



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

June 23, 2026

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's Office 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; or on the Fondation website (www.fondaction.com) or the SEDAR+ website (www.sedarplus.ca).

Continuous distribution June 23, 2026

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 registered plan authorized by the *Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi*) 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 ("Fondation" or the "Fund"), as described in this prospectus, are offered solely in Québec, and only individuals of full age may subscribe for such shares.

Share price	Investment Commission	Proceeds received by the Fund
\$18.24	None	\$18.24

The price per share is established twice a year by the Board of Directors of Fondation, based on Fondation's consolidated audited Financial Statements (the "Financial Statements") as at November 30 and May 31 (see "Valuation of shares and share price" for more information). Fondation plans to announce this price in a press release on or about December 23, 2026 and June 23, 2027 for fiscal period 2026-2027 (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 (see "Participation and subscription").

Class "A" shares constitute a speculative investment suitable only for investors who can invest for the long term. An investment in the Fund is an investment meant for retirement and generally cannot be redeemed before such retirement. An investor should not invest in the Fund if they require a liquid investment. See "Redemption and purchase by agreement of shares" for more information.

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 transfer, redemption or purchase by agreement 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 or of the first payroll deduction, as the case may be, and subject to certain conditions set forth in policies to this effect. This affects the liquidity of investments in 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 *Politique de placement (autres investissements)* [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 respecting Short Form Prospectus Distributions*, 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").

Summary of the fees to be paid by investors as at May 31, 2026

Participation fees for new shareholders:	None
Annual fees:	None
Redemption or transfer fees:	None
Fees for the exchange of Class "B" shares for Class "A" shares:	None
Fees for transfer to an RRSP account:	None
Fees to open an RRSP account:	None
Total operating expense ratio borne by Fondation ⁽¹⁾ :	2.23%

(1) The reader should refer to "Expenses payable by Fondation" for information on this ratio.

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 herein below 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 or the SEDAR+ website at www.sedarplus.ca:

- ▶ the 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);
- ▶ Management's Discussion and Analysis ("MD&A");
- ▶ the notice of the Annual General Meeting of Shareholders;
- ▶ the annual information form dated June 23, 2026;
- ▶ 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.

Gender and number: Whenever required by the context, the masculine shall include the feminine and the neuter, and vice versa; and the singular shall also include the plural, and vice versa.

Table of contents

1. Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi.....	2
2. Portfolio asset management.....	2
2.1. Development capital investments.....	3
2.1.1. Oversight and reporting responsibilities.....	4
2.1.2. Investment rule.....	4
2.2. Other investments (financial investments).....	4
2.3. Use of derivative financial instruments.....	5
3. Description of capital stock.....	5
3.1. Class "A" shares.....	5
3.2. Rights of Class "A" shareholders.....	6
4. Dividends.....	6
5. Participation and subscription.....	6
5.1. Persons who should invest in Fondation.....	6
5.2. Methods of subscription and payment.....	6
5.3. Collection of subscriptions.....	7
6. Valuation of shares and share price.....	7
6.1. Changes in share price.....	8
6.2. Issuance of shares for the last 12 months.....	8
7. Redemption and purchase by agreement of shares.....	8
7.1. Redemption provided for in the Act.....	9
7.2. Purchase by agreement of shares.....	9
7.3. Redemptions at the option of Fondation.....	10
7.4. Management of the <i>Politique d'achat de gré à gré d'actions</i> [Purchase by Agreement of Shares Policy].....	10
8. Risk factors.....	10
9. Tax effects.....	13
9.1. Tax credits.....	13
9.2. Transfer to an RRSP.....	14
9.3. Transfer to an RRIF.....	15
9.4. Deregistration.....	15
9.5. Tax effects of redemption.....	15
9.6. Tax effects of purchase by agreement.....	15
9.7. Dividend tax consequences.....	16
10. Restrictions on transfers of shares.....	16
11. Expenses payable by Fondation.....	16
12. Performance of main functions.....	17
13. Information sent to shareholders.....	18
14. Right of rescission.....	18
Certificate of the issuer.....	19
Certificate of the Investment Fund Manager.....	20
Appendix II – Purchase by agreement of Fondation shares.....	28
Appendix III – Share redemptions at the option of Fondation.....	45

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

Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (hereinafter "**Fondaction**" 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, while allowing for reasonable profitability and accumulation of retirement savings. The Fund is intended for all Québec residents, whether or not they are unionized, and in particular for those who, through their investment savings choices, wish to support local businesses committed to sustainable development.

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

Fondaction'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.

Fondaction's main objective is to make development capital investments in Eligible Québec Enterprises in order to obtain a long-term appreciation of the capital. An Eligible Québec Enterprise within the meaning of the Act is an enterprise in active operation in Québec and that: 1° is Québec-owned, or 2° has a main decision-making centre that is operated in Québec (an "**Eligible Québec Enterprise**").

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 mission of Fondaction has two components:

- ▶ to support Québec workers in their efforts to save more for their retirement, in particular by raising awareness and offering an accessible savings product; and
- ▶ to channel these accrued savings to Québec's economic, social and environmental advantage by investing them using an approach that is mindful of meeting the needs of persons while protecting our environment and respecting the limits of natural ecosystems.

Under the Act, Fondaction prioritizes investments that mainly aim to:

- (a) promote enterprises whose activities are in keeping with the principle of sustainable development and that take environmental, social and governance factors into account in their decision-making;

- (b) assist enterprises to support their growth, boost their productivity, reduce their environmental footprint, stimulate innovation and foster inclusion so as to make them more valuable, resilient and sustainable;
- (c) support strategic initiatives and projects with significant economic benefits that improve access to quality jobs, help protect the environment and reduce inequality; and
- (d) enable workers to collectively influence Québec's sustainable development.

On January 1, 2025, Fondaction and the Comité syndical national de retraite Bâtirente inc. ("**Bâtirente**") combined most of their employees under 9525-9495 Québec inc.

9525-9495 Québec inc. offered administrative and support services to Fondaction from January 1, 2025, until June 2, 2025.

Until June 2, 2025, Fondaction acted as its own investment fund manager under securities regulations. Since June 2, 2025, Fondaction remains a reporting issuer but no longer acts as its own investment fund manager.

Since June 2, 2025, 9525-9495 Québec inc, a wholly owned subsidiary of Fondaction, is registered as an investment fund manager under securities regulations and fulfills this role with Fondaction (the "**Manager**"). As such, the Manager is tasked with managing the business, operations and affairs of Fondaction.

2. Portfolio asset management

Fondaction 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.

Fondaction makes investment decisions that are based on an overall performance valuation method (both financial and non-financial) that is applied to companies, funds or advisors and external managers and their portfolios.

The goal of the analysis is to assess how the investments align with Fondaction's sustainable finance strategy, which is centred around investments that are:

- ▶ responsible;
- ▶ sustainable;
- ▶ impactful;
- ▶ structuring.

These four categories are not exclusive. An investment must first be considered responsible before being considered sustainable, and sustainable to be considered an impact investment. As for structuring investments, they qualify for consideration by their very nature.

Asset allocation on the applicable spectrum in accordance with each of the four categories is updated annually and disclosed in the Rapport sur la transformation positive [Report on Positive Transformation], which is posted on Fondaction's Website at www.fondaction.com.

The Fund's investments may take different forms:

- (a) equity participation, generally minority, inter alia through the acquisition of capital stock, shares, units or any other

form of ownership that gives the right to an interest in the enterprise;

- (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.

Fondation’s portfolio is diversified and is made up of two main categories: Development capital investments (see Subsection 2.1) and Other investments (financial investments) (see Subsection 2.2).

Subject to mandates given to investment advisors under Section 12 “Performance of main functions”, Fondation has mandated its Manager to manage the portfolio. Under the Act, Fondation is responsible for the decision to approve investments.

2.1. Development capital investments

Since its inception, Fondation has been driven by the conviction that finance can be a powerful, positive and sustainable vector of change for society. Fondation’s strategy is grounded in the belief that enterprises which will prove to be the most resilient in the long term are those that:

- ▶ integrate a broad approach to risks and opportunities, especially those relating to ESG factors (defined hereinafter);
- ▶ contribute to sustainability or that intentionally create an impact via their products, services or practices;
- ▶ offer products and services consistent with an economy that meets the needs of people while respecting planetary limits.

Development capital investments are further divided into three sub-categories that have their own particularities:

- ▶ direct investments in private enterprises;
- ▶ investments in partner or specialized funds (“**investment funds**”);
- ▶ a securities portfolio of Québec public companies (“**QPC**”).

Even though the QPC portfolio represents development capital investments, it is to be noted that the portfolio is subject to the terms and conditions discussed in Subsection 2.2.

Fondation’s approach consists of integrating environmental, social and governance criteria broadly to include environmental, social, entrepreneurial, and territorial factors (“**ESG**”) in the capital deployment process by adhering to the following criteria:

Category	Core concepts	Means or methods
Socially responsible investment	Investments that consider the integration of ESG factors into risk management while ensuring a financial return	<ul style="list-style-type: none"> ▶ Exclusionary screening ▶ Performance threshold

Category	Core concepts	Means or methods
		▶ Integration of ESG factors
Sustainable investment	Investments that, in addition to considering ESG criteria and factors in investment decisions, create sustainable impacts that make it possible to contribute directly or indirectly to the achievement of one of the 17 Sustainable Development Goals (“ SDGs ”) of the United Nations while ensuring a financial return	▶ Positive screening based on the contribution to SDGs
Impact investment	Investments made with the intention to generate positive outcomes with measurable social and/or environmental impacts and while ensuring a financial return	▶ Analysis of the enterprise’s contribution to obtaining an impact in line with its original intention
Structuring investment	Investments in promising, innovative projects. Such projects, which are mainly specialized financial vehicles, are meant to provide structure to a particular industry and create solutions that correct market failures and produce positive and measurable impacts while offering a financial return.	▶ Creation of financial solutions meant to correct a market failure and provide structure to a particular industry

A description of the means or methods adopted by Fondation is presented in its *Politique de durabilité pour les investissements* (Sustainability Investment Policy) which can be found on its website at www.fondaction.com. A summary of these means or methods is presented below:

“Exclusionary screening”

Fondation has adopted an exclusionary approach that eliminates several industries considered to be harmful to society. On account of their social and environmental impacts, Fondation has excluded from its development capital investments portfolio enterprises in the following sectors:

- (a) Military equipment:
 - Production and/or marketing of armaments and offensive military weapons;
 - Any enterprise that does not adhere to, directly or indirectly, the Anti-Personnel Landmines Convention, the Convention on Cluster Munitions, the Treaty on the Non-Proliferation of Nuclear Weapons, the Chemical Weapons Convention, and the Biological Weapons Convention;
- (b) Adult entertainment: the production of pornographic material;
- (c) Fossil fuels: the possession or operation of fossil fuel reserves or carbon intensive infrastructure;

- (d) Gambling: the development or production of gambling games;
- (e) Tobacco: production of tobacco products.

“Performance thresholds”

A preliminary analysis is made to assess financial performance but also those elements considered as appropriate according to sectorial criteria established by the Sustainability Accounting Standards Board (SASB) as well as sectorial performance thresholds covering various sustainable development issues.

“Integration of ESG factors”

In the case of direct investments in enterprises as well as investments in investment funds, due diligence is performed to identify non-financial risks and opportunities and to measure the level of sustainability of the investment in question.

Numerous approaches can be used to gather information relevant to the analysis: questionnaires on overall performance based on ESG factors, interviews with employees and officers, site visits, external expertise, etc.

If a potential new development capital investment does not minimally qualify as “socially responsible,” Fondation will not go ahead with such an investment.

“Positive screening based on the contribution to SDGs”

Fondation uses the 17 SDGs to determine and quantify the portfolio’s degree of sustainability. These goals provide an exhaustive framework that identifies the issues and global targets to be achieved, making it possible to contextualize the contribution made by the enterprises or investment funds in question. To do this, it is necessary to determine whether such contributions make it possible to achieve at least one target of an SDG.

“Analysis of the contribution to impact objectives”

Impact investments must help solve sustainability problems related to priority investment themes such as sustainable agribusiness, fighting against climate change, sustainable cities and communities as well as health and well-being. These themes are constantly changing.

