount deducted or debited and the name, address, date of birth and social insurance number of the payer.

An individual for the benefit of whom sums have been remitted is deemed to have subscribed for as many Class “A” shares or fractional shares of the Fund as the amounts remitted permit him to acquire.

c) Lump-sum payment

It is possible to subscribe to Fondation for a fixed amount and to pay this amount through the shareholder portal using a single pre-authorized debit, by an online payment with a financial institution or at the Fondation office (by first inquiring at [info.actionnaires@fondaction.com](mailto:info.actionnaires@fondaction.com)) to make a direct payment or pay by cheque (minimum amount of \$10).

d) Periodic payments

It is also possible to subscribe to Fondation by periodic payments made through pre-authorized debits or online payments with a financial institution (for a minimum amount of \$10 per instalment). Such purchases of shares may at all times be increased, suspended or discontinued, by notifying the Fund in writing to this effect.

### 5.3. Collection of subscriptions

A number of individuals knowledgeable about Fondation’s activities collect subscriptions on behalf of the Fund. These individuals may be officers, permanent or temporary employees of the Fund or permanent employees, members or officers of unions affiliated with the Confédération des syndicats nationaux, or persons who subscribe to the objectives of the Fund.

a) Collection of subscriptions in the workplace

Fondation has developed a network of representatives who volunteer to promote the Fund in their workplaces located throughout the province of Québec. Their work consists in particular of soliciting members of unions affiliated with the CSN. Each subscription is thus the result of a contact between a representative or a worker and a fellow worker for the purpose of explaining the objectives of the Fund.

b) Collection of subscriptions by employees of the Fund

Fondation’s Shareholder Services provides information about the Fund year-round and may accept those wishing to participate in the Fund, who must first apply to

[info.actionnaires@fondaction.com](mailto:info.actionnaires@fondaction.com). Individuals may obtain an application and subscription form on Fondation’s website and then complete and transfer it online, or obtain it at their workplace and return it to the Fund by mail.

c) Promotion by persons who subscribe to the objectives of the Fund

A number of persons recommend that their clients subscribe for Fondation shares. The application and subscription form, and a short form prospectus are available on Fondation’s website or may be obtained by contacting the Fund.

No remuneration representing a percentage of the sums raised in connection with a distribution of shares of the Fund may be paid to those persons.

## 6. VALUATION OF SHARES AND SHARE PRICE

The valuation of shares is based on Fondation’s audited financial statements prepared in accordance with International Financial Reporting Standards (IFRS) under Canadian generally accepted accounting principles.

The issue price, redemption price and price by purchase by agreement of Class “A” and Class “B” shares, when appropriate, is fixed twice a year, at dates six months apart, by the Board of Directors of Fondation on the basis of the net asset value of the Fund, as established by the audited financial statements. It is impossible to foresee the future value of the shares of the Fund (see “Risk factors”).

Fondation has a 90-day period commencing on November 30 of each year, in which to prepare its audited interim financial statements and 120 days commencing on May 31 of each year, in which to prepare its audited annual financial statements and have them adopted by the Board of Directors of Fondation. Consequently, the value of Class “A” and Class “B” shares, for the purposes of issuance, redemption and purchase by agreement, will be established within these periods. However, the Fund does not intend to use all these periods and plans rather to announce the share price to the public in a press release issued on or about December 23, 2020 and June 23, 2021 for fiscal 2020-2021.

The new price will apply to share issuances from the time it is established by the Board of Directors of Fondation and announced to the public in a press release.

The Board of Directors may further establish other redemption prices, at any other time of the year, on the basis of an internal valuation that is, in all cases, the subject of a special report prepared by an independent accounting firm confirming continuity in the application of principles and in the methods used to assess Fondation’s net assets.

### 6.1. Changes in share price

Changes in share price over the past 10 years are as follows:

• May 31, 2010	\$9.11	• November 30, 2015:	\$10.24
• November 30, 2010:	\$9.38	• May 31, 2016:	\$10.43
• May 31, 2011:	\$9.57	• November 30, 2016:	\$10.71
• November 30, 2011:	\$9.30	• May 31, 2017:	\$11.22
• May 31, 2012:	\$9.34	• November 30, 2017:	\$11.58
• November 30, 2012:	\$9.31	• May 31, 2018:	\$11.82
• May 31, 2013:	\$9.44	• November 30, 2018:	\$11.84
• November 30, 2013:	\$9.71	• May 31, 2019:	\$12.15
• May 31, 2014:	\$9.85	• November 30, 2019:	\$12.67
• November 30, 2014:	\$9.93	• May 31, 2020:	\$12.59
• May 31, 2015:	\$10.23		

## 6.2. Issuance of shares for the last 12 months

During the 12-month period between November 1, 2019 and October 31, 2020, Fondaction issued 24,085,372 shares as follows:

- 10,189,611 were issued at a price of \$12.15 per share;
- 6,732,998 were issued at a price of \$12.67 per share;
- 7,162,763 were issued at a price of \$12.59 per share.

## 7. REDEMPTION AND PURCHASE BY AGREEMENT OF SHARES

Fondaction may redeem shares from a shareholder under circumstances set forth in the Act or purchase them by agreement under exceptional circumstances set forth in a policy adopted by the Board of Directors of the Fund and approved by the Québec Minister of Finance. The redemption shall not be made if in so doing the Fund no longer complies with the solvency texts prescribed by the *Companies Act*. **Apart from these circumstances, Fondaction is unable to redeem a shareholder's shares or purchase them by agreement.**

Shareholders may obtain the appropriate form to request the redemption or purchase by agreement of their shares on the Fund's website. They may also contact the fund to obtain the form as well as explanations on the procedure they must follow.

Purchase by agreement requests will be evaluated by a committee appointed for this purpose by the Board of Directors of Fondaction once shareholders have submitted all required documents. If a request is insufficiently documented to warrant approval, the Fund shall have the right to request additional relevant documents in order to make certain that the requests are well founded. If authorized, the purchase by agreement of a shareholder's shares will be carried out within a reasonable period of time. This time period generally does not exceed 30 days after all the required documentation is in the file.

However, in cases of redemption within 60 days of subscription, as set out in the table in Appendix I, Fondaction shall be required to redeem the shares or fractional shares at their acquisition price from the Fund and to pay this price within 30 days of receiving such requests.

When the shares have been transferred to a spouse's RRSP, the application for redemption or purchase by agreement must be submitted by the spouse, who is deemed to be the holder of the shares for the application of redemption or purchase by agreement conditions.

For the purposes of this prospectus, the concept of "spouse" includes both spouses and common-law partners, whether they are of the opposite or same sex, as the expression "common-law partner" is defined in the *Income Tax Act*.

**Generally speaking, investments in Fondaction must be seen as long-term investments for retirement.**

The prices of redemption or purchase by agreement of shares are established as mentioned under "Valuation of shares and share price" above. Where applicable, all unpaid fees will be deducted from the proceeds of the redemption or purchase by agreement of the shares (see "Participation and Subscription").

Shareholders requesting a redemption for retirement or upon reaching 65 years of age after the end of six months, but prior to the announcement of the new price issued, or the new redemption or purchase by agreement price, may choose either to have their shares redeemed at the price in effect on the date their request was received by the Fund or to wait until the new share price is issued. If a shareholder elects to wait for the new share price to be issued, Fondaction will redeem the shares at the most favourable price

for the shareholder between the price in effect on the date that the request was received by the Fund and the price in effect after the new price is issued. In the case of redemption for retirement, no disbursement will be made prior to the effective retirement date.

In all other cases of redemption under the Act or of purchase by agreement, the redemption or purchase by agreement will be made at the price in effect at the date of receipt of the completed application.

#### 7.1. Redemption provided for in the Act

Eligible Class “A” shares are redeemable by Fondation, as set forth in the Act, in the cases described in the table in Appendix I hereto.

Applications for redemption are processed in accordance with the provisions of the Act in force at the time of the application.

Redemption may include all or some of the shares. However, Fondation reserves the right to consider any application for partial redemption as an application for the redemption of all of the shares with a view to closing the account when the approval of the application would leave a balance of shares worth less than \$1,000.

#### 7.2. Purchase by agreement of shares

The holder of a Class “A” share or fractional share may not alienate it, and a Class “A” share or fractional share may not be purchased by agreement by Fondation except with the authorization of the Board of Directors of Fondation or a committee composed of persons designated by the Board for that purpose, in the cases and in the manner provided in a policy adopted by the Board of Directors for an indefinite period of time and approved by the Minister of Finance. The purchase by agreement must be made at a price not exceeding the share redemption price (see “Valuation of shares and share price”).

This policy allows, within the scope of Fondation’s objectives and in exceptional circumstances, as specified in the table in Appendix II hereto, the purchase by agreement of Class “A” shares or fractional shares of the Fund.

For requests to be deemed eligible, Fondation requires from shareholders certain proof as to the existence of the situation or the criterion invoked. Eligible requests are considered on their merits and are accepted by the Fund only if the Fund deems it appropriate, having considered all the circumstances and the fact that, under the Act, this is a policy of exception and a privilege. The Fund may require less proof from shareholders who own 75 shares or less.

All requests are authorized by the purchase by agreement committee established for such purpose by the Board of Directors of the Fund. This committee sees to the interpretation and application of the policy and to compliance with provisions of the general laws applicable to the Fund. **It authorizes requests that include the evidence required to establish the existence of the eligibility criterion invoked and that meet the requirements and application principles of this policy. However, the committee must interpret the policy, apply it and make its decisions based on the principle of the permanence of the capital of the Fund.**

A purchase by agreement is approved only if it can be made for the personal benefit of the shareholder concerned.

In all cases, requests for purchase by agreement must be submitted in writing and supported by the relevant documents and information. Requests may include all or part of the shares. However, Fondation reserves the right to consider all requests for a partial purchase as requests for the purchase of all of the shares in order to close the account when approval of such requests would leave a balance of shares worth

less than \$1,000, with the exception of requests approved under the “Return to Studies” criterion undertaken within the scope of the Lifelong Learning Plan and requests approved under the Home Buyers’ Plan.

The reasons for which Fondation may authorize the purchase by agreement of shares, as well as the minimum holding period, the waiting period for subsequent acquisitions and the proof for shareholders’ requests are listed in the table in Appendix II hereto, which is an integral part of said policy.

