

ANNUAL INFORMATION FORM

FONDS DE SOLIDARITÉ FTQ

Class "A" Shares, Series 1 and Series 2 (the "Shares")

July 5, 2010

The *Autorité des marchés financiers* has not in any way passed upon the merits of the Shares offered hereunder and any representation to the contrary is an offence.

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1. DESIGNATION, CONSTITUTION AND HISTORY OF THE FONDS DE SOLIDARITÉ FTQ¹

1.1 The Fonds de solidarité FTQ's corporate name and location of its head office

FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.) (the "Fonds de solidarité FTQ")

The Fonds de solidarité FTQ's head office is located at 545 Crémazie Blvd. East., Suite 200, Montréal, Québec, H2M 2W4.

1.2 Constituting act, date and manner of constitution of the Fonds de solidarité FTQ

The Fonds de solidarité FTQ is a labour-sponsored development capital investment fund created by the *Fédération des travailleurs et travailleuses du Québec* ("FTQ") (known in English as the Québec Federation of Labour ("QFL")). The Fonds de solidarité FTQ was set up under the *Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.)* (R.S.Q., c. F-3.2.1), which was enacted by the Québec National Assembly on June 23, 1983 and amended subsequently by other laws (the "Act").

1.3 Amendments made to the Act over the past five (5) years (2005-2010), including investment restrictions and practices

1.3.1 Changes since 2005

The amendments which have been made to the Act involve more specifically section 10 ("Redemption"), section 11 ("Compulsory Redemption"), 2nd paragraph ("Price") and 3rd paragraph ("Price"), section 14.1 ("Eligible enterprise"), section 15 ("Investments"), 3rd paragraph ("Determination of average net assets and investments") and 5th paragraph ("Eligible investments"), paragraphs (3), (6), (7), (8) and (9) and section 15.0.1 ("Investments outside Québec").

The material changes are summarized as follows:

- Increased ceilings for assets and net equity of eligible enterprises, in order to better reflect the reality of SMEs in Québec:
 - with respect to initial investments, the assets must now be less than \$100,000,000 or the net equity less than \$50,000,000, whereas these amounts used to be \$50,000,000 and \$20,000,000 respectively before;

¹ To the extent the understanding of the text requires, words importing use of the masculine gender include all genders and vice-versa and words importing use of the singular include the plural and vice-versa.

- the addition of an investment category involving an initial capital outlay of at least \$25,000,000, provided that the strategic value of that capital outlay has been recognized by the Minister of Finance, and provided that those investments are not otherwise eligible investments;
- the addition of specific provisions regarding investments by the Fonds de solidarité FTQ outside Québec, and in particular:
 - investments in private funds outside Québec, in order to allow Québec SMEs to obtain international visibility and financing;
 - investments in enterprises outside Québec with a view to reinvestments in Québec either through a Québec subsidiary or for a major project in Québec;
- the addition of provisions to clarify the investments by the Fonds de solidarité FTQ in local venture capital funds and in FIER Partners, LLP;
- elimination of the exclusion of residential buildings, with respect to investments which may be made by the Fonds de solidarité FTQ in new or substantially renovated income-producing immovables situated in Québec;
- the addition to section 10 of the Act of:
 - new provisions applicable to requests for the redemption of Shares which may be made to the Fonds de solidarité FTQ regarding such Shares²;
 - a new provision allowing a beneficiary or annuitant of a spousal RRSP to ask for the redemption of Shares from such RRSP upon the death of the individual who contributed to it³;
- the addition of new provisions respecting investments of the Fonds de solidarité FTQ eligible under the 60% rule, i.e. investments made by the Fonds de solidarité FTQ⁴:
 - in a \$500,000,000 emergency fund for the recovery of medium and large Québec enterprises, in partnership with the Société générale de financement du Québec; the Fonds de solidarité FTQ's contribution to such a fund will be \$250,000,000;

² See *Information Bulletin 2008-8*, published on December 19, 2008. The Act has not been amended yet in this regard.

³ See *Information Bulletin 2009-4*, published on June 23, 2009. The Act has not been amended yet in this regard.

⁴ See the March 19, 2009 provincial budget (Québec) and *Information Bulletin 2009-4*, published on June 23, 2009. The Act has not been amended yet in this regard.

- in a fund of up to \$825,000,000 to finance sector-based venture capital funds, in partnership with the Caisse de dépôt et placement du Québec and Investissement Québec. The Fonds de solidarité FTQ's contribution to such a fund will be up to \$250,000,000;
- in three start-up capital funds with an aggregate value of \$125,000,000, in partnership with Investissement Québec and partners in the private sector. The Fonds de solidarité FTQ's contribution in this regard could be up to \$42,000,000;
- The amendment of subsections 11(2) and (3) of the Act, which henceforth read as follows:

"Compulsory redemption

Section 11.