“Creation of financial solutions meant to correct a market failure and provide structure to a particular industry”

Fondation targets certain direct investments in enterprises that have strong growth potential and generate positive impacts. Aligned with the strategic needs of the enterprise and the investment thesis, Fondation works with enterprises to amplify positive impacts and outcomes by reinforcing the opportunities identified during the analysis of ESG factors.

2.1.1. Oversight and reporting responsibilities

In addition to its management’s discussion and analysis, Fondation publishes an annual report on positive transformation that covers its sustainable finance strategy according to:

- ▶ its intentions;
- ▶ its approaches and strategies;
- ▶ its results and achievements.

The report must be approved by Fondation’s Board of Directors before its publication. The most recent *Rapport 2025 sur la transformation positive* [2025 Report on Positive Transformation] is available on Fondation’s website at www.fondaction.com.

2.1.2. Investment rule

Since June 1, 2019, the eligible investment requirement percentage, as defined in the Act, is set at not less than 65% of the average net assets of the Fund. Even though changes have been made as to how the investment rule is calculated since June 1, 2024, the 65% threshold remains in place. As at May 31, 2026, taking into account the eligible investments at the fiscal year-end, Fondation exceeded the minimum required average of \$2.38 billion. As at May 31, 2027, the eligible investment average must be greater than \$2.64 billion, a threshold that should be reached by then.

Fondation may invest in any enterprise, regardless of the industry sector. However, in accordance with its mission, the Fund is determined to invest in socially responsible enterprises concerned with different aspects of sustainable development (economic and financial, social and environmental). Fondation further seeks to invest in enterprises and sectors, whose 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.

Except as provided in the Act, Fondation may invest up to 5% of its assets in a given enterprise, as shown in its most recent Financial Statements. The Fund mainly seeks investments of between \$1 million and \$20 million per enterprise. This percentage may be increased to 10% to allow the Fund to acquire securities of an Eligible Québec Enterprise with assets of more than \$200,000,000 and net assets of more than \$100,000,000 at the time of the acquisition. In this case, Fondation is not authorized to acquire or hold shares, directly or indirectly, that represent more than 30% of the enterprise’s voting rights that may be exercised in any circumstance.

2.2. Other investments (financial investments)

To create a stable income base for the Fund and to diversify assets so as to protect shareholders’ capital, the Board of Directors also adopted the *Politique de placement (autres investissements)* [Financial investment policy (other investments)] to balance the overall portfolio so as to achieve the targeted diversification and volatility. The policy governs the other investment portion of the portfolio which is comprised for the most part of liquid financial assets such as bonds, equities and Canadian and global fund securities, as well as money market securities and derivative financial instruments. The inclusion of such securities makes it possible to diversify the portfolio while ensuring the availability of the liquidity needed to maintain the Fund’s activities. As at May 31, 2026, the portfolio

accounted for 42.3% of the assets under management at Fondation.

For several years, Fondation has favoured Québec-based managers and has required that its external investment advisors integrate ESG factors into their investment processes. Exclusionary screening mentioned in Subsection 2.1 also applies, *mutatis mutandis*, to other investments.

Fondation mandates external managers to manage this portfolio.

Fondation requires that external managers who manage socially responsible investments be signatories to the Principles for Responsible Investment (PRI) and carry out ESG analyses on issuers of securities.

External managers who manage sustainable investments must ensure that issuer operations conform to the European taxonomy or other taxonomies that classify sustainable operations or that the products or the operations of such issuers contribute to at least one SDG. The evaluation of contributions to the SDGs must be made by external managers.

External managers who manage impact investments must adopt a theory of change matching requirements of GIIN (the *Global Impact Investing Network*) and ensure that selected securities create a measurable, positive impact in accordance with the GIIN.

In general, a sustainability and impact strategy for other investments has four components: the investment approach, active ownership, active leadership and influence, as well as reporting responsibilities.

2.3. Use of derivative financial instruments

Derivative financial instruments such as forwards, futures contracts and options may be used to take advantage of changes in interest rates, exchange rates, and stock or bond markets, or to offset or reduce such volatility risks. The use of these derivative financial instruments is governed by the *Politique de placement (autres investissements)* [Financial investment policy (other investments)] which defines the authorized derivative financial instruments that must fall within the asset classes authorized under the policy, and their use must be relevant 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 Canadian or U.S. 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 person of full age may acquire or hold (directly or under a registered plan authorized by the Act) 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. A shareholder may request at his or her option the redemption of his or her shares under the circumstances set forth in the Act. A shareholder and Fondation may also agree to purchase such shares by agreement under the exceptional circumstances set forth in a policy adopted by the Board of Directors of the Fund and approved by the Minister of Finance of Québec (the “*Politique d’achat de gré à gré d’actions*”) [“Purchase by Agreement of Shares Policy”]. Fondation may also purchase, at its option, a shareholder’s shares by agreement under the circumstances set forth in a policy adopted by the Board of Directors of the Fund and approved by the Minister of Finance of Québec (the “*Politique de rachat d’actions*”) [“Share Redemption Policy”] (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 of full age who request the immediate transfer to a trustee in connection with a registered retirement savings plan or any other registered plan authorized by the Act; Series 2 Class “A” shares are issued to persons of full age 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, the articles or general 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 May 31, 2026, 248,729,579 Class “A” shares were issued and outstanding.

3.2. Rights of Class “A” shareholders

Holders of Class “A” 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, the spouse or former 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 eight (8) directors to the Board of Directors of Fondaction as follows:
 - Four (4) directors who qualify as independent and whose candidacy has been recommended by the Board of Directors’ Governance and Ethics Committee;
 - Four (4) directors who are elected among the candidates chosen from a call for applications;
- (c) to receive any dividend declared by Fondaction, namely the portion of its profits that the Fund may decide to pay to its shareholders;
- (d) to request that Fondaction 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 or former spouse is the beneficiary and annuitant, the spouse or former 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.

4. Dividends

In order to increase the capital made available to enterprises and to ensure the appreciation of its shares, it is Fondaction’s practice 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 Fondaction and to subscribe for shares, a person must use the online subscription service on its website (www.fondaction.com), or complete and sign the appropriate form by contacting Fondaction.

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

Fondaction 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 Fondaction’s directors.

Fondaction could, at its discretion, decide to limit the issuance of Class “A” shares during any fiscal year. Any such limitation would be announced in a press release describing the terms and conditions thereof. Information on this subject could also be sent to shareholders by email for those who have agreed to have it transmitted in such way. Fondaction intends to promote automatic subscription methods and would therefore mainly limit subscriptions by way of lump-sum payment.

5.1. Persons who should invest in Fondaction

Any person 18 years or older who is a resident of Québec, who is generally able to hold their shares until retirement or for a minimal period and who has a certain tolerance for risk would benefit from subscribing Fondaction shares, which includes:

- (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 who want their savings to contribute to the positive transformation of society through a more equitable, inclusive, green and efficient economy;
- (c) Quebecers who are looking for an RRSP-eligible investment that offers (RRSP or an unregistered plan) an additional tax benefit in the form of tax credits, subject to their eligibility (see “Tax credits”).

5.2. Methods of subscription and payment

(a) Payroll deduction (PD)

An individual may ask for a payroll deduction in order that his employer 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 request may be made using the website (www.fondaction.com) or by completing the appropriate form or by contacting Fondaction’s Shareholder Services.

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 Fondaction or to the trustee designated by Fondaction the deducted or debited amounts (including the amounts the employer is required, under a collective agreement, group agreement or any other contract concerning conditions of employment, to pay for the benefit of an individual) 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 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 who meets the Fund's participation criteria and for the benefit of whom sums have thus 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, to each paycheque, the income tax benefits related to the acquisition of Fund shares, so that he may immediately obtain tax savings, if eligible, (tax credits and RRSP deduction) and subject to these options being covered by the employer's payroll system.

(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 (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. 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 who meets the Fund's participation criteria and for the benefit of whom sums have thus 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) Periodic payments

It is also possible to subscribe Fondation shares on its website (www.fondaction.com) or by completing the appropriate form or by contacting Fondation's Shareholder Services by selecting periodic payments as the payment method to be made through pre-authorized debits (for a minimum amount of \$10 per payment). Such subscriptions for shares may at all times be increased, suspended or discontinued independently online or by completing the appropriate form or by contacting Fondation's Shareholder Services.

(d) Lump-sum payment

To the extent that Fondation has not restricted access to this subscription and payment method, it is possible to subscribe Fondation shares for a fixed amount on its website (www.fondaction.com) or by completing the appropriate form or by contacting Fondation's Shareholder Services, by using a single pre-authorized debit (for a minimum amount of \$10).

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 (CSN), or persons who subscribe to the objectives of the Fund.

(a) Collection of subscriptions in the workplace

Fondation has a network of representatives trained by the Manager who work to promote the Fund in workplaces 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 contacting the Fund

Fondation's Shareholder Services, which are performed by the Manager, provides information about the Fund year-round. In order to participate in Fondation and to subscribe for shares, individuals must use the online subscription service on the Fondation website (www.fondaction.com), or complete and sign the appropriate form by contacting Fondation.

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

A number of persons committed to the objectives of the Fund may, from time to time, encourage others to subscribe for Fondation shares. In order to sign up online, to subscribe for the Fund's shares, or to obtain a short form prospectus, they will be required to refer to the Fondation website (www.fondaction.com).

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 issue price, redemption price and price by purchase of shares by agreement are fixed by the Board of Directors based on the net asset value per share established in the Fund's interim Financial Statements as at November 30 and its annual Financial Statements as at May 31, which have been prepared in accordance with IFRS Accounting Standards published by the International Accounting Standards Board (IASB) (the "IFRS® Accounting Standards") and are audited by an independent accounting firm. As a portion of the Fund's net assets are made up of investments in private companies for which there is no public market, the preparation of such Financial Statements is based among other things on the evaluations that the Manager's qualified evaluators make of such investments. Fondation's short form prospectus contains detailed information about the method used to establish the issue price, redemption price and price by purchase by agreement. It is impossible to foresee the future value of the shares of the Fund (see "Risk factors").

Fondaction has a 90-day period commencing on November 30 of each year, in which to disclose its interim Financial Statements and 120 days commencing on May 31 of each year, in which to disclose its annual Financial Statements and have them adopted by the Board of Directors of Fondaction. Consequently, the price 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, 2026 and June 23, 2027 for fiscal period 2026-2027.

The new price will apply to share issuances from the time it is established by the Board of Directors of Fondaction and announced to the public in a press release. Notwithstanding the foregoing, Fondaction may decide to process issues of shares at the next price to be set. In this case and because the price is set twice a year, at dates that are six months apart, the processing according to the next price to be set could mean that an application submitted to Fondaction might not be processed for a period of up to six months. Fondaction has created a *Politique sur la gestion des circonstances exceptionnelles qui pourraient nécessiter l'utilisation du prochain prix au lieu du dernier* [Management of Exceptional Circumstances Policy Which May Require the Use of the Next Price Instead of the Last Price] which is meant to guide how this right is used. Should Fondaction choose to exercise such right, it will inform investors via press release.

The Board of Directors may further establish other redemption prices, at any other time of the year, on the basis: (i) of an internal valuation and a special report prepared by an independent accounting firm confirming continuity in the application of principles and in the methods used to assess the value of the Fund, or (ii) a summary, internal update of the value of the Fund established in accordance with an internal policy approved by the Board of Directors and subject to the independent auditor’s report confirming that the internal policy has been properly applied. However, Fondaction does not intend to rely on such means for establishing the redemption price. Should market fluctuations be significant, Fondaction would rely on the *Politique sur la gestion des circonstances exceptionnelles qui pourraient nécessiter l'utilisation du prochain prix au lieu du dernier* [Management of Exceptional Circumstances Policy Which May Require the Use of the Next Price Instead of the Last Price] which may require the use of the next price instead of the last price to manage this type of situation.

6.1. Changes in share price

Changes in Class “A” share price over the past 10 years are as follows:

Year	As at May 31	As at November 30
2016	\$10.43	\$10.71
2017	\$11.22	\$11.58
2018	\$11.82	\$11.84
2019	\$12.15	\$12.67
2020	\$12.59	\$14.07

Year	As at May 31	As at November 30
2021	\$15.45	\$16.46
2022	\$15.02	\$15.00
2023	\$15.10	\$15.24
2024	\$16.15	\$16.73
2025	\$16.70	\$17.45
2026	\$18.24	

6.2. Issuance of shares for the last 12 months

During the 12-month period between June 1, 2025 and May 31, 2026, Fondaction issued 22,934,361 Class “A” shares as follows:

- ▶ 1,617,786 were issued at a price of \$16.73 per share;
- ▶ 10,877,252 were issued at a price of \$16.70 per share;
- ▶ 10,439,323 were issued at a price of \$17.45 per share.