Fondation may amend this policy at any time, such amendment being subject to the approval of the Minister of Finance. Amendments to this policy will only affect shares or fractional shares purchased after the amendments take effect. However, the Fund may decide to deal with requests in accordance with the policy in effect at the time the requests are submitted, unless that policy would be less beneficial to the shareholder than the policy that was in effect when the shareholder acquired his shares, in which case the latter policy will be used to deal with the request.

### 7.3. Management of the purchase by agreement policy

The *Taxation Act* (Québec) stipulates that Fondation must pay a penalty to the Québec government if the aggregate of the amounts paid for purchases by agreement during a fiscal year is more than 2% of the paid-up capital in respect of the shares of its capital stock. Excluded from this calculation are refundable purchases by agreement authorized to allow shareholders to participate in the Home Buyers’ Plan (HBP) or to pursue full-time studies under the Lifelong Learning Plan (LLP). The Board of Directors of Fondation could decide to maintain total purchases by agreement in one given year below that ceiling and, consequently, the committee could postpone or refuse some requests.

Since its creation, Fondation has authorized the purchase by agreement of shares each year for a total value representing less than 2% of its paid-up capital and it intends to continue to maintain purchases by agreement below this limit in the future.

The *Act to establish Fondation* further stipulates that the Fund must comply with a number of solvency tests before proceeding with the purchase by agreement of shares. These tests involve the maintenance of Fondation’s capital so that it may fulfil its obligations and terms as they become due. Consequently, payment of the redemption price for shares or fractional shares may be delayed until such time as the Fund can do so without breaking these solvency rules.

## 8. RISK FACTORS

An investment in the shares of the Fund is subject to risk. Some of the risks are related to the characteristics of Fondation’s shares, while others are financial risks associated with Fondation’s development capital investments and other investment activities, and lastly certain risks stem from doing business in a more general context. If these risks materialized, they could affect Fondation’s share value. The risks have not been classified in order of magnitude and are briefly described in this section. Please refer to the annual information form and the MD&A for more information.

The COVID-19 pandemic, which shook the entire world at the beginning of 2020, led to the closure of many international borders and prompted numerous countries to shut down their economies. The pandemic caused volatility on financial markets. COVID-19 or any other pandemic could have an unfavourable impact on the performance of the Fund’s shares.

- a) Risks related to the characteristics of Fondation’s shares:
  - i) Notwithstanding Fondation’s merits and objectives, subscribers should keep in mind that the amount they may receive upon the redemption or purchase by agreement of their shares may be lower than the price paid for such shares. The shares of a labour-sponsored fund do not constitute deposits of money within the meaning of the *Deposit*

*Insurance Act* (Québec) and are not insured by the Autorité des marchés financiers. Therefore, investments in Fondation are not guaranteed.

- ii) Fondation shares are suitable only for investors who can invest for the long term. There is no public market for trading the shares and it is not expected that such a market will be created. Furthermore, these shares may be redeemed or purchased by agreement only under specified circumstances (see “Redemption and purchase by agreement of shares”).
  - iii) Fondation is required to comply with a number of solvency tests, and given that a portion of its investments cannot be sold on short notice, there could be a delay in the payment of the redemption price or purchase by agreement price of the shares for which a request has been made to the Fund. This risk constitutes a liquidity risk. Consequently, Fondation shall ensure that it has the required liquid assets to meet its commitments. There is no certainty that the value of the liquid assets thus retained will be sufficient to cover Fondation’s commitments from time to time.
  - iv) Subscriptions may be accepted in whole or in part, or refused altogether, at Fondation’s sole discretion. If a subscription request is refused, all amounts paid by the subscriber in relation to the request will be returned within a reasonable period of time, generally within 15 days of the refusal. The subscriber could thus lose the possibility of benefiting from a tax credit.
  - v) Under the *Taxation Act* (Québec), Fondation must pay a penalty to the Québec government when the total amount paid following purchases by agreement made during a given fiscal year, excluding those which are paid under the Home Buyers’ Plan and the Lifelong Learning Plan, exceeds 2% of the paid-up capital in relation to the shares of its capital stock. To date, the amount of purchases by agreement made by the Fund has always been below this limit. The Board of Directors of Fondation could decide to maintain all purchases made by agreement during the same year below this limit and, as a result, it could postpone approval or deny purchase by agreement requests.
  - vi) The capital that Fondation may raise has been limited as of the fiscal year beginning on June 1, 2016 until that ending on May 31, 2021. Fondation intends to comply with this annual limit. However, should it be exceeded, the Fund would be required to pay a special tax equal to 20% of such excess amount raised, thereby negatively impacting the value of the shares. It should be noted that subscribers would still be entitled to claim tax credits totalling 35%.
- b) Financial risks related to development capital investments and other investments (financial investments) made by the Fund:

There is no guarantee that the Fund will find suitable investments in the enterprises targeted by its investment policies. It is likely that some of the Fund’s investments will not mature or produce the expected returns. Fondation aims to maintain a percentage of its average net assets for the preceding year in eligible investments that are at least equal to the investment requirement percentage then set by the Act, essentially in investments in small and medium-size Québec enterprises and in enterprises whose activities have an impact on increasing or maintaining the level of employment or economic activity in Québec.

- i) Credit and counterparty risk

A large part of Fondation’s investments is in small and medium-size Québec enterprises and in enterprises whose activities have an impact on increasing or maintaining the level of employment or economic activity in Québec. Only very rarely

has the Fund resorted to taking guarantees to secure its development capital investments because guarantees disqualify an investment for purposes of computing the investment requirement. Credit and counterparty risk is defined as the risk of financial loss due to the failure of a company, issuer or counterparty to honour its financial commitments toward Fondation. These risks include in particular changes in the business cycle, operational risk, the volatility of financial markets, technological risks and the introduction of, amendments to or the abolition of legislative or regulatory measures.

Balancing analytical and selection criteria, the quality of support to companies in their development and ongoing monitoring of capital development investments are some key factors in limiting this risk for each of the investments. In the other investments portfolio, the financial investment policy (other investments) imposes minimum credit rating standards and requires that these ratings be assigned by at least one credit rating agency, barring specifically approved exceptions. In addition, Fondation deals only with counterparties of impeccable quality, mainly the major Canadian banks.

ii) Concentration risk

Concentration risk is the probability that a significant portion of Fondation's outstanding financial commitments is being confined to a single company, a single financial product or a single economic sector or geographic region.

Fondation takes measures to diversify its portfolio by industrial sector, by developmental stage and by enterprise to reduce the concentration risk. In particular, the financial investment policy (other investments) limits exposure by issuer and by sector in the bond portfolio.

iii) Market risk

The value of Fondation's shares varies with changes in the value of its development capital investments and other investments (financial investments). It is affected by numerous factors, including interest rate risk, currency risk and stock market risk. These risks constitute market risk.

(a) Interest rate risk

The portfolio of other investments (financial investments), which contains investments other than those that qualify for the investment requirement, is comprised of fixed-term securities (bonds, derivatives and money market instruments) whose values vary according to interest rate fluctuations and market expectations. For example, rising interest rates will have a negative impact on the value of the securities in the portfolio. This is an interest rate risk, which is mitigated by active management of the portfolio for which the distribution of bond maturity dates is regularly reviewed on the basis of expected interest rates. Derivative financial instruments may also be used to protect the value of the portfolio or capitalize on interest rate fluctuations.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Under its currency management policy, Fondation uses derivatives to hedge its exposure to the U.S. dollar to a greater or lesser extent depending on the circumstances, thereby reducing the sensitivity of earnings to fluctuations in this currency.

Fondaction has little exposure to other currencies, none of which would have a sufficient impact on earnings to justify a hedging transaction.

(c) Stock market risk

Stock market risk is the risk that one of Fondaction's investments could be impaired because of fluctuations in market price (other than those resulting from interest rate risk or currency risk), that these fluctuations may be caused by factors specific to the instrument in which the investment is made or to its issuer or by factors affecting similar financial instruments traded on the market. Fondaction allocates its listed securities among different stock markets in order to mitigate this risk.

iv) Valuation risk

A portion of the Fund's net assets is made up of investments in private enterprises for which there is no public market. These investments are valued by an in-house accountant using appropriate valuation techniques. This valuation requires the use of estimates and assumptions, and the resulting values may differ from the price obtained at the sale of these investments. This risk constitutes, *inter alia*, a "valuation risk". More information about the valuation process used by Fondaction is found in the annual information form and the MD&A.

c) Risks arising from the current operations of the Fund:

i) Operational risk

Operational risk is the risk of incurring direct or indirect financial losses resulting from the failure, in particular, of Fondaction's human resources, operational procedures or systems, or arising from external events such as theft, fraud, cybercrime, disasters or pandemics. Operational risk can be mitigated by the policies, guidelines and procedures implemented, the improvement of information, management and control systems, the competence of personnel and the maintenance of a culture of integrity.

ii) Regulatory risk

Fondaction is governed by or indirectly affected by both federal and provincial laws, regulations, standards, rules and policies. Failure to comply therewith could lead to financial, disciplinary or administrative penalties. The risk also lies in Fondaction's ability to adapt to any material regulatory change or any stricter application of policies already in effect, which could have a significant impact on its operations. Fondaction continues to monitor the legislation by which it is governed in order to mitigate this risk.

## 9. TAX EFFECTS

The explanation given below deals with general issues and is not exhaustive. It is not intended as a fiscal or legal opinion for any given subscriber. Therefore, subscribers should see a tax consultant to find out the tax consequences applicable to their own situation.

### 9.1. Tax credits

Until May 31, 2021, the purchase of Fondaction shares carries entitlement to two tax credits totalling 35% of the amount paid for such shares. The 15% tax credit for a labour-sponsored fund has been increased to 20% until that date by the Québec government. Subscribers also benefit from a 15% credit applicable against

the federal income tax payable. During the relevant period, subscribers to Fondation shares may therefore deduct from their income taxes payable under Québec and federal income tax laws an amount equal to 35% of the amount paid for such shares during that year or within the 60 days following the end of each calendar year.