[...] of the Prices

The price of redemption of the shares and fractional shares shall be fixed twice a year at dates six months apart, by the board of directors, on the basis of the value of the Fund as established by experts under the responsibility of a firm of chartered accountants according to generally accepted accounting principles and adjusted, if necessary, to reflect the fair value of investments in enterprises the Fund controls, in joint ventures and in enterprises on which it has significant influence or in which it holds variable interests;

[...]

The board of directors may also fix the price of redemption contemplated in the second paragraph at any other time in the year, on the basis of an internal valuation that, in each case, is presented in an accounting expert's report confirming continued adherence to the generally accepted accounting principles and methods used to value the Fund and referred to in the second paragraph"⁵.

1.3.2 Important changes made by the Fonds de solidarité FTQ over the past three (3) years (2007-2010) regarding other investments

The main changes are summarized as follows:

- addition of the telecommunications sector to the global sector-based strategy, which henceforth covers five (5) areas of economic activity:

⁵ Act to amend the Acts establishing Capital regional et coopératif Desjardins, Fondation and the Fonds de solidarité des travailleurs du Québec (F.T.Q.), adopted and enacted on June 4, 2009, retroactive to May 30, 2009.

sectors of services to the community, telecommunications, energy, raw materials and basic consumer products;

- increase in the limit for overlay mandates applicable to the bond portfolio;
- gradual reduction of the bond portfolio and liquidation of a substantial part of the high-income securities portfolio; and
- addition of a budget devoted to international infrastructure funds.

2. DESCRIPTION OF THE FONDS DE SOLIDARITÉ FTQ'S GENERAL ACTIVITY

2.1 Description of the Fonds de solidarité FTQ's distribution network and how to subscribe

Refer to the short form prospectus for information.

2.2 Principal investment standards and Board of Directors policies respecting investments and other investments

2.2.1 Principal investment standards applicable to the Fonds de solidarité FTQ

Under the Act, the Fonds de solidarité FTQ may invest in any enterprise, in any manner whatsoever. However, the value of all eligible investments, as defined in the Act, must represent, on average, at least 60% of the Fonds de solidarité FTQ's average net assets for the preceding fiscal year.

Within the meaning of the Act, for the purpose of the 60% rule (the "60% Rule"), "eligible investments" are investments that entail no security or hypothec and consist of any of the following investments:

- a) investments in eligible enterprises (under the Act, "eligible enterprise" means an enterprise in active operation the majority of whose employees are resident in Québec and whose assets are less than \$100,000,000 or whose net equity is less than \$50,000,000);
- b) investments made otherwise than as first purchaser for the acquisition of securities issued by eligible enterprises;
- c) reinvestments in an eligible enterprise with assets less than \$350,000,000 or net equity less than \$150,000,000;
- d) investments in new or substantially renovated income-producing immovables situated in Québec other than a commercial centre, except in the case of a project in the recreation and tourism sector;
- e) strategic investments in an enterprise that has a significant effect on Québec's economy with assets less than \$500,000,000 or net equity not over \$200,000,000 intended to finance expansion

activities, among other things, or activities related to the transfer of ownership of such enterprises;

- f) an investment of at least \$25,000,000 provided the strategic value of the capital outlay has been recognized by the Minister of Finance and that is not otherwise an eligible investment;
- g) the following investments outside Québec:
 - (i) in a private fund outside Québec, up to the amount invested by such private fund in Québec enterprises whose assets are less than \$100,000,000 or net equity is less than \$50,000,000;
 - (ii) in a company or legal person outside Québec whose assets are less than \$500,000,000 or whose net equity is less than \$200,000,000, up to the amount it invests either in a subsidiary which runs a business of which the majority of employees are Québec residents, or in a major investment project in Québec;
 - (iii) in an enterprise whose activities outside Québec have or will likely have an impact on the level of employment or economic activity in Québec;
 - (iv) in income-producing immovables situated outside Québec which are new or substantially renovated, if such investment has or is likely to have an impact on the level of employment or economic activity in Québec;
- h) investments made in a local venture capital fund, if they are made with the expectation that the local fund will invest at least 150% of the aggregate of the sums it receives from the Fonds de solidarité FTQ, *Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi* and *Capital regional et coopératif Desjardins* in Québec enterprises with assets less than \$100,000,000 or a net equity of less than \$50,000,000 which are not otherwise eligible investments. For the application of the 60% Rule, this type of investment, if made not later than March 2011, will increase the dollar amount invested by 1.5 times;
- i) investments made in FIER Partners, LLP.