7. Redemption and purchase by agreement of shares

Several situations may apply:

- ▶ A shareholder may request at their option the redemption of their shares under circumstances set forth in the Act;
- ▶ A shareholder and Fondaction may agree to proceed with a redemption by agreement under exceptional circumstances set forth in the *Politique d’achat de gré à gré d’actions* [Purchase by Agreement of Shares Policy];
- ▶ Fondaction may redeem a shareholder’s shares at its option under circumstances set forth in the *Politique de rachat d’actions* [Share Redemption Policy].

The redemption or purchase shall not be made if in so doing the Fund no longer complies with the solvency tests 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 by contacting Fondaction’s Shareholder Services and, in some cases, on the Fund’s website (www.fondaction.com). In some cases, shareholders may also make a request by accessing their account online. In the event of a redemption made at the option of Fondaction, Fondaction shall make efforts to inform the shareholder of its intention to proceed with redemption, at least 30 days in advance, by any reasonable means.

The examination of a file in the event of a request for redemption at the option of the shareholder or purchase by agreement begins when all the required documents and information have been submitted in support thereof. If a request is incomplete, the Manager may request additional relevant documents or information in order to make certain that the requests are well founded. If additional relevant documents or information are not received within 30 days of the Manager’s request, the Manager may consider the redemption or purchase by agreement request to be cancelled. If authorized, the purchase by agreement of a

shareholder's shares will be carried out within a reasonable period of time, as with the processing of a redemption at the option of the shareholder. This time period generally does not exceed 30 days after receipt of all the documentation and information required for 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 completed requests.

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

Unless otherwise indicated, for the purposes of this prospectus, the definition of a "spouse" is that provided in the *Taxation Act* (Québec), which includes spouses of both the same and opposite sex.

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

The redemption price is 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 early retirement, retirement or upon reaching 65 years of age or pursuant to the maturity criteria of an RRSP 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 absence of instructions from the shareholder as to the choice made, Fondaction will wait for the new share value to be published and will redeem the shares at the most favourable price for the shareholder in accordance with the foregoing terms and conditions. In the case of redemption for early retirement or retirement, no disbursement will be made prior to the effective retirement date.

Subject to the above terms and conditions and to the cases of redemption within 60 days of subscription provided for in the table in Appendix I as well as cases of redemption by agreement in accordance with the "Ineligibility for tax credits" criterion set out in Appendix II, **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 application or the later date indicated in the application. In cases of redemptions at the option of Fondaction, the redemption shall be made at the current price on the day Fondaction proceeds with the redemption of shares.**

Notwithstanding the foregoing and in accordance with the Act, Fondaction may nevertheless decide to process redemptions and purchases by agreement solely according to the next price to be set. In this case and because the price is set twice a year, at dates that are six months from each other, the processing according to the next price to be set could mean that an application might not be processed for a period of up to six months. Fondaction has enacted the *Politique sur la gestion des circonstances exceptionnelles qui pourraient nécessiter l'utilisation du prochain prix au lieu du dernier* [Management of Exceptional Circumstances Policy Which May Require the Use of the Next Price Instead of the Last Price], that sets out how such a right should be exercised. This policy provides for certain follow-up measures and interventions in the presence of certain trigger events, which include the occurrence of emergency situations or large market fluctuations, either upwards or downwards. Should Fondaction choose to exercise such right and to change its practices, it will inform its shareholders via press release.

7.1. Redemption provided for in the Act

Eligible Class "A" shares are redeemable at the option of the shareholder under circumstances set forth in the Act and described in the table in Appendix I. Applications for redemption are processed in accordance with the provisions of the Act in force at the time of receipt of the application.

Certain redemption criteria stipulate a minimum shareholding period of two (2) years. Under the Act, this minimum holding period will, however, be increased as follows:

- ▶ **three (3) years if the application is made after May 31, 2027 and before June 1, 2029;**
- ▶ **four (4) years if the application is made after May 31, 2029 and before June 1, 2031;**
- ▶ **five (5) years if the application is made after May 31, 2031.**

Redemption may include all or some of the shares. However, pursuant to the Act, Fondaction reserves the right to redeem the remaining balance of shares and to close an account with a residual balance of \$1,500 or less following a redemption, whether or not the remaining shares qualify for one of the redemption or purchase criteria.

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 Fondaction except in the cases and in the manner provided in the *Politique d'achat de gré à gré d'actions* [Purchase by Agreement of Shares Policy]. The purchase by agreement must be made at a price not exceeding the share redemption price (see "Valuation of shares and share price"). Subject to the particular terms and conditions applicable to the "Ineligibility for tax credits" criterion set out in Appendix II, shares are generally purchased by agreement at a price equal to the share redemption price.

This policy allows, within the scope of Fondaction's objectives and in exceptional circumstances, as specified in the table in

Appendix II, the purchase by agreement of Class “A” shares or fractional shares of the Fund.

For an application to be deemed eligible, Fondaction requires from shareholders certain proof as to the existence of the situation or the criterion invoked. Eligible applications 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 whose account is worth \$1,500 or less.

To be authorized by the Fund, applications must include the evidence required to establish the existence of the eligibility criterion invoked and meet the requirements and application principles of this policy. The *Politique d’achat de gré à gré d’actions* [Purchase by Agreement of Shares Policy] is applied within the context of the principle of the permanence of the Fund’s capital.

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 required documents and information. Requests may include all or part of the shares. Under the Act, Fondaction nevertheless reserves the right to redeem the remaining balance of shares and close an account with a residual balance of \$1,500 or less following a purchase by agreement, unless the purchase by agreement was made as part of an eligible withdrawal under the HBP or LLP, whether or not the residual shares qualify for one of the redemption or purchase criteria.

The criteria for which Fondaction may authorize the purchase by agreement of shares, the requirements, as well as the minimum shareholding period, the waiting period for subsequent acquisitions and the required information and documents are listed in the table in Appendix II.

Fondaction may amend the *Politique d’achat de gré à gré d’actions* [Purchase by Agreement of Shares Policy] at any time, such amendment being subject to the approval of the Minister of Finance. Any and all amendments to the *Politique d’achat de gré à gré d’actions* [Purchase by Agreement of Shares Policy] will only affect shares or fractional shares purchased by agreement after the amendments take effect.

7.3. Redemptions at the option of Fondaction

Shares or fractional shares may be redeemed at the option of Fondaction at the current redemption price in the cases and in the manner provided in the *Politique de rachat d’actions* [Share Redemption Policy]. Such redemption shall be made at the discretion of Fondaction and if Fondaction considers it appropriate. To that effect, Fondaction may not be obliged or forced to redeem such actions.

This policy authorizes, under the circumstances set forth in the table in Appendix III, the redemption of the Fund’s Class “A” shares or fractional Class “A” shares.

Fondaction shall attempt to inform the shareholder of its intention to proceed with redemption, at least 30 days in advance, by any reasonable means. The shareholder may, during

this 30-day period, forward comments or requests to Fondaction, but Fondaction is not bound by such comments or requests and may proceed with the redemption of such shares in accordance with the policy.

The shareholder may waive the 30-day waiting period. If such is the case, Fondaction may proceed with the redemption.

Fondaction may change the *Share Redemption Policy* at any time provided that any such change is approved by the Minister of Finance.

7.4. Management of the *Politique d’achat de gré à gré d’actions* [Purchase by Agreement of Shares Policy]

The *Taxation Act* (Québec) stipulates that Fondaction 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 HBP or to pursue full-time studies under the LLP. The Board of Directors of Fondaction could decide to maintain total purchases by agreement in one given year below that ceiling and, consequently, Fondaction could postpone or refuse some requests.

Since its creation, Fondaction 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 Fondaction* 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 Fondaction’s capital so that it may fulfill 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 Fondaction’s shares, while others are financial risks associated with Fondaction’s development capital investments and other investment activities. As well, certain risks stem from doing business in a more general context. If these risks materialized, they could affect Fondaction’s share value. The risks have not been classified in order of magnitude and are briefly described in this section. Please refer to the MD&A for more information.

- (a) Risks related to the characteristics of Fondaction’s shares:
 - (i) As with most investment funds, Fondaction provides no guarantee. You may not get back the amount of money you invest. However, there is no impact on the tax credits already granted. As opposed to bank accounts and GICs, the shares of a labour-sponsored fund are not guaranteed by the

Canada Deposit Insurance Corporation nor by any other public deposit insurance body.

- (ii) Fondation shares are generally suitable for investors who are able to keep their shares until retirement. 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 transferred, redeemed or purchased by agreement only under specified circumstances. In addition, it is possible that under specified circumstances, the processing of a transfer, redemption or purchase by agreement could take up to six months (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. 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 in extreme situations.
- (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 for a one-time payment and within three months in other cases. 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 HBP and the LLP, exceeds 2% of the paid-up capital in relation to the shares of its capital stock. To date, the number 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, Fondation could postpone approval or deny purchase by agreement requests.

(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) **Market risk**

The value of Fondation’s shares varies with changes in the value of its development capital investments and other investments (financial investments). Market risk is the risk that Fondation will suffer a financial loss arising from an unfavourable change in one or more economic factors. Market risk includes three main types of risk: interest rate risk, currency risk and stock market risk.

 - o **Interest rate risk**

Fluctuations in interest rates have a direct impact on the fair value of securities with fixed maturities in the portfolio of other investments (financial investments). They also have an impact on the fair value of securities with indefinite maturities, including units of mutual funds holding bonds. This 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 rate fluctuations. Derivative financial instruments may also be used to protect the value of the portfolio or capitalize on interest rate fluctuations.

The return on other assets could also be affected by fluctuating interest rates, in particular, the return on non-participating shares, loans and advances granted to enterprises in the development capital investment portfolio. The impact of this fluctuation on fair value would, however, depend on other factors, including credit risk. It is important to note that as long as the Fund holds these assets to maturity, fluctuations in market interest rates will not have a significant impact on the long-term return.
 - o **Currency risk**

Fondation is exposed to currency risk mainly through its investments in securities denominated in foreign currencies, as well as through its investments in mutual fund units which, although denominated in Canadian dollars, hold securities in foreign currencies relating to international markets. These mutual funds are managed by external portfolio advisors, some of whom have the option of hedging their various currency risks, a decision that can be a source of added value. Under its *Politique de gestion des devises* [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. Since Fondation

has little exposure to the fluctuations of other foreign currencies, there would be no need to include these other currencies in its hedging operations.

- Stock market risk
Since a part of Fondation's assets is traded on various stock markets, ranging from public Québec enterprises to the global shares of large corporations, the volatility of these markets affects the value of the Fund's assets.

- (ii) Credit and counterparty risk
Credit and counterparty risk is defined as the risk of financial loss due to the failure of an enterprise, issuer or counterparty to honour its financial obligations toward Fondation.

The credit and counterparty risk is quite high in the development capital investment portfolio because changes in enterprises and partner or specialized funds in which Fondation invests are subject to various risks that can prevent them from delivering on their commitments. These risks include, in particular, changes in the business cycle, operational risk, 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 enterprises in their development and ongoing monitoring of direct investments in enterprises and partner or specialized funds are the key factors that help to mitigate this risk for each investment. Portfolio diversification by sector and stage of development, and within different enterprises, also helps to reduce the volatility associated with the risk of financial difficulties in the investment portfolio. 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.

An internal risk rating is systematically assigned to each development capital investment and reviewed periodically thereafter.

In the case of the other investments portfolio, Fondation deals only with counterparties of good quality, mainly major Canadian banks. The *Politique de placement (autres investissements)* [Financial investment policy (other investments)] limits exposure by issuer and by sector in the bond portfolio, in addition to imposing minimum credit rating standards. The credit rating of a security is determined according to the methodology of the benchmark index. A credit rating is defined as the rating of a debt security issued by Dominion Bond Rating Service ("DBRS"), Standard & Poor's ("S&P") or Moody's.