For the relevant period, the maximum total amount of income tax savings that a person may obtain using both tax credits is \$1,000 for Québec and \$750 at the federal level, which represents the purchase of \$5,000 worth of Fondation shares.

The total amount of the offering price for shares acquired in a labour-sponsored fund that an individual may consider in calculating the tax credit for the acquisition of such shares for a given taxation year is \$5,000. In Québec, any portion of this tax credit that cannot be deducted for the year in which the shares in a labour-sponsored fund were purchased (or within the following 60 days) may be deducted in subsequent taxation years. At the federal level, the deferral of unused tax credits is not authorized.

**SUBSCRIBERS ARE RESPONSIBLE FOR MAKING CERTAIN THAT THEIR SUBSCRIPTIONS TO THE FUND ARE ELIGIBLE FOR TAX CREDITS AND DEDUCTIONS.**

Under the *Taxation Act* (Québec), no income tax credit may be deducted by subscribers if:

- a) they have reached the age of 45 before the end of the year and have availed themselves of their right to retirement or early retirement, unless their employment or business income is higher than the general exemption applicable to the Québec Pension Plan – \$3,500 for 2019 – and if they have not, before the end of the year, either reached the age of 65 or obtained the redemption, as set forth in the Act, of part or all of their shares;
- b) they have contributed to their spouse’s RRSP, and their spouse has reached the age of 45 before the end of the year and has availed himself of his right to retirement or early retirement, unless their employment or business income is higher than the general exemption applicable to the Québec Pension Plan – \$3,500 for 2019 – and if they have not, before the end of the year, either reached the age of 65 or obtained the redemption, as set forth in the Act, of part or all of their shares;
- c) they have reached the age of 65 before the end of the year or, if deceased, would have reached that age had they lived;
- d) they contributed to their spouse’s RRSP and their spouse has reached the age of 65 before the end of the year, or, if deceased, would have reached that age had he lived;
- e) for shares contributed during a year, they, or their spouse into whose RRSP they have contributed, requested the redemption of their shares within 60 days following their subscription date or, if applicable, within 60 days following the first payroll deduction or following the first debit from their account (see the table in Appendix I hereto);
- f) the shares were acquired after they requested the redemption of their shares by the Fund for reasons of disability.

Under federal legislation, a federal tax credit is offered to subscribers for Fund shares provided that a tax credit is also offered in Québec for such shares.

Moreover, no tax credit will be granted for shares acquired to reimburse amounts withdrawn from the Fund’s RRSP within the scope of the Home Buyers’ Plan (HBP) or the Lifelong Learning Plan (LLP) (see “Redemption and purchase by agreement of shares”).

Shareholders who have obtained the purchase by agreement of shares within the scope of the Lifelong Learning Plan (LLP) or the Home Buyers' Plan (HBP) may, at any time, acquire shares and benefit from tax credits and RRSP deductions after making the annual repayments required by these plans. Between the time of the purchase by agreement and the start of repayments, shareholders are eligible for tax benefits if they acquire Fund shares.

Employees who subscribe for shares through payroll deductions may ask their employers to reduce their income tax deductions at source to take into account the tax credits for contributions to a labour-sponsored fund and, if applicable, the transfer of shares to an RRSP.

## 9.2. Transfer to an RRSP

Class "A" shares or fractional shares may be transferred to a trustee or may be acquired by the trustee within a registered retirement savings plan. Fondation, in cooperation with Viaction Insurance Inc., offers its shareholders a registered retirement savings plan.

Subscribers may choose to transfer their shares to an RRSP of which they themselves or their spouse are the beneficiary and annuitant. Beneficiaries of these plans retain the voting rights attached to the shares thus transferred. In the case of shares that were transferred to an RRSP of which the spouse is the beneficiary, the spouse is deemed to be the person who acquired from the Fund the shares or fractional shares thus transferred.

To transfer their shares to the Fund's RRSP, subscribers shall fill out and sign the appropriate section of the application form or change form, indicating the relevant type of RRSP.

However, the trustee must comply with the Act regarding any transfer to persons other than shareholders from whom it acquired Class "A" shares or fractional shares.

The transfer to an RRSP entitles individuals to deduct in the calculation of their income, within the limits prescribed for contributions to an RRSP, both federally and in Quebec, an amount equal to the share price in effect at the time of the transfer. Thus, subscribers may benefit from an income tax reduction that is proportional to their marginal taxation rate (federal and Québec). The share price in effect at the time of the transfer may differ from their acquisition cost, i.e. the price paid to purchase the shares. If the effective price exceeds the cost, a taxable capital gain may result. In this way, if a shareholder has acquired a share at \$10 and the price in effect is \$10.50 at the time of its transfer, the shareholder must include 50% of \$0.50 as a taxable capital gain in his income for the transfer year. However, if a capital loss is incurred by reason of this transfer, this loss will be deemed null from a taxation standpoint, since the loss resulted from the disposal of property in favour of a trust governed by an RRSP.

On the other hand, all the amounts from their RRSPs received personally by subscribers, or by their spouse in some cases, must be declared as income and shall be taxed at the current taxation rate, except for withdrawals authorized within the scope of the following government programs: Home Buyers' Plan (HBP) and Lifelong Learning Plan (LLP). In the event of a shareholder's death, the surviving spouse who is designated as beneficiary of the totality of property contained in the plan may request that the proceeds of the share redemption be transferred into his or her own RRSP.

**Subscribers are responsible for making sure that their total contributions to their own RRSPs or to their spouse's RRSP do not exceed the maximum allowable deduction for RRSP contributions prescribed by the income tax laws. Notices of Assessment issued by the Canada Revenue Agency for the year preceding a subscription show the amount available for the current year.**

### **9.3. Transfer to a RRIF**

Fondaction shares are, from a taxation standpoint, qualified investments for trusts governed by a registered retirement income fund (RRIF). Transfer to the trustee of a RRIF of Class “A” shares of the Fund, held in an RRSP account or possibly in another RRIF account, is thus permitted.

Consequently, shareholders may request that shares held in their RRSP account be transferred to a trust governed by a RRIF. The transfer of shares already registered in an RRSP is without tax consequences. The RRSP shares are transferred to the RRIF account at the price in effect at the time of transfer. These transferred shares remain subject to the conditions of redemption and purchase by agreement set forth in this prospectus. Such a transfer will not entitle shareholders to tax credits for contribution to a labour-sponsored fund. Shares can be transferred back into an RRSP until age 71. Upon a shareholder’s death, the surviving spouse who is designated as beneficiary of the total assets contained in the plan may request the transfer of the proceeds of the share redemption into his own RRIF or RRSP, if he is less than 71 years old.

### **9.4. Deregistration**

Shareholders may request the deregistration of shares held in their RRSP or RRIF. Fondaction will exchange Series 1 shares for Series 2 shares. In general, the value of the deregistered shares should be included in the shareholder’s income. If the government has not abolished the deduction at source and the deregistration is not accompanied by a payment, a sum of money will be requested to cover the deduction at source required according to tax laws.

The deregistration of shares does not necessarily result in their redemption or purchase by agreement because a shareholder must first qualify under the Act or the purchase by agreement policy of Fondaction.

### **9.5. Tax effects of redemption**

The redemption of Fondaction shares may have tax consequences for shareholders, in the form of a capital gain that will become part of their income for the year in which the redemption took place. For shares held in an RRSP or a RRIF, only the income tax applicable to the sums withdrawn from the RRSP or RRIF will be deducted at source by the trustee, in accordance with the Act.

When submitting their applications, shareholders whose shares were transferred to an RRSP or a RRIF may, if they so desire, ask for the redemption proceeds to be transferred to another plan.

### **9.6. Tax effects of purchase by agreement**

In cases of purchase by agreement for reasons of terminal illness, redemption of pension credits, ineligibility for income tax credits and permanent emigration from Canada, shareholders may request that the proceeds of the purchase by agreement be paid in whole or in part into another plan.

The purchase by agreement of Fund shares, with the exception of withdrawals made within the scope of the Home Buyers’ Plan (HBP) and the Lifelong Learning Plan (LLP), may have non-RRSP tax consequences for shareholders, in the form of a capital gain that will be included in their income for the year in which the purchase by agreement takes place.

Moreover, if the shares or fractional shares have been transferred to a registered retirement savings plan or a registered retirement income fund and if the said plan has paid the proceeds from the purchase by agreement of such shares, income tax shall be deducted at source according to the provisions of the income tax laws.

### 9.7. Dividend tax consequences

In the event that dividends are paid, they may be paid in the form of shares rather than in cash. Consequently, a shareholder may be required to pay income tax even though he did not receive any cash payment. In the case of shares held in an RRSP, the resulting income tax would be deferred until such time as a withdrawal is made from the RRSP. Fondation does not expect, however, to pay any dividends to its shareholders (see “Dividends”).

## 10. RESTRICTIONS ON TRANSFERS OF SHARES

Fund shares or fractional shares cannot be transferred to another person, by sale or otherwise. However, the Board of Directors of Fondation or the purchase by agreement committee may authorize such a transfer. Only a natural person may acquire or hold Class “A” or Class “B” shares of Fondation.

The transfer of shares to a second purchaser may have tax consequences for the first purchaser if he held these shares in a trust governed by an RRSP or a RRIF before they were transferred. The second purchaser cannot obtain any income tax credits in relation to the purchase of shares of the Fund.

**In the case of a transfer, Fondation is required to redeem the shares of the person to whom the shares have been transferred when the person who first acquired them has reached 65 years of age or, if deceased, would have reached that age had he lived. The only exception to this rule applies to transfers between spouses under an order or judgment of a court of competent jurisdiction under a written separation agreement relating to a division of property in settlement of rights arising out of the breakdown of their marriage, civil union or common-law partnership. Thus, the spouse to whom the shares are transferred is deemed to be the person who first acquired them for the purposes of the redemption, and the issue date for the transferred shares is presumed to be the date of their subscription with the Fund (see “Redemption and purchase by agreement of shares”).**

## 11. EXPENSES PAYABLE BY FONDATION

Various expenses are incurred in managing the Fund, such as salaries and benefits, operating expenses, advertising expenses, occupancy fees, rent, external portfolio adviser fees, professional fees and custodial fees as well as registrar and trust fees. In addition, performance bonuses may be paid to external managers. A note to Fondation’s financial statements itemizes these expenses by type, which are taken into account in shareholder return. For more information, also see Management’s Discussion and Analysis for the year ended May 31, 2020, filed on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

The total operating expense ratio for the year ended May 31, 2020 was 2.93%.

## 12. PERFORMANCE OF MAIN FUNCTIONS

Fondation manages its assets itself and is registered as an investment fund manager under *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Specific mandates are given to external portfolio advisers in respect of other investments (financial investments), while Fondation continues to internally manage investments in eligible enterprises, with the exception of a portfolio in publicly-traded Québec enterprises.

Fondation’s affairs are managed by a board of directors, whose composition is provided for by the Act. The Board of Directors of Fondation has ultimate oversight for observance by the Fund of the laws that apply to it. The Board of Directors has delegated responsibility for the daily management of its affairs to its senior executives.

For further information about Fondation’s governance and rules of ethics, see *Gestion et administration de Fondation* [Management and administration of Fondation] in the annual information form.

Below is a list of entities that carry out complementary functions.

<b>Role</b>	<b>Name</b>	<b>Function</b>
Custodian	Desjardins Trust Inc. 1 Complexe Desjardins P.O. Box 34, Desjardins Stn. Montréal, Québec H5B 1E4	Acts as a custodian for securities acquired by Fondation
Sub-depositaries	Caisse d’économie solidaire Desjardins 2175 De Maisonneuve Blvd. East, Suite 150 Montréal, Québec H2K 4S3	Acts as sub-depositary for cash accounts
	Desjardins Securities Inc. 1170 Peel Street, Suite 300 Montréal, Québec H3B 0A9	Acts as sub-depositary for assets that may be the subject of transaction orders received and executed through the transfer system operated by FundSERV Inc.
Auditor	Deloitte LLP La Tour Deloitte 1190 Avenue des Canadiens-de-Montréal Suite 500 Montréal, Québec H3B 0M7	Acts as Fondation’s independent auditor <sup>(1)</sup>
Share registers and trustee services <sup>(2)</sup>	Viacion Insurance Inc. 2175 De Maisonneuve Blvd. East, Suite 210 Montréal, Québec H2K 4S3	Acts as a registrar for Fondation shares and as a trustee for RRSPs to be set up and registered for these shares
Securities advisers	Addenda Capital Inc. 800 René-Lévesque Blvd. West, Suite 2750 Montréal, Québec H3B 1X9	Manages a portion of the portfolio of other investments
	Hexavest Inc. 1250 René-Lévesque Blvd. West, Suite 4200 Montréal, Québec H3B 4W8	Manages a portion of the portfolio of other investments
	Fiera Capital Corporation 1981 McGill College Avenue, Suite 1500 Montréal, Québec H3A 0H5	Manages a portion of the portfolio of other investments and a portion of the development capital investment portfolio
	Triasima Portfolio Management Inc. Les Cours Mont-Royal 1555 Peel Street, Suite 1205 Montréal, Québec H3A 3L8	Manages a portion of the portfolio of other investments
	AlphaFixe Capital Inc. 1800 McGill College Avenue, Suite 2420 Montréal, Québec H3A 3J6	Manages a portion of the portfolio of other investments
	Monrusco Bolton Investments Inc. 1501 McGill College Avenue, Suite 1200 Montréal, Québec H3A 3M8	Manages a portion of the portfolio of other investments

<sup>(1)</sup> Deloitte is independent of Fondation within the meaning of the *Code of ethics of chartered professional accountants* of the Ordre des comptables professionnels agréés du Québec. rdre des comptables professionnels agréés du Québec.

<sup>(2)</sup> Fondation performs certain administrative tasks assigned to it by Viacion Insurance Inc. with regard to its duties as registrar and trustee.

### 13. INFORMATION SENT TO SHAREHOLDERS

Fondaction is governed by the *Regulation respecting development capital investment fund continuous disclosure*. This regulation deals with the continuous disclosure obligations to which Fondaction is subject. In accordance with the requirements of this regulation, Fondaction makes the following information available on each shareholder's portal and transmits such information to its shareholders (on paper or electronically):

a) Semi-annually:

- a complete statement of the shareholder's transactions, if applicable;
- a statement of the shareholder's financial investments, indicating both the number and value of the shares held.

b) Annually:

- when calling the annual general meeting of shareholders, a business reply card is sent to shareholders allowing them to obtain a copy, at no cost, of the financial report, on an interim and annual basis (including the audited financial statements);
- written confirmation of the number of shares held (in lieu of a share certificate);
- a statement of repayments for the Home Buyers' Plan, if applicable;
- a statement of repayments for the Lifelong Learning Plan, if applicable.

All shareholders have access to their accounts at any time through their portal and are entitled to receive written confirmation of the number of shares or fractional shares that they hold and the amount paid for them.

A personal information file shall be created for each shareholder for the purpose of participation in the Fund and subscription for shares and, if necessary, for information pertaining to the shareholder's registered retirement savings plan. Shareholders have the right to access the personal information in these files and to have corrections made, if necessary, by sending a written request to the Fund.

Fondaction uses the personal information in each shareholder's file in a strictly confidential manner and solely for the purpose for which it was collected. Access to this information is limited to that prescribed by the *Act respecting the protection of personal information in the private sector*.

### 14. RIGHT OF RESCISSION

The Québec *Securities Act* grants purchasers a right of cancellation within two business days after the receipt of a prospectus or any amendment thereto.

This Act also provides a purchaser with remedies for rescission, price review or, in some cases, damages arising from investment operations where the prospectus contains a misrepresentation or is not delivered to the purchaser, but the purchaser must exercise such remedies within the prescribed time limits. Please refer to the applicable provisions and consult with a legal advisor, when applicable.

CERTIFICATE OF FONDATION IN ITS CAPACITY AS AN INVESTMENT FUND AND  
INVESTMENT FUND MANAGER

December 11, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered as required under the securities legislation of the Province of Québec.

**Fondaction, le Fonds de développement  
de la Confédération des syndicats nationaux  
pour la coopération et l'emploi**

By: (s) Jacques Létourneau  
Chairman of the Board of Directors

By: (s) Pierre Patry  
Secretary-Treasurer of the Board of Directors

By: (s) Geneviève Morin  
President and Chief Executive Officer

By: (s) Patrick Cabana  
Vice-President and Chief Financial Officer

# Appendix I

## REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT

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## Appendix I

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
65 years of age	The shareholder must have reached the age of 65 OR Must hold shares or fractional shares he did not personally acquire from Fondaction, and the individual who purchased these shares from Fondaction has reached the age of 65 or, if deceased, would have reached that age had he lived.	All shares held for at least 730 days	Completed and signed Fondaction form

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
Death	The shareholder is deceased.	All shares	<p>Completed and signed Fondation form</p> <p>AND</p> <p>Proof of death (physician's attestation of death OR thanatologist's certificate OR copy of the death certificate issued by the government)</p> <p>AND</p> <p>Proof of the vesting of shares, i.e.:</p> <ul style="list-style-type: none"> <li>- designation as irrevocable beneficiary of the RRSP assets</li> <li>OR</li> <li>- designation as revocable beneficiary of the RRSP assets or as heir AND the original or a certified true copy of the last will and testament, probated if it is a holograph will or a will made before witnesses, or a marriage contract if it contains a testamentary provision or, in the absence thereof, a sworn declaration of transmission on death AND confirmation of a will search with Québec's Register of wills and mandates</li> </ul>
Death of the person who contributed to a spousal RRSP	The person who contributed to a spousal RRSP (of which the shareholder is the annuitant) has died.	All shares	<p>Completed and signed Fondation form</p> <p>AND</p> <p>Proof of death of the person who contributed to the spousal RRSP (physician's attestation of death OR thanatologist's certificate or a copy of the death certificate issued by the government)</p>

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
Severe and prolonged disability (physical or mental) resulting in permanent unfitness for work	<p>The shareholder must be declared to be suffering from a severe and prolonged physical or mental disability which prevents him from working. (A disability is deemed to be prolonged only if it is likely to result in death or to be of indefinite duration.)</p> <p>If the shareholder is less than 60 years of age:</p> <ul style="list-style-type: none"> <li>- He must be regularly incapable of holding any substantially gainful occupation.</li> </ul> <p>If the shareholder is 60 years of age or over:</p> <ul style="list-style-type: none"> <li>- He must be regularly incapable of carrying on, the substantially gainful occupation he held at the time he ceased to work owing to his disability.</li> </ul>	All shares	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>A document certifying the severe and prolonged disability (e.g.: Notice of acceptance by Retraite Québec as a disabled contributor OR proof of payment of a permanent disability benefit by the CNESST OR an equivalent document)</p>

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
Redemption within 60 days of subscription	The shareholder must submit a request in writing to Fondaction within 60 days of the date of his subscription or, in the cases mentioned in paragraphs (a) and (b) of “Methods of payment”, within 60 days of his first payroll deduction or the first withdrawal from his account.	All shares purchased under the relevant subscription	Completed and signed Fondaction form

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT – RETIREMENT CRITERIA</b>			
Class “A” shares or fractional shares may be redeemed by the Fund at the request of the person who acquired them from the Fund at least 730 days earlier if, after having reached 45 years of age, such person availed himself of his right to retirement or early retirement, and if at the time of the redemption application, any of the situations listed under “Criteria” and “Requirements” were applicable to him.			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
Retirement at 45 years of age or older <sup>1</sup> AND Beneficiary of a pension under the employer’s registered pension plan	The shareholder must be at least 45 years of age AND Must have taken or will be taking, within three months of the redemption application, early retirement under a registered pension plan of the employer AND The estimated earned income for the 12 months following the beginning of early retirement does not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i> . <sup>2</sup>	All shares held for at least 730 days	Completed and signed Fondation form AND A solemn declaration by the shareholder to the effect that his estimated earned income for the 12 months following the beginning of early retirement does not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i> AND A copy of one of the following documents confirming the retirement: <ul style="list-style-type: none"> <li>• the employer’s declaration confirming the shareholder’s retirement along with a copy of the text of the employer’s registered pension plan</li> <li>• payment of retirement benefits such as a pension cheque, Relevé 2 or T4A slip</li> </ul>
Retirement at 60 years of age or older AND Beneficiary of a pension under the <i>Act respecting the Québec Pension Plan</i> or a similar plan <sup>3</sup>	The shareholder must be at least 60 years of age AND Receives or will receive, within three months of the redemption application, a retirement pension under the <i>Act respecting the Québec Pension Plan</i> or a similar plan.	All shares held for at least 730 days	Completed and signed Fondation form AND A copy of proof of payment of pension benefits under the Québec Pension Plan or a similar plan such as: notice of acceptance, pension cheque, confirmation that the pension has been changed, or a Relevé 2 or T4A slip