In the event that credit ratings have been issued by two rating agencies, the lowest rating will be

considered. In addition, should credit ratings have been issued by all three rating agencies, the majority rating will be considered, or if all ratings are different, the median rating will be considered.

- (iii) Concentration risk

Concentration risk is the probability that a significant portion of Fondation's outstanding financial commitments is being confined to a single enterprise, a single financial product or a single economic sector or geographic region, thereby possibly making Fondation vulnerable to the difficulties of such enterprise, product or sector.

The Manager takes measures to diversify the Fund's assets among different financial markets, financial products, and sectors, as well as geographically, within the other investments portfolio.

Furthermore, under the Act and subject to certain exceptions, Fondation shall not make an investment in an enterprise that would cause the total amount of its investment in that enterprise to exceed 5% of the Fund's assets, as shown in its most recent Financial Statements. This percentage may be increased to 10% to allow the Fund to acquire securities of an Eligible Québec Enterprise with assets of more than \$200,000,000 and net assets of more than \$100,000,000 at the time of the acquisition. In this case, Fondation is not authorized to acquire or hold shares, directly or indirectly, that represent more than 30% of the voting rights of this enterprise that may be exercised in any circumstance.

- (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 the Manager's qualified evaluators. The valuation methods used are governed by the *Politique d'évaluation des investissements en capital de développement* [Development capital investment valuation policy], which is based on the recommendations of the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, December 2025 Edition and complies with best practices in business valuation, current practices in the venture capital industry in Québec and IFRS Accounting Standards. This valuation requires the use of estimates and assumptions, and the resulting values may differ from the price obtained on the sale of these investments.

This risk constitutes, *inter alia*, a "valuation risk". More information about the valuation process used by the Manager is found in the annual information form and the MD&A.

- (v) Liquidity risk

Liquidity risk relates to Fondation's ability to make disbursements as and when they are required, without having to resort to costly and untimely methods. The main disbursements that may be

required relate to development capital investments, in particular, disbursements related to committed sums, the payment of operating expenses, and the purchase by agreement and redemption of shares held by shareholders.

Fondaction has the liquid assets required to meet its commitments, especially since year after year, with the exception of the fiscal year ended May 31, 2020, new capital issues remain higher than redemptions, and the Fund has no long-term debt. The composition of the other investments portfolio is protective because it consists mainly of liquid financial assets: cash, money market, bonds and listed securities. In addition, the development capital investment portfolio also contains certain listed securities representing liquid financial assets.

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

(i) Operational risk

Operational risk is the risk of sustaining direct or indirect financial losses as a result of the failure of its operations (or those of its Manager), in particular, of human resources, operational procedures or systems, or arising from external events such as theft, fraud, cybercrime, disasters or pandemics. The risk is managed through the implementation of related policies, guidelines and procedures. In addition, the Manager strives to improve its information, management and control systems, the skills of its staff and the maintenance of a culture of integrity. Fondaction's participation in partner or specialized funds and the use of qualified external portfolio advisors diversify asset management responsibilities and help to mitigate this risk.

(ii) Cybersecurity risk

The scope of cybersecurity risks affecting the Fund, service providers and shareholders is constantly evolving due to the increase and the complexity in external and internal cyberthreats targeting information assets such as computers, IT systems, software, data and networks. The portrait of the actors behind external threats has changed and now is backed up by generative artificial intelligence that enables such actors to target and exploit vulnerabilities of companies far more quickly and effectively. This is an unprecedented, new era in cybersecurity.

The potential impact (direct and indirect) of cyber attacks on the security of assets concerns availability, integrity and confidentiality. Examples include theft, loss or unauthorized access to data (such as personal or business information), service interruption, loss of revenue, litigation and reputational damage that can have a significant impact on the Fund. The Manager constantly monitors the main threats affecting its assets and continues to implement various, evolving security measures and controls (based in part on artificial intelligence) in order to continually adapt to and

mitigate cybersecurity risks to levels acceptable to Fondaction.

(iii) Regulatory risk

Fondaction is governed by or indirectly affected by both federal and provincial laws, regulations, standards, rules and policies, including the Act, the *Income Tax Act*, securities regulations, accounting standards and others. 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. The Manager continues to monitor the legislation which governs Fondaction to mitigate this risk.

(iv) External risk

Fondaction also recognizes that it is exposed to a number of external risks over which it has more limited control. These risks include certain political, social and economic conditions such as a slowing economy, political uncertainty, high inflation, high interest rates, terrorism, high unemployment rates, strikes and lock-outs, pandemics, military conflicts, trade wars, new trade barriers, natural disasters and competition.

The Manager monitors these aspects and incorporates an analysis of the external environment into its annual strategic planning process.

9. Tax effects

Eligibility criteria for tax credits are set out in Québec and Canadian tax laws. 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

Subject to eligibility, the subscription for Fondaction shares may entitle the holder to a labour-sponsored fund tax credit applicable against income taxes payable, granted by the Québec and federal governments, of 15% each. Therefore, Subscribers of Fondaction shares may possibly deduct from their income taxes payable under Québec and federal income tax laws, an amount equal to 30% of the amount paid for such shares during that year or within the 60 days following the end of each calendar year.

The maximum total amount of income tax savings that an individual could obtain using labour-sponsored fund tax credits is \$750 in Québec and \$750 at the federal level, based on the maximum annual subscription amount eligible for tax credits, which is \$5,000 for all labour-sponsored funds combined. The shares must be acquired in the taxation year for which the tax credit is requested or within the first 60 days following the year in question.

More shares are allowed to be acquired and this \$5,000 threshold may be exceeded while continuing to benefit from the applicable RRSP deductions, as applicable. However, the amount invested in excess of the said \$5,000 will not entitle the holder to the aforesaid tax credits for the taxation year in question. In Québec, any portion of this tax credit that cannot be used for the year in question may, subject to eligibility, be used against the income tax payable 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, where applicable, to RRSP tax deductions.

Under the *Taxation Act* (Québec), no 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 and business income is higher than the general exemption applicable to the Québec Pension Plan — \$3,500 for the year — 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 spouses' or former spouses' RRSP, and their spouses or former spouses 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 and business income is higher than the general exemption applicable to the Québec Pension Plan — \$3,500 for the year — 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 all or part 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 spouses' or former spouses' RRSP and their spouses or former spouses have reached the age of 65 before the end of the year, or, if deceased, would have reached that age had they lived;
- (e) for shares subscribed during a year, they, or their spouses into whose RRSP they have subscribed, 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 "Redemption within 60 days of subscription" in Appendix I) during the current year or within 120 days after the current year;
- (f) the shares were subscribed after they requested the redemption of their shares by the Fund for reasons of disability;
- (g) they contributed to their spouses' or former spouses' RRSP and their spouses or former spouses requested the redemption of their shares by the Fund for reasons of disability, for the shares subscribed after the time of such redemption.

Under the provisions of the *Taxation Act*, for shares acquired on or after January 1, 2027 for which tax credits would be claimed for the 2027 taxation year or a subsequent year, an individual will no longer be able to benefit from tax credits as long as the individual's taxable income is subject to the highest tax rate in the Québec personal income tax table for the base taxation year. It will also not be possible to carry forward unallocated non-refundable tax credits.

The base taxation year will mean the taxation year that ends on December 31 of the second calendar year preceding the taxation year for which an individual claims the non-refundable tax credit for a labour-sponsored fund.

Therefore, for the 2027 taxation year, the first year this new measure will be applied, the base year will be the 2025 taxation year. For this taxation year, the taxable income subject to the highest rate in the Québec personal income tax table is income that is above \$129,590. Subscribers may refer to line 299 of their Notice of Assessment issued by Revenu Québec to obtain their taxable income.

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 HBP or the LLP (see "Redemption and purchase by agreement of shares").

Shareholders who have obtained the purchase by agreement of shares within the scope of the LLP or the HBP may, at any time, acquire shares and, subject to eligibility, 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, if eligible, the tax credits for contributions to a labour-sponsored fund and, where applicable, the transfer of shares to an RRSP, subject to these options being supported by the employer's payroll system.

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. Fondaction, in cooperation with Viaction Insurance Inc., as issuer, offers its shareholders a registered retirement savings plan. Shares held in an RRSP account of the Fund may not be transferred into a self-administered RRSP managed by a securities broker or a financial institution. As a result, only the RRSP option offered in cooperation with Viaction Insurance Inc. is available.

Subscribers may choose to transfer their shares to an RRSP offered in cooperation with Viaction Insurance Inc. of which they themselves or their spouse or former 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 or former spouse is the beneficiary, the spouse or former spouse is deemed to be the person who acquired the shares from the Fund 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, change or transfer form, indicating the relevant type of RRSP.

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 Québec, 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 a taxable capital gain in his income for the year of transfer, based on the inclusion rate then in effect, which is currently 50%, representing an inclusion of \$0.25 per share in the example given. However, if a capital loss is incurred by reason of this transfer, this loss will be deemed null from a taxation standpoint, since it 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 or former 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: HBP and LLP. The redemption proceeds (that is, a sum of money) may also be transferred to another RRSP or RRIF held with another institution without any tax consequences for the shareholder. In the event of a shareholder's death, the surviving spouse who wishes to defer the applicable tax may, subject to certain conditions, request that the payment be made through a transfer of shares to his RRSP held with Fondaction or a through a transfer of the proceeds of the share redemption to an RRSP he holds with another institution. For more information, please consult a tax professional.

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 an RRIF

Fondaction shares are, from a taxation standpoint, qualified investments for a registered retirement income fund ("RRIF"). Transfer to the trustee of an RRIF of the Fund's Class "A" shares, held in an RRSP account or in another RRIF account, is an option permitted by the Act. However, such a plan is not currently offered at Fondaction. Shares held in a RRIF account of the Fund may not be transferred into a self-administered RRIF

managed by a securities broker or a financial institution. Shares may be redeemed during the year in which a shareholder reaches the age of 71 (see the "RRSP maturity" criterion in Appendix I). The redemption proceeds (that is, a sum of money) may also be transferred to another RRSP or RRIF held with another institution without any tax consequences for the shareholder.

9.4. Deregistration

A shareholder may request the deregistration of shares held in his RRSP. Fondaction will exchange Series 1 Class "A" shares for Series 2 Class "A" 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 may, in some cases, constitute an exchange but does not necessarily result in the redemption or purchase by agreement of the shares for the purposes of the Act or the *Politique d'achat de gré à gré d'actions* [Purchase by Agreement of Shares Policy].

9.5. Tax effects of redemption

The redemption of Fondaction shares that are held in a non-registered account (i.e., that are not held in an RRSP) may have tax consequences for shareholders, if applicable, in the form of a capital gain that, based on the applicable inclusion rate, will become part of their income for the year in which the shares were redeemed. If a capital loss is realized on the redemption of Fondaction shares, it will be reduced by the amount of the tax credits obtained on the acquisition of these shares.

For shares held in an RRSP, the amount withdrawn will be considered part of their income for the year in which the shares were redeemed, and the income tax will be deducted on such amount at the time it was withdrawn in accordance with tax legislative provisions. When submitting their applications, shareholders whose shares are held in an RRSP may, if they so wish, ask for the redemption proceeds (that is, a sum of money) to be transferred to another RRSP or RRIF held with another institution without any tax consequence for such shareholders.

9.6. Tax effects of purchase by agreement

If shares are held in a non-registered account (i.e., that are not held in an RRSP), the purchase by agreement may result in tax consequences for the shareholder involved, if applicable, in the form of a capital gain, based on the applicable inclusion rate, which will be included in the shareholder's income for the year in which the shares were purchased by agreement. If a capital loss is realized on the purchase by agreement of Fondaction shares, it will be reduced by the amount of the tax credits obtained on the acquisition of these shares.

If the shares were held in an RRSP, the amount withdrawn will be included in the shareholder's income for the year in which the shares were purchased by agreement, and income tax will be deducted on this amount at the time of the withdrawal in accordance with tax legislative provisions. In cases of purchase by agreement for reasons of terminal illness, redemption of

pension credits, ineligibility for 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 with no tax consequences for them.

If the purchase by agreement of the Fund's shares concerns a withdrawal under an HBP or LLP, there are no tax consequences for shareholders at the time of withdrawal regarding shares held in an RRSP, but there may be a special tax if the withdrawal is not repaid. Such HBP and LLP withdrawals cannot be made for shares that are held in an unregistered account (i.e., that are not held in an RRSP).