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT – RETIREMENT CRITERIA</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
<p>Retirement at 50 years of age or older as a result of termination of employment</p>	<p>The shareholder must be at least 50 years of age and must have ceased working. A shareholder is deemed to have ceased working if his estimated earned income for the 12 months following the application for redemption does not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i>.</p>	<p>All shares held for at least 730 days</p>	<p>Completed and signed Fondaction form AND</p> <p><b>In the case of a shareholder who has permanently terminated his employment</b>, provide a solemn declaration certifying that his estimated earned income for the 12 months following the redemption application does not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i>, and a copy of one of the following:</p> <ul style="list-style-type: none"> <li>• For an employee:<sup>4</sup> a copy of the latest record of employment or a declaration from the employer confirming the termination of employment OR</li> <li>• For a self-employed worker:<sup>4</sup> proof that the shareholder terminated his professional activities as a self-employed worker, such as a copy of a notice striking the business off the register, a copy of a notice of amendment of professional insurance or a copy of termination of the contracts OR</li> <li>• For an owner of a business:<sup>4</sup> a document certifying the closure of the business, such as a notice of dissolution, an amending declaration or a deed of sale OR</li> </ul> <p><b>In the case of a shareholder who has not terminated his employment relationship but has ceased working</b>, provide a copy of one of the following:</p> <ul style="list-style-type: none"> <li>• Employer’s declaration confirming that the shareholder has taken early retirement<sup>5</sup></li> <li>• Employer’s declaration confirming that the shareholder is on disability leave with wage insurance, the benefits of which do not exceed 25% of the maximum pensionable earnings set for the year of the application under the <i>Act respecting the Québec Pension Plan</i><sup>2</sup></li> </ul>

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT – RETIREMENT CRITERIA</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
Retirement at 55 years of age or older <sup>1</sup> AND Beneficiary of retirement benefits	The shareholder must be at least 55 years of age AND Receives or will receive, within three months of the application, a life annuity under a pension plan, an annuity under a registered retirement savings plan or a deferred profit-sharing plan or payments under a registered retirement income fund, unless such annuity or payments are received because of the death of his spouse.	All shares held for at least 730 days	Completed and signed Fondaction form AND A copy of proof of payment of one of the following pension benefits such as a pension cheque, or a Relevé 2 or T4A slip: <ul style="list-style-type: none"> <li>• pension benefits under an employer’s pension plan or a declaration by the employer confirming the retirement</li> <li>• periodic payments<sup>6</sup> under a registered retirement income fund (RRIF – LIF)</li> <li>• annuity under a deferred profit-sharing plan (DPSP)</li> <li>• annuity under a registered retirement savings plan (RRSP)</li> </ul>

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT – RETIREMENT CRITERIA</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
<p>Retirement at 45 years of age or older</p> <p>AND</p> <p>Annuitant under an RRSP or a RRIF</p>	<p>The shareholder must be at least 45 years of age</p> <p>AND</p> <p>Is an annuitant of a registered retirement savings plan or a registered retirement income fund</p> <p>AND</p> <p>Did not hold a remunerated employment or carry on a business in the 730 days preceding the redemption application</p> <p>AND</p> <p>Whose spouse at that time, other than a person who is under 60 years of age and has entered into an agreement with an employer to reduce regular working time by at least 20% until retirement, meets the conditions provided in one of the retirement criteria detailed above.</p>	<p>All shares held for at least 730 days</p>	<p>The shareholder must provide:</p> <ul style="list-style-type: none"> <li>• completed and signed Fondaction form</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• a statement from Retraite Québec or an equivalent document establishing the absence of employment or business income in the 730 days preceding the date of the redemption application.</li> </ul> <p>The spouse must provide:</p> <ul style="list-style-type: none"> <li>• the information and documents required under the criteria listed above.</li> </ul>

<b>REDEMPTION OF FONDACTION SHARES PROVIDED FOR IN THE ACT – RETIREMENT CRITERIA</b>			
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>
Phased retirement starting at 50 years of age	<p>The shareholder must be at least 50 years of age</p> <p>AND</p> <p>Must be a salaried employee</p> <p>AND</p> <p>Must have entered into an agreement with his employer<sup>7</sup> to reduce his regular working hours by 20% or more until retirement.</p>	<p>All shares held for at least 730 days</p> <p>Only shares subscribed to before the effective date of the phased retirement agreement are eligible.</p>	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Solemn declaration by the shareholder certifying that he does not intend to receive employment income other than that of the employer with whom he has entered into a phased retirement agreement</p> <p>AND</p> <p>A copy of the agreement with the employer showing the reduction in working hours, the effective date of the phased retirement agreement and the expected retirement date</p> <p>AND</p> <p>Confirmation of the income before and after phased retirement</p> <p>For a shareholder who has not reached age 60 yet, the amount redeemed is not to exceed, for one year, the lesser of:</p> <ul style="list-style-type: none"> <li>• The shareholder’s salary reduction for the year, and</li> <li>• The quotient obtained by dividing the person’s account balance of shares or fractional shares at the time of his first redemption application based thereon, by the number of years, not exceeding 11, and to which the agreement must apply.</li> </ul> <p>Each year, the shareholder will submit a new redemption application. He must prove that he is still a participant in a phased retirement program. A minimum interval of one year will be required between each disbursement.</p>

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1. No disbursement will be made until the effective retirement date.
  2. \$14,675 in 2020.
  3. “Similar plan” means the Canada Pension Plan. This similar plan covers persons having worked outside Québec and has similar provisions to the Québec Pension Plan.
  4. If the termination of the most recent employment is more than 730 days prior to the receipt of the application by Fondation, the shareholder must also provide a statement of participation from Retraite Québec, dated not more than 30 days, to prove the absence of income or income under the threshold set by Retraite Québec for all the years that have elapsed since the end of employment.
  5. Early retirement is retirement granted by the employer while the employee is still on the payroll, for example, when the shareholder decides to use up all his sick leave before officially retiring.
  6. A “periodic payment” means a payment made at least four times a year. Such proof must be dated less than 30 days following its receipt by the Fund.
  7. The shareholder must have employment as a salaried employee and, if he has several employers, the agreements made with them must have the effect of reducing the shareholder's total remuneration by at least 20%.

# Appendix II

## PURCHASE BY AGREEMENT OF FONDACTION SHARES

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<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
Home Buyers' Plan	The shareholder must be eligible for the Home Buyers' Plan (HBP) by withdrawing funds from an RRSP  AND  Must undertake to make repayments to Fondation. <sup>1</sup>	All shares issued for at least 90 days and transferred to an RRSP, up to the maximum allowed by the HBP	Acquisition allowed at all times	Completed and signed Fondation form AND Completed and signed Canada Revenue Agency form AND Acceptance of the mortgage loan, if applicable AND One of the following proofs: <b>For the purchase of an existing home</b> <ul style="list-style-type: none"> <li>• Offer to purchase in the shareholder's name duly accepted<sup>2</sup> by the parties concerned</li> </ul> <b>For the purchase of a factory built/prefabricated home</b> <ul style="list-style-type: none"> <li>• Purchase agreement of the factory built/prefabricated home in the shareholder's name, duly signed by the parties concerned</li> </ul> <b>For the purchase of a mobile home</b> <ul style="list-style-type: none"> <li>• Purchase agreement of the mobile home in the shareholder's name, duly signed by the parties concerned</li> </ul> AND <ul style="list-style-type: none"> <li>• Proof that the shareholder owns the land or the lease agreement for at least one year along with the lease as proof</li> </ul>	A maximum of two payments

<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
				<p><b>For the purchase of a new home</b></p> <ul style="list-style-type: none"> <li>• Preliminary purchase agreement (equal to the offer to purchase) in the shareholder’s name, duly signed by the parties concerned</li> </ul> <p><b>For a self-build home constructed by the shareholder</b></p> <ul style="list-style-type: none"> <li>• Building permit duly issued by the municipality in the shareholder’s name, confirming the construction of a new home</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• Proof that the shareholder owns the land</li> </ul>	
Extraordinary and unexpected necessary health expense	<p>The shareholder must show that the expense is unexpected, that it is necessary for the shareholder’s health or that of the shareholder’s spouse<sup>3</sup> or the spouse’s dependant<sup>4</sup></p> <p>AND</p> <p>Must declare financial inability to pay the expense</p> <p>AND</p> <p>Must have liquidated and used all his redeemable investments<sup>5</sup> (including other RRSPs) to pay part of the costs related to the expense, with the purchase of shares being a last resort.<sup>6</sup></p>	All shares	One year	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Shareholder’s solemn declaration certifying financial inability to pay the expense</p> <p>AND</p> <p>Solemn declaration that the person concerned is a dependant of the shareholder or of the shareholder’s spouse, if applicable</p> <p>AND</p> <p>Recent proof of confirmation from a recognized health professional of the need for care</p> <p>AND</p> <p>Proof of the expense, demonstrating its unexpected and extraordinary nature</p> <p>AND</p>	<p>A net payment<sup>7</sup> equal to the amount required to pay the expense or a substantial part thereof</p> <p>The cheque will be issued jointly to the shareholder and the creditor of the obligation (if applicable).</p>

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
				Proof of absence of indemnification or partial indemnification AND Proof that all the shareholder’s redeemable investments have been liquidated and used to pay part of the costs related to the expense, or that they cannot be redeemed, if applicable OR <b>If the expense concerns the spouse<sup>3</sup> or the spouse’s dependant<sup>4</sup></b> Proof that that all the family’s redeemable investments have been liquidated and used to pay part of the costs related to the expense, or that the family investments cannot be redeemed, if applicable	
Decrease of 20% or more in the after-tax family income <sup>8</sup> when a shareholder or the shareholder’s spouse <sup>3</sup> acts as a natural caregiver for a family member	The shareholder must show a decrease in after-tax family income <sup>8</sup> because the shareholder or the shareholder’s spouse acts as a natural caregiver for a family member AND Must show that the person cared for is at least 70 years of age or is at least 18 years of age and has a serious mental or physical handicap AND Must show that the after-tax family income <sup>8</sup> from all sources has decreased by 20% or more for a minimum period of two consecutive <sup>9</sup> months, and that this	All shares held for at least two years	One year	Completed and signed Fondaction form AND The shareholder’s solemn declaration stating that the shareholder or the shareholder’s spouse must act as a natural caregiver for a family member and that there has been a decrease in the family income <sup>8</sup> because of the need to act as natural caregiver AND Proof that the person cared for is at least 70 years of age or at least 18 years of age with a certificate from the attending physician stating that such person is seriously handicapped AND	A single payment equal to the value of the eligible shares  This criterion can only be used once by the shareholder every five years, as of the disbursement date.