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. Fondaction does not expect, however, to pay any dividends to its shareholders (see "Dividends").

10. Restrictions on transfers of shares

Subject to transfers involving a spouse or an ex-spouse in accordance with the Act, the shares or fractional shares of the Fund cannot be transferred to another person, by sale or otherwise. Only a person of full age may acquire or hold Class "A" or Class "B" shares of Fondaction.

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

Generally, in the case of a transfer between spouses or former spouses, the spouse or former spouse to whom the shares have been transferred is deemed to be the person who first acquired them for the purposes of the redemption or purchase by agreement, and the issue date for the transferred shares is presumed to be the date of their initial subscription with the Fund (see "Redemption and purchase by agreement of shares").

The examination of a file in the event of a request for a transfer of shares begins when all the required documents and information have been submitted in support thereof. If a request is incomplete, the Manager may request additional relevant documents or information in order to make certain that the requests are well founded. If additional relevant documents or information are not received within 30 days of the Manager's request, the Fund may consider the request for a transfer of shares to be cancelled. If authorized, the transfer will be carried out within a reasonable time period. This time period generally does not exceed 30 days after receipt of all the documentation and information required for the file.

11. Expenses payable by Fondaction

Various expenses are incurred in managing the Fund, such as salaries and benefits, shareholder communication costs, operating expenses, advertising and information costs, occupancy fees, rent, external managers' fees, professional fees and custodial fees as well as registrar and trust fees. In addition, performance bonuses may be paid to external portfolio advisors.

Since June 2, 2025, that is, the date the Manager was registered as an investment fund manager, Fondaction is to pay management fees to the Manager. Such fees are equivalent to all expenses incurred by the Manager on behalf of Fondaction. These management fees are an expense for Fondaction but income for the Manager. As the Manager is a wholly owned subsidiary of Fondaction and whose financial results are consolidated in Fondaction's Financial Statements, the expenses and income cancel each other out. With regards to the management contract signed with the Manager, some fees remain payable by Fondaction and include, among others, certain legal fees, external audit fees, insurance premiums, fees paid to a registrar, custodian, trustee, plan administrator, plan issuer, trust company, insurance company, portfolio manager, broker or any other similar institution or intermediary, fees associated with shareholder meetings, fees associated with the delivery of investment statements, etc.

Fondaction has a *Politique d'autorisation des dépenses* [Expenditure authorization policy] based on the principle that the Board of Directors annually adopts a budgetary framework. The policy defines the authorization of expenditures, whether or not they are included in the operating budget or capital expenditure budget, and the payment of expenses. A note to Fondaction's Financial Statements itemizes these expenses by type, which are taken into account in shareholder return. For more information, also see the MD&A for the year ended May 31, 2026, filed on the SEDAR+ website (www.sedarplus.ca).

Total Operating Expense Ratio Borne by Fondaction

On January 1, 2025, Fondaction and Bâtirente combined the majority of their employees in 9525-9495 Québec inc., a wholly owned subsidiary of Fondaction.

To the extent Fondaction's consolidated financial statements include the accounts of its subsidiary 9525-9495 Québec inc. since January 1, 2025, such financial statements reflect certain expenses and income that are not directly related to Fondaction's activities.

Under a management contract signed on January 1, 2025, 9525-9495 Québec inc. acts as a service provider to Bâtirente. For the services rendered, 9525-9495 Québec inc. is entitled to compensation corresponding to all expenses made on behalf of Bâtirente. As such, Bâtirente is contractually liable for the payment of expenses incurred by 9525-9495 Québec inc., which are reflected in Fondaction's Financial Statements.

The total operating expense ratio prescribed in accordance with the *Regulation respecting Development Capital Investment Fund Continuous Disclosure* (the "**Prescribed Ratio**") is obtained for the most part by dividing total operating expenses for the year presented in the statements of comprehensive income by the Fund's average net assets for the year.

The consolidation process and the fact that the Prescribed Ratio takes expenses into account without considering corresponding revenues would give rise to a ratio that does not accurately reflect the operating expenses borne by Fondation.

To help investors understand operating expenses borne by Fondation and facilitate comparisons, including with 2024 and other previous years, the total operating expense ratio borne by Fondation is also included even though it is a non-IFRS financial measure. There is no standard definition of the total operating expense ratio borne by Fondation, which, as such, might not be comparable to other similar measurements used by other companies.

For the fiscal year ended May 31, 2026, the Prescribed Ratio was 2.33%, whereas for the same period, the total operating expense ratio borne by Fondation was 2.23%.

12. Performance of main functions

Since June 2, 2025, the Manager has been tasked with managing the business, operations and affairs of Fondation and Fondation has ceased to be its own investment fund manager under *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Under the Act, Fondation continues to carry out certain tasks, including:

- ▶ General supervision of Fondation's activities by its board of directors;
- ▶ The activities carried out by the Governance and Ethics Committee as prescribed by the Act;
- ▶ The activities carried out by the Human Resources Committee as prescribed by the Act;
- ▶ Establishing the redemption price; and
- ▶ Approval of an investment and the activities carried out by the investment committees as prescribed by the Act.

Specific mandates are given to external portfolio advisors in respect of other investments (financial investments) and a portfolio in publicly traded Québec enterprises.

For further information about Fondation's and the Manager'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:

Role	Name	Function
Investment fund manager	9525-9495 Québec inc. 2175 De Maisonneuve Blvd. East, Suite 103 Montréal, Québec H2K 4S3	Acts as manager of the business, operations and affairs of Fondation
Custodian	Desjardins Trust Inc. 1 Complexe Desjardins, Suite 1422 Montréal, Québec H5B 1E4	Acts as a custodian for securities acquired by Fondation
Sub-depositaries	Caisse d'économie solidaire Desjardins	Acts as sub-depositary for cash accounts

Role	Name	Function
	4051 Molson Street, Suite 110 Montréal, Québec H1Y 3L1	
	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 Deloitte Tower 1190 Avenue des Canadiens-de-Montréal, Suite 500 Montréal, Québec H3B 0M7	Acts as Fondation's independent auditor ⁽¹⁾
Share registers and trustee services ⁽²⁾	Viaction 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 advisors	Addenda Capital Inc. 800 René-Lévesque Blvd. West, Suite 2750 Montréal, Québec H3B 1X9	Manages a portion of the portfolio of other investments
	Desjardins Global Asset Management Inc. 1 Complexe Desjardins, South Tower, 20 th Floor Montréal, Québec H5B 1B2	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
	Triasima Portfolio Management Inc. 900 De Maisonneuve Blvd. West, Suite 2520 Montréal, Québec H3A 0A8	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
	Montrusco Bolton Investments Inc. 1501 McGill College Avenue, Suite 1200 Montréal, Québec H3A 3M8	Manages a portion of the portfolio of other investments and a portion of the development capital investment portfolio

(1) Deloitte LLP 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.

(2) Fondation has been delegated the performance of certain administrative tasks by Viaction Insurance Inc. with regard to its

duties as registrar and trustee. Since June 2, 2025, these tasks have been subdelegated by Fondaction to the Manager.

13. Information sent to shareholders

Fondaction is governed by the *Regulation respecting Development Capital Investment Fund Continuous Disclosure*, which provides for certain continuous disclosure obligations. In accordance with the requirements of this regulation, the Manager makes the following information available on the Fondaction website (www.fondaction.com) 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 HBP repayments, if applicable;
 - ▶ a statement of LLP repayments, if applicable.

All shareholders may have access to their accounts at any time on the Fondaction website (www.fondaction.com) and are entitled to receive written confirmation of the number of shares or fractional shares that they hold and the total amount paid for all such shares.

In addition, Fondaction and the Manager are committed to protecting the privacy of individuals and the confidentiality of personal information that they both collect, hold, use or disclose. In this regard, both are subject to the *Act respecting the protection of personal information in the private sector* ("PPIPS").

Each shareholder's personal information is used for a number of purposes, in particular, for participation in the Fund and subscription for shares and, if necessary, for the registration of the shareholder's registered retirement savings plan. For more information on the subject, please refer to Fondaction's *Politique sur la confidentialité et la protection des renseignements personnels* [Confidentiality and protection of personal information policy] on its website (www.fondaction.com). In accordance with the terms and conditions of the PPIPS, each shareholder may request access to, or rectification of, his personal information by sending a written request to the person in charge of the protection of personal information of the Fund or the Manager by email at confidentialite@fondaction.com, or by regular mail at the address of the Fund's or the Manager's head office.

The person in charge of the protection of personal information shall respond promptly to any request submitted to him, generally within 30 days of receiving the written request. If he is

unable to respond to a request, in whole or in part, the reason is to be provided to the person who made the request.

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 the issuer

June 23, 2026

This short form prospectus, together with the documents incorporated herein 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 and they do not contain any misrepresentations.

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

By: (s) Stéphan Morency
President and Chief Executive Officer

And on behalf of the Board of Directors of Fondaction:

By: (s) Diane Beaudry
Director

By: (s) Pierre B. Lafrenière
Director

Certificate of the Investment Fund Manager

June 23, 2026

This short form prospectus, together with the documents incorporated herein 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 and they do not contain any misrepresentations.

9525-9495 Québec inc., as investment fund manager to Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi.

By: (s) Stéphan Morency
President and Chief Executive Officer

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

And on behalf of the Board of Directors of 9525-9495 Québec inc.:

By: (s) Diane Beaudry
Director

By: (s) Pierre B. Lafrenière
Director

Table of contents

65 years of age	22
Death	22
Death of the person who contributed to a spousal RRSP	22
Severe and prolonged disability (physical or mental) resulting in unfitness for work	22
Redemption within 60 days of subscription	23
RRSP maturity	23
Retirement at 45 years of age or older AND Beneficiary of a pension under the employer's registered pension plan	24
Retirement at 60 years of age or older AND Beneficiary of a pension under the Act respecting the Québec Pension Plan or a similar plan	24
Retirement at 50 years of age or older as a result of termination of employment	25
Retirement at 55 years of age or older AND Beneficiary of retirement benefits	25
Retirement at 45 years of age or older AND Annuitant under an RRSP or a RRIF	26
Phased retirement starting at 50 years of age	26
Endnotes	27

Redemption of Fondaction shares provided for in the act			
Criteria	Requirements	Eligible shares	Information and documents required
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: ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031.	Completed and signed Fondaction form
Death	The shareholder is deceased.	All shares	Completed and signed Fondaction form AND Proof of death (copy of death certificate or act of death issued by the registrar of civil status OR physician's attestation of death OR thanatologist's attestation of death) AND Certified true copy of the last will and testament, with the probate judgment if it is a holograph will or a will made before witnesses, or the marriage or civil union contract if it contains a testamentary provision or, in the absence thereof, a sworn declaration of transmission on death or appointment of liquidator AND Certificate of will search issued by the Chambre des notaires du Québec and the Barreau du Québec AND (if applicable) ▶ If a designated beneficiary is deceased, proof (as listed above) of death for that beneficiary ▶ If a designated beneficiary is a minor, a copy of the child's birth certificate or act of birth or, if the tutor is not the child's parent, the document appointing the tutor
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	Completed and signed Fondaction form AND Proof of death of the person who contributed to the spousal RRSP (copy of death certificate or act of death issued by the registrar of civil status OR physician's attestation of death OR thanatologist's attestation of death)
Severe and prolonged disability (physical or mental) resulting in unfitness for work	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.) If the shareholder is less than 60 years of age: ▶ He must be regularly incapable ¹ of holding any substantially gainful occupation. ²	All shares	Completed and signed Fondaction form AND 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)

Please see the end of this Appendix for details and additional information about the endnotes.