<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
	<p>decrease in income still exists at the time the completed and signed form and the information and documents required are received</p> <p>AND</p> <p>Must have liquidated all redeemable family investments<sup>5</sup> (including other RRSPs), with the purchase of shares being a last resort.<sup>6</sup></p>			<p>Documents proving the occurrence of the triggering event and establishing that the decrease in after-tax income has lasted for at least two consecutive months<sup>9</sup></p> <p>AND</p> <p>Proof of the after-tax family income<sup>8</sup> for the period in question and proof of the after-tax family income<sup>8</sup> before the decrease in income</p> <p>AND</p> <p>Proof that all redeemable family investments<sup>5</sup> have been liquidated, or that they cannot be redeemed, if applicable</p>	
<p>Decrease of 20% or more in the after-tax income of the shareholder or the shareholder's spouse for a minimum period of two consecutive months due to one of the following circumstances:</p> <ul style="list-style-type: none"> <li>• loss of employment or end of sole contract</li> <li>• involuntary reduction in the hourly rate or working hours</li> <li>• decrease or termination of income replacement benefits</li> </ul>	<p>The shareholder must show the reason<sup>10</sup> for the decrease in income (loss of employment, involuntary reduction in work hours, involuntary decrease in usual after-tax subsistence income)</p> <p>AND</p> <p>In the case of a loss of employment, must show that the shareholder or the shareholder's spouse worked at the job for a minimum of 28 hours per week for at least two months</p> <p><b>In the case of a decrease in the shareholder's income</b>, the shareholder must show that after-tax income from all sources has decreased by 20% or more for a minimum period of two consecutive months<sup>9</sup> and that such decrease in income still exists at the time the completed and</p>	<p>All shares</p> <p>Shares subscribed after the decrease in income cannot be purchased under this criterion.</p>	<p>One year</p>	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Documents proving the occurrence of the triggering event and establishing that the decrease in after-tax income has lasted for at least two consecutive months<sup>9</sup></p> <p><b>For loss of employment or the end of a sole contract</b></p> <ul style="list-style-type: none"> <li>• Proof of loss of last job or of the end of a single contract under which the shareholder or the shareholder's spouse worked a minimum of 28 hours a week</li> </ul>	<p>Payments will not exceed \$5,000 after taxes each, with a two-month interval between payments</p> <p>OR</p> <p>A single payment representing the total account value provided this value is less than \$10,000.</p>

<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
	<p>signed form and the information and documents required are received</p> <p>AND</p> <p>Must have liquidated all his redeemable investments<sup>5</sup> (including other RRSPs), with the purchase of shares being a last resort<sup>6</sup></p> <p><b>In the case of a decrease in the income of the shareholder’s spouse,<sup>3</sup></b> the shareholder must show that the after-tax family income from all sources has decreased by 20% or more for a minimum period of two consecutive months, and that such decrease in income still exists at the time the completed and signed form and the information and documents required are received</p> <p>AND</p> <p>Must have liquidated all his redeemable investments<sup>5</sup> (including other RRSPs), with the purchase of the shares being a last resort<sup>6</sup></p> <p>AND</p> <p><b>For subsequent applications,</b> the shareholder must show that the event concerned still exists and that the shareholder’s or family<sup>8</sup> after-tax income, as applicable, has decreased by 20% or more for a new minimum period of two consecutive months.<sup>9</sup></p>			<p><b>For involuntary reduction in hourly rates or regular work hours</b></p> <ul style="list-style-type: none"> <li>Confirmation from the employer of the involuntary reduction in the hourly rate or regular hours for a minimum period of two consecutive months<sup>9</sup></li> </ul> <p><b>For a reduction or termination of benefits</b></p> <ul style="list-style-type: none"> <li>Proof of the reduction or termination of benefits for a minimum of two consecutive months<sup>9</sup></li> </ul> <p>AND</p> <p>Proof of the shareholder’s after-tax income before and after the event</p> <p>AND</p> <p>Proof that all the shareholder’s redeemable investments have been liquidated, or that they cannot be redeemed, if applicable</p> <p><b>If the decrease in income concerns the spouse</b></p> <p>Proof of after-tax family income<sup>8</sup> before and after the event</p> <p>AND</p> <p>Proof that all redeemable family investments have been liquidated, or cannot be redeemed, if applicable.</p>	

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
Decrease of 30% or more in the pre-tax income of the shareholder or the shareholder's spouse for a minimum period of two consecutive months caused by a temporary disability	<p>The shareholder or the shareholder's spouse must be temporarily disabled<sup>11</sup></p> <p>AND</p> <p><b>In the case of a decrease in the shareholder's income,</b> the shareholder must show that pre-tax income from all sources has decreased by 30% or more for a minimum period of two consecutive months<sup>12</sup>, and that such decrease in income still exists at the time the completed and signed form and the information and documents required are received</p> <p>AND</p> <p>Must have liquidated all his redeemable investments<sup>5</sup> (including other RRSPs), with the purchase of shares being a last resort<sup>6</sup></p> <p>AND</p> <p><b>In the case of a decrease in the income of the shareholder's spouse,</b> the shareholder must show that the pre-tax family income from all sources has decreased by 30% or more for a minimum period of two consecutive months<sup>12</sup> and that such decrease in income still exists at the time the completed and signed form and the information and documents required are received</p> <p>AND</p>	<p>All shares</p> <p>Shares subscribed after the decrease in income cannot be purchased under this criterion.</p>	One year	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Recent medical certificate of disability for a minimum period of two consecutive months</p> <p>AND</p> <p>Proof of the shareholder's pre-tax income before and after the event having caused the temporary disability</p> <p>AND</p> <p>Proof that all the shareholder's redeemable investments have been liquidated or that they cannot be redeemed, if applicable</p> <p><b>If the decrease in income concerns the spouse,</b></p> <p>Proof of pre-tax family income<sup>8</sup> before and after the event having caused the temporary disability</p> <p>AND</p> <p>Proof that all redeemable family<sup>8</sup> investments have been liquidated or that they cannot be redeemed, if applicable.</p>	<p>Payments will not exceed \$5,000 after taxes each, with a two-month interval between payments</p> <p>OR</p> <p>A single payment representing the total account value provided this value is less than \$10,000.</p>

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
	<p>Must have liquidated all redeemable family investments<sup>5</sup> (including other RRSPs), with the purchase of shares being a last resort<sup>6</sup></p> <p>AND</p> <p><b>For subsequent applications,</b> the shareholder must show that he or his spouse<sup>3</sup> is still temporarily disabled and that pre-tax income has decreased by 30% or more for a new minimum period of two consecutive months.<sup>9</sup></p>				
<p>Involuntary decrease of 20% or more in the shareholder's or spouse's after-tax income derived from self-employment for a minimum period of six consecutive months</p>	<p>The shareholder or the shareholder's spouse must be a self-employed worker</p> <p>AND</p> <p><b>In the case of a decrease in the shareholder's income,</b> the shareholder must show that after-tax income from all sources has decreased by 20% or more following a decrease in income derived from self-employment for a minimum period of six consecutive months,<sup>13</sup> and that such decrease in income still exists at the time the completed and signed form and the information and documents required are received</p> <p>AND</p> <p>Must show that the decrease in after-tax income derived from self-employment is involuntary and not cyclical</p>	<p>All shares</p> <p>Shares subscribed after the decrease in after-tax income cannot be purchased under this criterion.</p>	<p>One year</p>	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Confirmation from clients of the cancellation, termination or reduction in the number of contracts, as the case may be</p> <p>AND</p> <p>Recent proof of all the shareholder's after-tax income during the period of involuntary decrease in income for six full consecutive months<sup>13</sup></p> <p>AND</p> <p>Proof of all the shareholder's after-tax income during the same period in the previous year</p> <p>AND</p> <p>Proof that all the shareholder's redeemable investments have been liquidated or cannot be redeemed, if applicable</p>	<p>Equal payments not exceeding \$15,000 after taxes each</p> <p>A minimum six-month interval is required between each payment.</p>

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
	<p>AND</p> <p>Must have liquidated all his redeemable investments<sup>5</sup> (including other RRSPs), with the purchase of shares being a last resort.<sup>6</sup></p> <p><b>In the case of a decrease in the spouse's income</b>, the shareholder must show that the after-tax family income from all sources has decreased by 20% or more following a decrease in income derived from self-employment for a minimum period of six consecutive months,<sup>13</sup> and that such decrease in income still exists at the time the completed and signed form and the information and documents required are received</p> <p>AND</p> <p><b>For subsequent applications</b>, the shareholder or the shareholder's spouse must show that the involuntary decrease in income still exists and that after-tax income has decreased by 20% or more for a new minimum period of six consecutive months.<sup>13</sup></p>			<p><b>If the decrease in income concerns the spouse</b></p> <p>Recent proof of all the after-tax family income<sup>8</sup> during the period of involuntary decrease in income for six full consecutive months<sup>13</sup></p> <p>AND</p> <p>Proof of all the after-tax family<sup>8</sup> income during the same period in the previous year</p> <p>AND</p> <p>Proof that all the redeemable family investments have been liquidated or that they cannot be redeemed, if applicable</p>	
<p>Decrease of 30% or more in pre-tax family income for a minimum period of two consecutive months caused by the dissolution of a union<sup>14</sup></p>	<p>The shareholder must show a decrease in income caused by the dissolution of a union which occurred less than a year ago<sup>15</sup></p> <p>AND</p>	<p>All shares</p> <p>Shares subscribed after the dissolution of the union cannot be</p>	<p>One year</p>	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Proof of the dissolution of the union which occurred less than a year ago:</p> <ul style="list-style-type: none"> <li>confirmation of the dissolution of the union by a notary, a lawyer or a mediator</li> </ul>	<p>A maximum of two payments made no later than during the year following the dissolution of the union, up to a net amount<sup>7</sup> of \$15,000</p>