Redemption of Fondation shares provided for in the act			
Criteria	Requirements	Eligible shares	Information and documents required
	<p>If the shareholder is 60 years of age or over:</p> <ul style="list-style-type: none"> ▶ He must be regularly incapable¹ of carrying on, the substantially gainful occupation² he held at the time he ceased to work owing to his disability. 		
Redemption within 60 days of subscription	The shareholder must submit a request in writing to Fondation within 60 days of the date of his subscription or, in the cases mentioned in paragraphs (a) and (b) of "Methods of subscription and 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 Fondation form
RRSP maturity	A shareholder's registered retirement savings plan matures during the current taxation year.	All Series 1 Class "A" shares	Completed and signed Fondation form

Redemption of Fondaction shares provided for in the act – retirement criteria			
Class “A” shares or fractional shares may be redeemed by the Fund at the request of the persons who acquired them from the Fund if, after having reached 45 years of age, such persons availed themselves of their 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 them.			
Criteria	Requirements	Eligible shares	Information and documents required
<p>Retirement at 45 years of age or older³ AND Beneficiary of a pension under the employer’s registered pension plan</p>	<p>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>.⁴</p>	<p>All shares held for at least:</p> <ul style="list-style-type: none"> ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031. 	<p>Completed and signed Fondaction 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:</p> <ul style="list-style-type: none"> ▶ the employer’s declaration confirming the shareholder’s retirement along with a copy of the text of the employer’s registered pension plan ▶ payment of retirement benefits such as a pension cheque, Relevé 2 or T4A slip
<p>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 plan⁵</p>	<p>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.</p>	<p>All shares held for at least:</p> <ul style="list-style-type: none"> ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031. 	<p>Completed and signed Fondaction 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</p>

Please see the end of this Appendix for details and additional information about the endnotes.

Redemption of Fondaction shares provided for in the act – retirement criteria			
Criteria	Requirements	Eligible shares	Information and documents required
Retirement at 50 years of age or older as a result of termination of employment	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> .	All shares held for at least: <ul style="list-style-type: none"> ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031. 	Completed and signed Fondaction form AND In the case of a shareholder who has permanently terminated his employment, 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: <ul style="list-style-type: none"> ▶ For an employee:⁶ a copy of the latest record of employment or a declaration from the employer confirming the termination of employment OR <ul style="list-style-type: none"> ▶ For a self-employed worker:⁶ proof that the shareholder terminated his professional activities as a self-employed worker, such as a copy of the cancellation declaration of the business, a copy of a notice of amendment of professional insurance or a copy of termination of the contracts OR <ul style="list-style-type: none"> ▶ For an owner of a business:⁶ a document certifying the closure of the business, such as a certificate of dissolution, an amending declaration or a deed of sale OR In the case of a shareholder who has not terminated his employment relationship but has ceased working, provide a copy of one of the following: <ul style="list-style-type: none"> ▶ Employer's declaration confirming that the shareholder has taken early retirement⁷ ▶ 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>⁴
Retirement at 55 years of age or older ³ AND Beneficiary of retirement benefits	The shareholder must be at least 55 years of age AND Receives or will receive, within three months following the date of the application, a life annuity under a pension plan, an annuity under a registered retirement savings plan, a deferred profit-sharing plan or a life income fund or a payment under a registered retirement income fund, unless such annuity or payment is received because of the death of his or her spouse.	All shares held for at least: <ul style="list-style-type: none"> ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031. 	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"> ▶ pension benefits under an employer's pension plan or a declaration by the employer confirming the retirement ▶ periodic payments⁸ under a registered retirement income fund (RRIF – LIF) ▶ annuity under a deferred profit-sharing plan (DPSP) ▶ annuity under a registered retirement savings plan (RRSP) ▶ annuity under a life income fund (LIF)

Please see the end of this Appendix for details and additional information about the endnotes.

Redemption of Fondaction shares provided for in the act – retirement criteria			
Criteria	Requirements	Eligible shares	Information and documents required
<p>Retirement at 45 years of age or older AND Annuitant under an RRSP or a RRIF</p>	<p>The shareholder must be at least 45 years of age AND Is an annuitant of a registered retirement savings plan or a registered retirement income fund AND Did not hold a remunerated employment or carry on a business in the 730 days preceding the redemption application AND 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:</p> <ul style="list-style-type: none"> ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031. 	<p>The shareholder must provide:</p> <ul style="list-style-type: none"> ▶ completed and signed Fondaction form <p>AND</p> <ul style="list-style-type: none"> ▶ 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.⁹ <p>The spouse must provide:</p> <ul style="list-style-type: none"> ▶ the information and documents required under the criteria listed above.
<p>Phased retirement starting at 50 years of age</p>	<p>The shareholder must be at least 50 years of age AND Must be a salaried employee AND Must have entered into an agreement with his employer¹⁰ to reduce regular working hours by 20% or more until retirement.</p>	<p>All shares held for at least:</p> <ul style="list-style-type: none"> ▶ 2 years if application is made before June 1, 2027; ▶ 3 years if application is made after May 31, 2027 and before June 1, 2029; ▶ 4 years if application is made after May 31, 2029 and before June 1, 2031; ▶ 5 years if application is made after May 31, 2031. <p>Only shares subscribed to before the effective date of the phased retirement agreement are eligible.</p>	<p>Completed and signed Fondaction form AND 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 AND 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 AND Confirmation of the income before and after phased retirement 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"> ▶ The shareholder's salary reduction for the year, and ▶ The quotient obtained by dividing the shareholder'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. <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>

Please see the end of this Appendix for details and additional information about the endnotes.

1. A person is regularly incapable of pursuing any substantially gainful occupation when his incapacity prevents him from fulfilling, on a full-time basis, the usual requirements of any kind of employment that may be available in the labour market.
2. An occupation is considered to be substantially gainful if it earns an annual salary greater than or equal to the amount annually set by the Régime de rentes du Québec (Québec Pension Plan). To find out the amount of the substantially gainful occupation, enter "activité rémunératrice RRQ" (RRQ gainful activity) in the search bar of a browser to consult page PO 261-05 Occupation véritablement rémunératrice (Substantially gainful occupation).
3. No disbursement will be made until the effective retirement date.
4. \$18,650 in 2026.
5. "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.
6. 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.
7. "Early retirement leave" is leave 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.
8. A "periodic payment" means a payment made at least four times a year. Such proof must be dated less than 30 days prior to its receipt by the Fund.
9. Dated less than 30 days prior to its receipt by Fondation.
10. 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 Fondation shares

Table of contents

Home Buyers' Plan	29
Extraordinary and unexpected necessary health expense	29
Decrease of 20% or more in the after-tax family income when a shareholder or the shareholder's spouse acts as a natural caregiver for a family member	30
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:	31
<ul style="list-style-type: none">• loss of employment or end of sole contract• involuntary reduction in the hourly rate or working hours• decrease or termination of income replacement benefits	
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	32
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	33
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	34
Emigration from Canada	35
Ineligibility for tax credit	35
Capital injection to create or maintain employment in a business that was started up or acquired less than a year ago	35
Capital injection to maintain jobs in a business operating for more than one year and in financial difficulty	37
Terminal illness	37
Buyback of pension credits for years of past service or to improve a retirement pension plan	37
Recourse exercised by a creditor	38
Lifelong Learning Plan (LLP)	39
Return to school	40
Loss affecting the principal residence or an automobile essential for the shareholder	40
Endnotes	41

Purchase by agreement of Fondaction shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
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 Fondaction. ¹	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 Fondaction form AND Completed and signed Canada Revenue Agency form AND One of the following proofs: For the purchase of an existing home ▶ Promise to purchase in the shareholder's name duly accepted ² by the parties concerned For the purchase of a factory built/prefabricated home ▶ Purchase agreement of the factory built/prefabricated home in the shareholder's name, duly signed by the parties concerned For the purchase of a mobile home³ ▶ Purchase agreement of the mobile home in the shareholder's name, duly signed by the parties concerned For the purchase of a new home ▶ Preliminary purchase agreement (equal to a promise to purchase) ⁴ in the shareholder's name, duly signed by the parties concerned For a self-built home constructed by the shareholder ▶ Building permit duly issued by the municipality in the shareholder's name, confirming the construction of a new home AND ▶ Proof that the shareholder owns the land	A maximum of two payments
Extraordinary and unexpected necessary health expense	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 ⁵ or the spouse's dependant ⁶ AND Must declare financial inability to pay the expense	All shares	One year	Completed and signed Fondaction form AND Shareholder's solemn declaration certifying financial inability to pay the expense AND Demonstration of relationship with spouse or dependant, as applicable ⁹ AND	A net payment (after-tax) ¹¹ equal to the amount required to pay the expense or a substantial part thereof

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondation shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	<p>AND Must have liquidated and used all his redeemable investments⁷ (including other RRSPs) to pay part of the costs related to the expense, with the purchase of shares being a last resort.⁸</p>			<p>Recent proof of confirmation from a recognized health professional of the need for care AND Proof of the expense, demonstrating its unexpected and extraordinary nature¹⁰ AND 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 If the expense concerns the spouse⁵ or the spouse's dependant⁶ ▶ Proof 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</p>	The cheque will be issued jointly to the shareholder and the creditor of the obligation (if applicable).
<p>Decrease of 20% or more in the after-tax family income¹² when a shareholder or the shareholder's spouse⁵ acts as a natural caregiver for a family member</p>	<p>The shareholder must show a decrease in after-tax family income¹² because the shareholder or the shareholder's spouse acts as a natural caregiver¹³ for a family member AND Must show that the care receiver¹⁴ is at least 70 years of age or is at least 18 years of age and has a severe impairment in mental or physical functions¹⁵ AND Must show that the after-tax family income¹² from all sources has decreased by 20% or more for a minimum period of two consecutive months,¹⁶ and that this decrease in income still exists at the time the completed and signed form and the information</p>	All shares held for at least two years	One year	<p>Completed and signed Fondation 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 income¹² because of the need to act as natural caregiver AND Proof of relationship with spouse, if applicable⁹ AND Proof that the care receiver 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 has a severe impairment AND Documents proving the occurrence of the triggering event and establishing that the decrease in after-tax income has</p>	<p>A single payment equal to the value of the eligible shares</p> <p>This criterion can only be used once by the shareholder every five years, as of the disbursement date.</p>

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondaction shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	and documents required are received AND Must have liquidated all redeemable family investments ⁷ (including other RRSPs), with the purchase of shares being a last resort. ⁸			lasted for at least two consecutive months ¹⁶ AND Proof of the after-tax family income ¹² for the period in question and proof of the after-tax family income ¹² before the decrease in income AND Proof that all redeemable family investments ⁷ have been liquidated, or that they cannot be redeemed, if applicable	
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: ▶ loss of employment or end of sole contract ▶ involuntary reduction in the hourly rate or working hours ▶ decrease or termination of income replacement benefits	The shareholder must show the reason ¹⁷ for the decrease in income (loss of employment, involuntary reduction in work hours, involuntary decrease in usual after-tax subsistence income) AND 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 In the case of a decrease in the shareholder's income, 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 ¹⁶ and that such decrease in income still exists at the time the completed and signed form and the information and documents required are received AND Must have liquidated all his redeemable investments ⁷ (including other RRSPs), with the purchase of shares being a last resort. ⁸ In the case of a decrease in the income of the shareholder's spouse,⁵ the shareholder must show that the after-tax family	All shares Shares subscribed after the decrease in income cannot be purchased under this criterion.	One year	Completed and signed Fondaction form AND Proof of relationship with spouse, if applicable ⁹ AND 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 ¹⁶ For loss of employment or the end of a sole contract ▶ 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 For involuntary reduction in hourly rates or regular work hours ▶ Document from the employer showing an involuntary reduction in the hourly rate or regular hours for a minimum period of two consecutive months ¹⁶ For a reduction or termination of benefits ▶ Proof of the reduction or termination of benefits for a minimum of two consecutive months ¹⁶ AND Proof of the shareholder's after-tax income before and after the event AND Proof that all the shareholder's redeemable investments have been liquidated, or that they	Net payments will not exceed \$5,000 (after-tax) ¹¹ each, with a two-month interval between payments OR A single payment representing the total account value provided this value is less than \$10,000.

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondaction shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	<p>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 investments⁷ (including other RRSPs), with the purchase of the shares being a last resort⁸</p> <p>AND</p> <p>For subsequent applications, the shareholder must show that the event concerned still exists and that the shareholder's or family¹² after-tax income, as applicable, has decreased by 20% or more for a new minimum period of two consecutive months.¹⁶</p>			<p>cannot be redeemed, if applicable</p> <p>If the decrease in income concerns the spouse Proof of after-tax family income¹² before and after the event</p> <p>AND Proof that all redeemable family investments have been liquidated, or cannot be redeemed, if applicable.</p>	
<p>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>	<p>The shareholder or the shareholder's spouse must be temporarily disabled¹⁸</p> <p>AND</p> <p>In the case of a decrease in the shareholder's income, 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,¹⁹ 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 investments⁷ (including other RRSPs), with the purchase of shares being a last resort⁸</p> <p>AND</p> <p>In the case of a decrease in the income of the</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>Proof of relationship with the spouse, if applicable⁹</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>If the decrease in income concerns the spouse Proof of pre-tax family income¹² before and after the event having caused the temporary disability</p> <p>AND Proof that all redeemable family¹² investments have been</p>	<p>Net payments will not exceed \$5,000 (after-tax)¹¹ 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>

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondaction shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	<p>shareholder's spouse⁵, 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 months¹⁶ 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 redeemable family investments⁷ (including other RRSPs), with the purchase of shares being a last resort⁸</p> <p>AND</p> <p>For subsequent applications, the shareholder must show that he or his spouse⁵ is still temporarily disabled and that pre-tax income has decreased by 30% or more for a new minimum period of two consecutive months.¹⁶</p>			liquidated or that they cannot be redeemed, if applicable.	
<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>In the case of a decrease in the shareholder's income, 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,²⁰ 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-</p>	<p>All shares</p> <p>Shares subscribed after the decrease in after-tax income cannot be purchased under this criterion.</p>	One year	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Proof of relationship with the spouse, if applicable⁹</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 months²⁰</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>AND</p> <p>If the decrease in income concerns the spouse</p> <p>Recent proof of all the after-tax family income¹² during the period</p>	<p>Net equal payments not exceeding \$15,000 (after-tax)¹¹ each</p> <p>A minimum six-month interval is required between each payment.</p>

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondaction shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	<p>employment is involuntary and not cyclical²¹</p> <p>AND</p> <p>Must have liquidated all his redeemable investments⁷ (including other RRSPs), with the purchase of shares being a last resort.⁸</p> <p>In the case of a decrease in the spouse's income, 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,²⁰ 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>For subsequent applications, 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.²⁰</p>			<p>of involuntary decrease in income for six full consecutive months²⁰</p> <p>AND</p> <p>Proof of all the after-tax family¹² 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 union²²</p>	<p>The shareholder must show a decrease in income caused by the dissolution of a union which occurred less than a year ago²³</p> <p>AND</p> <p>Must show a decrease of at least 30% in pre-tax family income¹² for a minimum period of two consecutive months¹⁶</p> <p>AND</p> <p>Must have liquidated all redeemable investments⁷ (including other RRSPs), with the purchase of the shares being the last resort.⁸</p>	<p>All shares</p> <p>Shares subscribed after the dissolution of the union cannot be purchased under this criterion.</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"> ▶ confirmation of the dissolution of the union by a notary, a lawyer or a mediator ▶ proof of the change in marital status with the Canada Revenue Agency ▶ divorce judgment ▶ agreement on corollary relief ▶ proof of death <p>AND</p>	<p>A maximum of two payments made no later than during the year following the dissolution of the union, up to a net amount (after-tax)¹¹ of \$15,000 for the same dissolution of union.</p>

Please see the end of this Appendix for details and additional information about the endnotes.

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 all pre-tax family income ¹² prior to the decrease in income AND Recent proof of all the shareholder's pre-tax income during the period of decreased income for two full consecutive months AND Proof that all the shareholder's redeemable investments have been liquidated or that they cannot be redeemed, if applicable.	
Emigration from Canada	The shareholder must have permanently emigrated from Canada ²⁴ AND Must have permanently left his residence and employment in Canada.	All shares held for at least two years, and the balance of all such shares, if applicable.	Ineligible	Completed and signed Fondaction form AND The shareholder's solemn declaration stating that he has permanently emigrated from Canada AND 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 AND Proof of residence in the host country.	One payment for all shares held at least for two years At the shareholder's request, the balance of the shares, if applicable, when all such shares become eligible Transfer to another plan is permitted.
Ineligibility for tax credit	The shareholder must have subscribed to shares without being entitled to the Québec tax credit, unless the credit was refused because the subscribed amount exceeded the maximum allowed under applicable tax laws or because their taxable income is subject to the highest tax rate according to Québec's tax table for individuals for the applicable taxation year.	All shares subscribed while the shareholder was not eligible for the tax credit	The shareholder may purchase other shares as soon as he becomes eligible again for the tax credit	Completed and signed Fondaction form AND Proof that the tax credit was claimed and refused by the Québec government OR proof ²⁵ that the tax credit could not be claimed from the Québec government for one of the following reasons: <ul style="list-style-type: none"> ▶ no taxes to be paid ▶ shareholder has retired, and the employment income and business income reported in the taxation year were less than \$3,500 ▶ non-resident²⁶ 	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	The shareholder must show that the enterprise is legally constituted	All shares held for at least two years	Two years	Completed and signed Fondaction form AND	Up to two payments for a total net value

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondation shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
business that was started up or acquired less than a year ago	<p>AND Must show that he is the owner of the business (alone or with others) and that he participates in decision-making</p> <p>AND Must show that the injection of capital will create or maintain at least one full-time permanent job²⁷</p> <p>AND Must show that the business is a going concern.²⁸</p>			<p>A declaration of registration of the business or incorporating document</p> <p>AND A copy of documents evidencing the shareholder's interest in the business</p> <p>AND A copy of the documents showing the start-up or acquisition of an enterprise that is a going concern:</p> <ul style="list-style-type: none"> ▶ business plan and, if applicable: ▶ acquisition contract ▶ commercial lease ▶ financial statements ▶ financing confirmations ▶ signed contracts <p>AND Proof of creation or maintenance of at least one full-time permanent job</p> <p>If the job created or maintained is the shareholder's job, provide one of the following:</p> <ul style="list-style-type: none"> ▶ a record of employment ▶ employer's letter confirming the end of employment ▶ leave without pay agreement ▶ termination of employment insurance benefits ▶ termination of employment contract ▶ acceptance into a government program <p>If the job created or maintained is not the shareholder's job, provide one of the following:</p> <ul style="list-style-type: none"> ▶ proof of payment of mandatory employer contributions ▶ pay slips ▶ employment contract 	<p>(after-tax)¹¹ 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>

Please see the end of this Appendix for details and additional information about the endnotes.

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 job²⁷</p> <p>AND</p> <p>Must show that the business has been a going concern²⁸ 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"> ▶ business development plan ▶ financing confirmations ▶ last two annual Financial Statements and interim Financial Statements for the current period <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>If the job maintained is the shareholder's job:</p> <ul style="list-style-type: none"> ▶ pay slip ▶ an income tax return and notice of assessment <p>If the job maintained is not the shareholder's job, provide one of the following:</p> <ul style="list-style-type: none"> ▶ employee's pay slips 	<p>Up to two payments for a total net value (after-tax)¹¹ 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>
Terminal illness	The shareholder, the shareholder's spouse ⁵ or a dependent child ²⁹ 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	<p>Completed and signed Fondaction form</p> <p>AND</p> <p>Proof of relationship with the spouse or dependent child, if applicable⁹</p> <p>AND</p> <p>Confirmation by the attending physician</p>	<p>Up to two payments</p> <p>Transfer to another plan is permitted.</p>
Buyback of pension credits for years of past service or to improve a retirement pension plan	The shareholder must have received an offer to improve the pension plan benefits if the offer was not already included in the	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>	This criterion can only be used once by the shareholder.

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondation shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	<p>plan and if it is limited in time³⁰</p> <p>OR</p> <p>Must have received an offer when enrolling in a new employer plan or changing jobs³¹ or employee status,³² to improve pension plan benefits. The offer must be limited in time³⁰</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> <p>Must have used³³ all investments, such as RRSPs and LIRAs; with the purchase of shares being a last resort.⁸</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 transferred⁷ if applicable.</p>	<p>The cheque is issued to the pension fund.</p>
<p>Recourse exercised by a creditor</p>	<p>The shareholder must show that the recourse is against:</p> <ul style="list-style-type: none"> ▶ the principal residence³⁴ ▶ a public utility ▶ the shareholder's and/or spouse's automobile³⁵ ▶ the shareholder's and/or spouse's salary ▶ the shareholder's and/or spouse's bank account <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 investments⁷ (including other RRSPs) for payment of a part of the recourse, with the purchase of the shares being a last resort.⁸</p>	<p>All shares</p>	<p>One year</p>	<p>Completed and signed Fondation form</p> <p>AND</p> <p>Proof of relationship with the spouse, if applicable⁹</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 recourse³⁶ against the following assets or essential services:</p> <p>For the residence:</p> <ul style="list-style-type: none"> ▶ final notice from the hypothecary creditor ▶ prior notice to exercise a hypothecary right ▶ motion for forced surrender and judgment ▶ duly served application of the Tribunal administratif du logement ▶ final notice for past due municipal or school taxes 	<p>A single net payment (after-tax)¹¹ 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>

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondation shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
				<p>For the shareholder's and/or spouse's automobile³⁵ (one or two):</p> <ul style="list-style-type: none"> ▶ notice of forfeiture of benefit of term, along with the loan agreement ▶ notice of seizure of the vehicle following a judgment repossession notice ▶ For a public utility:³⁷ notice of service interruption concerned <p>For the shareholder's and/or spouse's salary:</p> <ul style="list-style-type: none"> ▶ formal demand for payment from a government ▶ judgment ordering the payment of a sum of money <p>AND</p> <ul style="list-style-type: none"> ▶ proof that the shareholder or the shareholder's spouse has a garnishable salary <p>For the shareholder's and/or spouse's bank account:</p> <ul style="list-style-type: none"> ▶ formal demand for payment from a government ▶ judgment ordering the payment of a sum of money <p>AND</p> <p>If the recourse is against only the shareholder's salary, bank account and/or automobile:</p> <ul style="list-style-type: none"> ▶ 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 <p>If the recourse is against the principal residence, a public utility or the spouse's car, salary and/or bank account:</p> <ul style="list-style-type: none"> ▶ 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. 	
Lifelong Learning Plan (LLP)	The shareholder must be eligible for the Lifelong Learning Plan (LLP) ³⁸ by withdrawing funds from an RRSP AND	All shares purchased at least 90 days ago and paid under an RRSP up to the	Acquisition allowed at all times	Completed and signed Fondation form AND Proof of relationship with the spouse, if applicable ⁹ AND	A maximum of two payments a year for as long as the Plan is in effect

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondaction shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	Must undertake to make repayments to Fondaction. ¹	maximum allowed by the LLP All shares subscribed after the return to school cannot be purchased under this criterion.		Canada Revenue Agency form completed and signed 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	
Return to school	The shareholder or the shareholder's spouse must have returned to full-time studies ³⁹ 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 Fondaction 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.	All shares held for at least two years Shares subscribed after the return to school cannot be purchased under this criterion.	Acquisition allowed at all times	Completed and signed Fondaction form AND Proof of relationship with the spouse, if applicable ⁹ 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 Proof of the student's pre-tax income before and after returning to school	A single payment of a gross amount (before taxes) ¹¹ of up to \$10,000 to go back to school for less than six months OR A maximum of two payments totalling up to a gross amount (before taxes) of \$20,000 to go back to school for six months or more.
Loss affecting the principal residence or an automobile essential for the shareholder	The shareholder must show that a loss ⁴⁰ occurred concerning his principal residence ³⁴ or an essential automobile ⁴¹ for him AND that he received only partial indemnification or that no indemnification is payable AND Must declare his financial inability to pay the expense resulting from the loss AND	All shares	One year	Completed and signed Fondaction form AND Proof of relationship with the spouse, if applicable ⁹ AND Shareholder's solemn declaration certifying financial inability to pay the expense AND Proof of the loss ⁴³ AND Proof of costs related to the loss AND Proof of the absence of indemnification or partial indemnification AND	A net payment (after-tax) ¹¹ equal to the amount required to pay for the repair or replacement of the property or to pay a substantial portion thereof The cheque will be issued jointly to the shareholder and the creditor of the obligation (if applicable).

Please see the end of this Appendix for details and additional information about the endnotes.