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
	<p>Must show a decrease of at least 30% in pre-tax family income<sup>8</sup> for a minimum period of two consecutive months<sup>9</sup></p> <p>AND</p> <p>Must have liquidated all redeemable investments<sup>5</sup> (including other RRSPs), with the purchase of the shares being the last resort.<sup>6</sup></p>	<p>purchased under this criterion.</p>		<ul style="list-style-type: none"> <li>• proof of the change in marital status with the Canada Revenue Agency</li> <li>• divorce judgment</li> <li>• agreement on corollary relief</li> </ul> <p>AND</p> <p>Proof of all pre-tax family income<sup>8</sup> prior to the decrease in income</p> <p>AND</p> <p>Recent proof of all the shareholder's pre-tax income during the period of decreased income for two full consecutive months</p> <p>AND</p> <p>Proof that all the shareholder's redeemable investments have been liquidated or that they cannot be redeemed, if applicable.</p>	<p>for the same dissolution of union.</p>
<p>Emigration from Canada</p>	<p>The shareholder must have permanently emigrated from Canada</p> <p>AND</p> <p>Must have permanently left his residence and employment in Canada.</p>	<p>All shares held for at least two years, and the balance of all such shares, if applicable.</p>	<p>Three years of permanent residence in Québec following the shareholder's return (proof required)</p>	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>The shareholder's solemn declaration stating that he has permanently emigrated from Canada</p> <p>Certified statement by the current employer that the shareholder is permanently working and residing in another country OR proof that the shareholder is operating a business on a full-time basis in the country of his new permanent residence OR proof of citizenship</p> <p>AND</p> <p>Proof of residence in the host country.</p>	<p>One payment for all shares held at least for two years</p> <p>At the shareholder's request, the balance of the shares, if applicable, when all such shares become eligible</p> <p>Transfer to another plan is permitted.</p>

<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
Ineligibility for income tax credits	The shareholder must have subscribed to shares without being entitled to Québec and federal income tax credits, unless the credit was refused because the subscribed amount exceeded the maximum allowed under applicable tax laws.	All shares subscribed while the shareholder was not eligible for income tax credits	The shareholder may purchase other shares as soon as he becomes eligible again for income tax credits	Completed and signed Fondation form AND Proof that the income tax credits were claimed and refused by the Québec and federal governments OR proof <sup>16</sup> that the tax credits could not be claimed from the Québec and federal governments for one of the following reasons: <ul style="list-style-type: none"> <li>• no taxes to be paid</li> <li>• shareholder has retired, and the employment income and business income reported in the taxation year were less than \$3,500</li> <li>• non-resident</li> </ul>	A single payment Payment is made based on the value of the shares at the time of purchase. Transfer to another plan is permitted.
Capital injection to create or maintain employment in a business that was started up or acquired less than a year ago	The shareholder must show that the enterprise is legally constituted AND Must show that he is the owner of the business (alone or with others) and that he participates in decision-making AND Must show that the injection of capital will create or maintain at least one full-time permanent job <sup>17</sup> AND Must show that the business is a going-concern. <sup>18</sup>	All shares held for at least two years	Two years	Completed and signed Fondation form AND A declaration of registration of the business or incorporating document AND A copy of documents evidencing the shareholder's interest in the business AND A copy of the documents showing the start-up or acquisition of an enterprise that is a going-concern: <ul style="list-style-type: none"> <li>• business plan and, if applicable:</li> <li>• acquisition contract</li> </ul>	Up to two payments for a total net value <sup>7</sup> of \$30,000 to be disbursed within 12 months of the application  This criterion can only be used once by the shareholder.

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
				<ul style="list-style-type: none"> <li>• commercial lease</li> <li>• financial statements</li> <li>• financing confirmations</li> <li>• signed contracts</li> </ul> <p>AND</p> <p>Proof of creation or maintenance of at least one full-time permanent job</p> <p><b>If the job created or maintained is the shareholder’s job,</b> provide one of the following:</p> <ul style="list-style-type: none"> <li>• a record of employment</li> <li>• employer’s letter confirming the end of employment</li> <li>• leave without pay agreement</li> <li>• termination of employment insurance benefits</li> <li>• termination of employment contract</li> <li>• acceptance into a government program</li> </ul> <p><b>If the job created or maintained is not the shareholder’s job,</b> provide one of the following:</p> <ul style="list-style-type: none"> <li>• proof of payment of mandatory employer contributions</li> <li>• pay slips</li> <li>• employment contract</li> </ul>	

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
Capital injection to maintain jobs in a business operating for more than one year and in financial difficulty	<p>The shareholder must show that the business is legally constituted</p> <p>AND</p> <p>Must show that he is the owner of the business (alone or with others) and that he participates in the decision-making process</p> <p>AND</p> <p>Must show that the business is in financial difficulty</p> <p>AND</p> <p>Must show that the injection of capital will maintain at least one full-time permanent job<sup>17</sup></p> <p>AND</p> <p>Must show that the business has been a going-concern<sup>18</sup> for more than a year</p>	All shares held for at least two years	Two years	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>A declaration of registration of the business or incorporating document</p> <p>AND</p> <p>A copy of documents evidencing the shareholder's interest in the business</p> <p>AND</p> <p>A copy of documents showing the enterprise's financial situation and that it is a going-concern:</p> <ul style="list-style-type: none"> <li>• business development plan</li> <li>• financing confirmations</li> <li>• last two annual financial statements and interim financial statements for the current period</li> </ul> <p>AND</p> <p>Proof that the value of the shares purchased will allow an injection of funds that will have a significant impact on the consolidation or the development of the business</p> <p>AND</p> <p>Proof of maintenance of one full-time permanent job</p> <p><b>If the job maintained is the shareholder's job:</b></p> <ul style="list-style-type: none"> <li>• an income tax return and notice of assessment</li> </ul>	<p>Up to two payments for a total net value<sup>7</sup> of \$30,000 to be disbursed within 12 months of the application</p> <p>This criterion can only be used once by the shareholder.</p>

<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
				<p><b>If the job maintained is not the shareholder's job, provide one of the following:</b></p> <ul style="list-style-type: none"> <li>• federal and Québec monthly remittances</li> <li>• employee's pay slips</li> </ul>	
Terminal illness	The shareholder, the shareholder's spouse <sup>3</sup> or a dependent child <sup>19</sup> must be suffering from a terminal illness.	All shares	Ineligible or one year if the criterion is used for the spouse or a dependent child	Completed and signed Fondaction form AND Confirmation by the attending physician	Up to two payments  Transfer to another plan is permitted.
Buyback of pension credits for years of past service or to improve a retirement pension plan	<p>The shareholder must have received an offer to improve the pension plan benefits if the offer was not already included in the plan and if it is limited in time<sup>20</sup></p> <p style="text-align: center;">OR</p> <p>Must have received an offer when enrolling in a new employer plan or changing jobs or employee status, to improve pension plan benefits. The offer must be limited in time<sup>20</sup></p> <p>AND</p> <p>Must show that the purchase will be used to acquire pension credits for years of past service or to improve the pension payable by a pension plan</p> <p>AND</p>	All shares held for at least two years	Acquisition allowed at all times	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Copy of the redemption offer for years of past service</p> <p>AND</p> <p>Acceptance by the plan administrator stating that a direct transfer is allowed for the acquisition of additional pension credits</p> <p>AND</p> <p>Proof that all investments have been used or that they cannot be liquidated or transferred<sup>5</sup> if applicable.</p>	<p>This criterion can only be used once by the shareholder.</p> <p>The cheque is issued to the pension fund.</p>

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
	Must have used <sup>21</sup> all investments, such as RRSPs and LIRAs; with the purchase of shares being a last resort. <sup>6</sup>				
Recourse exercised by a creditor	<p>The shareholder must show that the recourse is against:</p> <ul style="list-style-type: none"> <li>• the principal residence</li> <li>• a public utility</li> <li>• the shareholder’s and/or spouse’s automobile</li> <li>• the shareholder’s and/or spouse’s salary</li> <li>• the shareholder’s and/or spouse’s bank account</li> </ul> <p>AND</p> <p>The shareholder must not qualify under any other criterion of the purchase by agreement policy</p> <p>AND</p> <p>Must have liquidated and used all redeemable investments<sup>5</sup> (including other RRSPs) for payment of a part of the recourse, with the purchase of the shares being a last resort.<sup>6</sup></p>	All shares	One year	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>The shareholder’s solemn declaration explaining the reasons for the recourse and his financial inability to pay it, and confirming that he has the necessary amounts to pay the balance if the shares withdrawn are not sufficient to avoid execution of the recourse</p> <p>AND</p> <p>Proof of the recourse<sup>22</sup> against the following assets or essential services:</p> <p><b>For the residence:</b></p> <ul style="list-style-type: none"> <li>• final notice from the hypothecary creditor</li> <li>• prior notice to exercise a hypothecary right</li> <li>• motion for forced surrender and judgment</li> <li>• duly served application of the Tribunal administratif du logement</li> <li>• final notice for past due municipal or school taxes</li> </ul> <p><b>For the shareholder’s and/or spouse’s automobile (one or two):</b></p> <ul style="list-style-type: none"> <li>• notice of forfeiture of benefit of term, along with the loan agreement</li> <li>• notice of seizure of the vehicle following a judgment</li> <li>• repossession notice</li> </ul>	<p>A single net payment<sup>7</sup> equal to the amount required to discharge all or part of the obligation</p> <p>The cheque will be issued jointly to the shareholder and the creditor of the obligation, or to only the creditor, if required under the circumstances.</p>

<b>PURCHASE BY AGREEMENT OF FONDACTION SHARES</b>					
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>ELIGIBLE SHARES</b>	<b>WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS</b>	<b>INFORMATION AND DOCUMENTS REQUIRED</b>	<b>PAYMENT TERMS AND CONDITIONS</b>
				<p><b>For a public utility:</b></p> <ul style="list-style-type: none"> <li>• notice of service interruption concerned</li> </ul> <p><b>For the shareholder’s and/or spouse’s salary:</b></p> <ul style="list-style-type: none"> <li>• formal demand for payment from a government</li> <li>• judgment ordering the payment of a sum of money</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• proof that the shareholder or the shareholder’s spouse has a garnishable salary</li> </ul> <p><b>For the shareholder’s and/or spouse’s bank account:</b></p> <ul style="list-style-type: none"> <li>• formal demand for payment from a government</li> <li>• judgment ordering the payment of a sum of money</li> </ul> <p>AND</p> <p><b>If the recourse is against only the shareholder’s salary, bank account and/or automobile:</b></p> <ul style="list-style-type: none"> <li>• proof that all the shareholder’s redeemable investments have been liquidated and used to pay part of the recourse, or that the investments cannot be redeemed, if applicable</li> </ul> <p><b>If the recourse is against the principal residence, a public utility or the spouse’s</b></p>	

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				<p><b>car, salary and/or bank account:</b></p> <ul style="list-style-type: none"> <li>proof that all redeemable family investments have been liquidated and used to pay part of the recourse, or that the family investments cannot be redeemed, if applicable.</li> </ul>	
Lifelong Learning Plan (LLP)	<p>The shareholder must be eligible for the Lifelong Learning Plan (LLP)<sup>23</sup> by withdrawing funds from an RRSP</p> <p>AND</p> <p>Must undertake to make repayments to Fondaction.<sup>1</sup></p>	<p>All shares purchased at least 90 days ago and paid under an RRSP up to the maximum allowed by the LLP</p> <p>All shares subscribed after the return to studies cannot be purchased under this criterion.</p>	Acquisition allowed at all times	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Canada Revenue Agency form completed and signed</p> <p>AND</p> <p>Proof of the shareholder's or spouse's registration at an educational institution in a program requiring at least three months of full-time studies</p> <p>AND</p> <p>A copy of the tuition fee statement, including proof that 50% of the fees payable were paid or a minimum of \$500 was paid.</p>	A maximum of two payments a year for as long as the Plan is in effect

<b>PURCHASE BY AGREEMENT OF FONDACION SHARES</b>					
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Return to studies	<p>The shareholder or the shareholder’s spouse must have returned to full-time studies AND Must be registered in a program at a designated educational institution requiring at least three months of studies AND Must not have been registered on a full-time basis in the said program when the shareholder joined Fondacion AND The student must show that his pre-tax income (including non-refundable grants or financial aid under government or other programs) decreased by 25% or more, compared to his employment income prior to the start of the program.</p>	<p>All shares held for at least two years  Shares subscribed after the return to studies cannot be purchased under this criterion.</p>	Acquisition allowed at all times	<p>Completed and signed Fondacion form AND Proof of the shareholder’s or spouse’s registration at an educational institution in a program requiring at least three months of full-time studies AND A copy of the tuition fee statement, including proof that 50% of the fees payable were paid or a minimum of \$500 was paid AND Proof of the student’s pre-tax income before and after returning to school</p>	<p>A single payment of up to \$10,000 before taxes to go back to school for less than six months  OR A maximum of two payments totalling up to \$20,000 before taxes to go back to school for six months or more.</p>

PURCHASE BY AGREEMENT OF FONDACTION SHARES					
CRITERIA	REQUIREMENTS	ELIGIBLE SHARES	WAITING PERIOD FOR SUBSEQUENT ACQUISITIONS	INFORMATION AND DOCUMENTS REQUIRED	PAYMENT TERMS AND CONDITIONS
Loss affecting the principal residence or an automobile essential for the shareholder	<p>The shareholder must show that a loss occurred concerning his principal residence or an automobile essential for him</p> <p>AND</p> <p>that he received only partial indemnification or that no indemnification<sup>24</sup> is payable</p> <p>AND</p> <p>Must declare his financial inability to pay the expense resulting from the loss</p> <p>AND</p> <p>Must have liquidated and used all redeemable family investments<sup>5</sup> (including other RRSPs) to pay a part of the expenses resulting from the loss, with the purchase of the shares being a last resort.<sup>6</sup></p> <p>In the case of the principal residence, the loss must be:</p> <ul style="list-style-type: none"> <li>• a fire</li> <li>• water damage</li> <li>• a natural disaster</li> <li>• a breakdown or safety defect of equipment causing damages to the principal residence</li> <li>• a deficiency or defect<sup>25</sup> in the foundation or structure of such magnitude that the foundation or structure of the residence endangers the health or safety of the occupants.</li> </ul>	All shares	One year	<p>Completed and signed Fondation form</p> <p>AND</p> <p>Shareholder's solemn declaration certifying financial inability to pay the expense</p> <p>AND</p> <p>Proof of the loss</p> <p>AND</p> <p>Proof of costs related to the loss</p> <p>AND</p> <p>Proof of the absence of indemnification or partial indemnification</p> <p>AND</p> <p>Proof that all redeemable family investments have been liquidated and used to pay the costs related to the loss, or that they cannot be redeemed, if applicable.</p>	<p>A net payment<sup>7</sup> equal to the amount required to pay for the repair or replacement of the property or to pay a substantial portion thereof</p> <p>The cheque will be issued jointly to the shareholder and the creditor of the obligation (if applicable).</p>

1. In such a case, the shareholder must repay the amounts withdrawn in accordance with applicable tax laws. The repayments must be made to Fondation or else the shareholder will be required to pay a special tax equal to the tax credit already obtained, as provided for in the Québec *Taxation Act*. However, a shareholder who is eligible for a redemption or purchase by agreement for a given year or within 60 days of the year-end, will not be subject to the special tax only if the shareholder cannot claim a tax credit for the acquisition of shares in a labour-sponsored fund with respect to an amount paid during the 10-year period, for the Lifelong Learning Plan, and during the 15-year period, in the case of the Home Buyers' Plan, during which he must acquire replacement shares or within 60 days of the end of such period. The federal legislative measures also provide for a special tax equal to the tax credit already obtained, for which the rules of application are similar to those applied in Québec. The Québec rules apply to the 2012 taxation year and following years.
2. To be eligible, the accepted offer to purchase must contain the names of the parties, the address of the home purchased by the shareholder and a signed acceptance.
3. Unless indicated otherwise, for the purposes of this prospectus, the definition of "spouse" is that set out in the Québec *Taxation Act*, which includes both same-sex and opposite-sex spouses.
4. "Dependant" is defined in the Québec *Taxation Act*.
5. An investment is considered redeemable even if its withdrawal leads to costs or a loss of return.
6. In all cases where, in accordance with the purchase by agreement policy, a shareholder must show that his redeemable investments were liquidated, he must, if he holds shares in both Québec labour-sponsored funds, request a purchase by agreement from both funds. If both funds allow it, the amounts paid by them will be distributed pro rata to the value of the eligible shares in both these labour-sponsored funds.
7. Withholding tax applied to the payment is calculated using the minimum tax rate required by the federal and provincial governments, if applicable.
8. According to Revenu Québec, the definition of "family income" is the following: *The family income is equal to your income. If you have a spouse, the family income is equal to your income plus your spouse's income.*
9. An application may only be filed after a minimum period of two consecutive months of decreased income prior to the date the application is made to Fondation. The decrease in income must apply to each month included in the period concerned. In the case of a shareholder who receives income security, the application may be made as of the date the decrease in income begins.
10. For the purchase by agreement application to be eligible under this criterion, a maximum of two years must have passed between the date of the event which caused the decrease in income and the time the application was made to the Fund, unless the shareholder receives income security. Similarly, for any subsequent application in connection with the same event, a maximum of two years must have passed between the date of the initial application and the subsequent application(s) to the Fund in connection with the same event, unless the shareholder receives income security, and the event must still exist when the subsequent application is made.
11. For the purchase by agreement application to be eligible under this criterion, a maximum of two years must have passed between the date of the event which caused the decrease in income and the time the application was made to the Fund. Similarly, for any subsequent application in connection with the same event, a maximum of two years must have passed between the date of the initial application and the subsequent application(s) to the Fund in connection with the same event, and the event must still exist when the subsequent application is made.
12. An application may only be filed after a minimum of two consecutive months of decreased income before the date the application is made to the Fund. In the event that a doctor confirms the disability of the shareholder or the shareholder's spouse, if applicable, for a period of at least two consecutive months, the application may be made as of the date the decrease in pre-tax income begins.
13. An application may be filed only after a minimum period of six consecutive months of an involuntary decrease in income preceding the date the application is made to the Fund.
14. "Dissolution of a union" means, depending on the type of union, separation from bed and board, separation between common law spouses, divorce, annulment or dissolution of marriage, or death.
15. For the purchase by agreement application to be eligible under this criterion, a maximum of one year must have passed between the date of the dissolution of the union and the date the application was filed with Fondation.

16. “Proof” means complete tax returns at the federal and Québec levels along with the schedules relating to Fondation tax credits and the respective notices of assessment for the years when the credits could not be claimed, in cases where the shareholder had no income taxes to pay or is retired with employment income lower than \$3,500, or a letter confirming that the shareholder is a non-resident.
17. “Full-time permanent job” refers to a minimum of 28 hours worked per week.
18. A business whose activities are seasonal is not considered a going concern, unless it operates several seasonal activities throughout the year.
19. “Dependent child” is defined in the Québec *Taxation Act*.
20. “Limited in time” means a one-time offer with a deadline that must be met by the shareholder.
21. The investments used must first have been applied to improving the pension plan benefits, since a purchase must be the last resort.
22. Dated less than 30 days on the date it is received at Fondation.
23. According to tax legislation, only post-secondary studies qualify under these plans.
24. The request must have been received within one year of the loss and cannot include the deductible amount.
25. The defect must not be known at the time of purchasing the home.