Purchase by agreement of Fondation shares					
Criteria	Requirements	Eligible shares	Waiting period for subsequent acquisitions	Information and documents required	Payment terms and conditions
	<p>Must have liquidated and used all redeemable family investments⁷ (including other RRSPs) to pay a part of the expenses resulting from the loss, with the purchase of the shares being a last resort.⁸</p> <p>In the case of the principal residence, the loss must be:</p> <ul style="list-style-type: none"> ▶ a fire ▶ water damage ▶ a natural disaster ▶ a breakdown or safety defect of equipment causing damages to the principal residence ▶ a deficiency or defect⁴² in the foundation or structure of such magnitude that the foundation or structure of the residence endangers the health or safety of the occupants. 			<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>	

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 (LLP), and during the 15-year period, in the case of the Home Buyers' Plan (HBP), 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. In order to be valid, the accepted promise to purchase must contain the names of the parties, the address of the home purchased by the shareholder and a signed acceptance. If the shareholder has been the owner for less than 30 days, the notarial deed of sale can replace the promise to purchase.
3. A "mobile home" means a building, the manufacture and assembly of which is completed or substantially completed, that is equipped with complete heating, electrical and plumbing facilities and that is designed to be moved to a site for installation on a foundation and connection to service facilities and to be occupied as a place of residence, but does not include any travel trailer, motor home, camping trailer or other vehicle or trailer designed for recreational use.
4. If the shareholder has been the owner for less than 30 days, the notarial deed of sale can replace the preliminary purchase agreement.
5. Unless otherwise indicated, 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.
6. "Dependant" is defined in the Québec *Taxation Act*.
7. An investment is considered redeemable even if its withdrawal leads to costs or a loss of return, and includes demand deposit accounts, regardless of the type of plan in which the investment is found, including, but not limited to, a RRSP, RRIF, TFSA, FHSA, LIRA, LIF, etc. However, investments held in a RESP are not considered.
8. In all cases where, in accordance with the *Politique d'achat de gré à gré d'actions* [Purchase by Agreement of Shares Policy], shareholders must show that their redeemable investments were liquidated, they must, if they hold shares in two 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.

Please see the end of this Appendix for details and additional information about the endnotes.

Appendix II

9. For a spouse, this may include providing a copy of a marriage certificate or an act of marriage issued by the registrar of civil status OR the most recent income tax return OR important personal documents bearing the same address (e.g. driver's licence, insurance policy, pay stubs, etc.) OR a recent utility bill in both names (e.g. electricity, gas, telephone, etc.). For a dependent child, it may include providing a copy of the birth certificate or the act of birth issued by the registrar of civil status OR proof of receipt of government benefits for the child or the adoption judgment. For another dependant of the shareholder or the shareholder's spouse, this includes providing the most recent income tax return.
10. An "extraordinary and unexpected necessary health expense" is an expense arising from an unforeseeable, accidental or unanticipated event. It is an additional expense to those expenses normally incurred, resulting from circumstances that do not occur on a regular basis.
11. Withholding tax applied to the payment is calculated using the minimum tax rate required by the federal and provincial governments, as applicable.
12. "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.
13. A "natural caregiver" means any person who provides support to one or more close family members who have a temporary or permanent physical, psychological, psychosocial or other disability. The support is continuous or occasional, and short- or long-term, and is provided on a non-professional basis, in a free, enlightened and revocable manner.

A close family member refers to:

- A spouse, *de facto* spouse (common-law partner) or spouse living in a civil union
- One of his or her children or grandchildren (or those of his or her spouse or *de facto* or civil union spouse)
- One of his or her parents, grandparents, brothers, sisters, uncles, aunts, nephews or nieces (or those of his or her spouse, or *de facto* or civil union spouse).

The concept of "natural caregiver" includes the idea of "caregiver" recognized by Revenu Québec and includes any other factual situation that has been recognized as such by Revenu Québec for the purposes of granting the provincial caregiver tax credit.

14. A "care receiver" means a person who is:
 - Between 18 and 69 years of age on December 31 of the year and has a severe and prolonged impairment in mental or physical functions that, according to the attestation of a health professional, is such that the person needs assistance to perform a basic activity of daily living;
 - Aged 70 or over on December 31 of the year.

And who, in relation to the shareholder, is:

- A spouse, or *de facto* spouse (common-law partner) or spouse living in a civil union
- One of his or her children or grandchildren (or those of his or her spouse or *de facto* or civil union spouse)
- One of his or her parents, grandparents, brothers, sisters, uncles, aunts, nephews or nieces (or those of his or her spouse, or *de facto* or civil union spouse).

The concept of "care receiver" includes any other factual situation that has been recognized as such by Revenu Québec for the purposes of granting the provincial caregiver tax credit.

15. "Impairment in mental or physical functions" means a physical or mental disability or handicap that limits a person's ability to carry out daily activities, as certified by a physician.

An impairment is said to be severe if it markedly limits the ability to perform an activity of daily living (such as seeing, speaking, hearing, walking, eliminating, feeding oneself, dressing oneself or using mental abilities). In other words, the impairment is severe if, even with care, devices or drugs, the person always or almost always has a severe functional limitation that restricts his daily life.

An impairment is also said to be severe if, due to a chronic illness, the person receives at least twice a week, for a total of not less than 14 hours, medical care essential to his vital functions. These hours include travel time, medical appointments and necessary recovery time after treatment.

The concept of "impairment in mental or physical functions" includes any other factual situation that has been recognized as such by Revenu Québec for the purposes of granting the provincial caregiver tax credit.

16. 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 is a beneficiary of the social assistance program or social solidarity program, the application may be made as of the date the decrease in income begins.
17. 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 with the Fund, unless the shareholder is a beneficiary of the social assistance program or social solidarity program. 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 is a beneficiary of the social assistance program or social solidarity program, and the event must still exist when the subsequent application is made.

Please see the end of this Appendix for details and additional information about the endnotes.

Appendix II

18. 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.
19. An application may only be filed after a minimum of two consecutive months of decreased income before the date the application is made with 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. The decrease in income must apply to each month in the period concerned.
20. 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.
21. Self-employment is cyclical (or seasonal) when it is occupied at a specific time of year.
22. "Dissolution of a union" means the first event to occur, depending on the type of union, between a separation from bed and board, divorce, marriage annulment, dissolution of civil union, death or a *de facto* separation, including a separation between *de facto* spouses. Unless otherwise established, the date of the *de facto* separation is usually the day on which the spouses began to live separately, meaning that at least one of them left the family residence.
23. 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 made with Fondation.
24. "Permanent emigration" means the case of a shareholder who:
- Has left Canada to live in another country on a permanent basis. This may mean paying taxes, owning a principal residence or holding long-term employment abroad.
- AND
- Has severed residential ties with Canada, i.e. no longer has a principal residence, or no longer has long-term employment in Canada.
- Notes: Severing residential ties with Canada means that the shareholder and his immediate family no longer have any significant ties with Canada. A shareholder who goes abroad to study is not considered a permanent emigrant unless he returns to his country of origin.
25. "Proof" means complete tax returns from Québec and Revenu Québec notices of assessment for the years when credits could not be claimed, in cases where the shareholder had no income taxes to pay or was retired with employment income lower than \$3,500, or a letter confirming that the shareholder is a non-resident.
26. "Non-resident" means a shareholder who either:
- Regularly or usually lives outside Québec.
 - Resides in Québec for less than six months during the taxation year and has no residential ties in Québec (no domicile, spouse, *de facto* spouse or dependants in Québec).
- The concept of "non-resident" also includes any other factual situation that has been recognized as such by Revenu Québec.
27. "Full-time permanent job" refers to a minimum of 28 hours worked per week.
28. A business whose activities are seasonal is not considered a going concern, unless it operates several seasonal activities throughout the year.
29. The concept of a "dependent child" includes a child of the shareholder or a child of the shareholder's spouse to whom one of the following situations applies:
- Minor child
- The shareholder or the shareholder's spouse has received a family allowance from Retraite Québec for this child.
 - The child ordinarily resides with the shareholder (but is not the parent of a child or an emancipated minor), including a child in a shared custody arrangement (at least 40% custody time).
 - The child is pursuing full-time secondary vocational training or post-secondary studies for which he has received a Relevé 8, showing an amount in Box A, or for which it is reasonable to believe he will receive such a relevé for the current session.
- Child of full age
- The child is pursuing full-time secondary vocational training or post-secondary studies for which he has received a Relevé 8, showing an amount in Box A, or for which it is reasonable to believe he will receive such a relevé for the current session.
30. "Limited in time" means a one-time offer with a deadline that must be met by the shareholder.
31. "Changing jobs" is defined as a change in the nature of declared and remunerated work with the same or a different employer. This includes a change of position, as well as a promotion or a demotion within a hierarchy.
32. "Employee status" refers to the relationship between a shareholder and his employer, governed by an employment contract (individual or collective agreement) determining the rights and obligations of each.
- A distinction is made between:
- Temporary employee: the worker is hired for a given period.
E.g.: Contracts entered into for a fixed term, the completion of a defined task or project, seasonal, occasional or part-time work.
 - Permanent employee: The worker has a stable job for an indefinite period, usually formalized following a successful trial period.

Please see the end of this Appendix for details and additional information about the endnotes.

Appendix II

- A change in employee status can occur with the same or a different employer.
33. The investments used must first have been applied to improving the pension plan benefits, since a purchase must be the last resort.
 34. "Principal residence" means the residence where the shareholder in effect normally resides, namely most of the time.
 35. "Automobile" refers to any vehicle propelled by any power other than muscular force and adapted for transportation on public highways but not on rails.
 36. Dated less than 30 days prior to the date it is received at Fondation.
 37. A "public utility" refers to a service designed to satisfy a need in the general interest, provided by a private or public company that is managed according to rules laid down by the government.
 38. According to tax legislation, only post-secondary studies qualify under these plans.
 39. Students may return to school on a part-time basis if they have a disability. We consider that a student meets the conditions for a disability if one of the following situations applies:
 - There is reasonable cause to believe that the student would be unable to enroll on a full-time basis due to a mental or physical disability, and the student submits a letter to this effect signed by a physician, an optometrist, a speech pathologist, an audiologist, an occupational therapist, a physiotherapist, a social worker or a psychologist.
 - The student is entitled to the disability amount on line 31600 of his federal income tax and benefit return for the year of withdrawal.
 40. The claim must be received within one year of the loss and cannot include the amount of the deductibles.
 41. "Essential automobile" refers to any vehicle propelled by any power other than muscular force and adapted for transportation on public highways but not on rails, that is used personally or professionally by the shareholder on a daily/habitual basis, that is either necessary for maintaining work income or the active pursuit of employment, or that is necessary for the subsistence, health care or education of the shareholder or the shareholder's dependants.
 42. The defect must not be known at the time of purchasing the home.
 43. A "loss" is defined as a loss caused by the occurrence of an injurious event and which is likely to result in compensation from the insurer for the damage sustained.

Examples of automobile loss: collision, glass breakage (impact on glass surface), vandalism, theft, fire, natural event.

Appendix III – Share redemptions at the option of Fondation

Situations	Requirements	Eligible shares
Unclaimed property	Shares are unclaimed property under the <i>Unclaimed Property Act</i> .	All shares
Conflict of interest	Redemption is required to put an end to an actual or perceived conflict of interest for a shareholder or to prevent any potential conflict of interest for a shareholder.	All shares
Non-residents	Shares were issued to a person who is not a resident of Québec.	All shares thus issued while the person was not a Québec resident
Proceeds of crime	Shares were issued to a person who, according to competent authorities, acquired such shares using proceeds of crime. AND The competent authorities seek to take possession of such shares or redemption proceeds pursuant to the law.	All shares
Absence of instructions concerning the maturity of an RRSP	The shareholder's registered retirement savings plan matures on December 31 of the current taxation year. AND No instructions have been given on the form that the shareholder's retirement income will take in accordance with the terms and conditions of the contract for the constitution of an annuity.	All Class "A", Series 1 shares
Minimal account	The total consideration of all the shareholder's subscriptions is \$1,500 or less. AND No subscription has been made in the last 5 years.	All shares

**Fondaction, le Fonds de développement
de la Confédération des syndicats
nationaux pour la coopération et l'emploi
Montréal (Head Office)**

2175 De Maisonneuve Blvd. East, Suite 103
Montréal, Québec H2K 4S3

Telephone:

514-525-5505

1-800-253-6665

Québec City

125 Charest Blvd. East, Suite 501
Québec City, Québec G1K 3G5

Telephone:

418-522-8650

1-800-253-6665

fondaction.com