The total investments that qualify under paragraphs (a) to (h) above are limited to the following percentages of the Fonds de solidarité FTQ's net assets at the end of the preceding fiscal year:

- no limit for the investments referred to in paragraph a);
- 20% for all the investments mentioned in paragraphs b) and c);
- 5% for all the investments mentioned in paragraphs d) and g) (iv);
- 5% for all the investments mentioned in paragraphs e) and f);

- 10% for the investments mentioned paragraph g);
- 5% for the investments mentioned in paragraph h), this amount being calculated without the 50% eligibility mark-up mentioned in that paragraph.

The Fonds de solidarité FTQ may consider as still being eligible, for an additional fiscal year, the sums from disinvestments which exceed 2% of its average net assets for the previous fiscal year.

Certain eligible investments are also governed by investment policies adopted by the Board of Directors of the Fonds de solidarité FTQ and approved by the Minister of Finance for limited periods.

The investments which the Fonds de solidarité FTQ has agreed to make and for which it has committed but not disbursed funds at the end of a fiscal year are taken into consideration, subject to certain exceptions, in calculating the eligible investments, up to 12% of the Fonds de solidarité FTQ's net assets at the end of the preceding fiscal year.

To encourage greater distribution of risk between several projects, the Act also stipulates that the Fonds de solidarité FTQ cannot make an investment in an enterprise that would make the total amount of its investment in that enterprise greater than 5% of all the Fonds de solidarité FTQ's assets. However, the fair value of an investment made by the Fonds de solidarité FTQ may exceed 5% of its assets. Notwithstanding the above, the Fonds de solidarité FTQ may invest up to 10% of its assets to purchase up to 30% of the voting rights of an enterprise that is not an eligible enterprise as defined in the Act, but nonetheless does business in Québec.

When the Fonds de solidarité FTQ makes an investment in the form of a guarantee or security, the Act provides that it must establish and maintain in its accounting records, for the duration of such guarantee or security, a reserve equal to not less than 50% of the amount thereof.

Impact of investments by the Fonds de solidarité FTQ across Québec

The Fonds de solidarité FTQ invests mainly in the form of development capital and organizes its investment portfolio in various sectors of the economy in order to ensure some exposure diversification. However, emphasis is put on traditional economic sectors which, as at May 31, 2010, made up most of its investment portfolio. The remainder is invested in sectors of the new economy, such as information technology, telecommunications and life sciences.

Given the current economic conditions in Québec, the Fonds de solidarité FTQ places increased emphasis on business growth and the development of enterprises which are already in its portfolio. The Fonds de solidarité FTQ always offers information on and training in economic matters for workers when it becomes involved in an investment project.

Fonds de solidarité FTQ's regional and local commitment

One of the Fonds de solidarité FTQ's major priorities is its regional and local commitment, which has become one of its development objectives. With the *Fédération Québécoise des Municipalités* ("FQM"), it has established the *Fonds d'investissement SOLIDEQ*, now called *Fonds locaux de solidarité FTQ, s.e.c.*, the purpose of which is to promote the emergence within Regional County Municipalities ("RCM") of a Fonds local de solidarité (or *SOLIDE*), which makes local investments in small businesses (between \$5,000 and \$100,000 for certain *Fonds locaux de solidarité* or *SOLIDE*), to support the strengths of the community and contribute to the development of regional employment.

With the active cooperation of the socio-economic stakeholders of the regions, the Québec government and trade unions, the Fonds de solidarité FTQ has created regional solidarity funds in all the administrative regions of Québec. This link in the chain of investments in the regions covers up to \$2,000,000 of the financial and investing needs of regional enterprises per enterprise. The regional funds help accelerate the development of regional employment; develop and maintain true investing expertise in all regions of Québec; ensure the long-term establishment of enterprises in their region; facilitate business start-ups by improving their capitalization and providing technical support to entrepreneurs; and support those in charge of economic development for their region.

2.2.2 The Fonds de solidarité FTQ's Integrated Financial Asset Management Policy (the "Policy")

The Policy was the subject of a reform which was approved on April 24, 2008 by the Fonds de solidarité FTQ's Board of Directors. The Policy was amended again on January 28, 2010. The main changes result from:

- the adoption of a charter applicable to the Financial Assets Management Committee, the committee in charge of overseeing the implementation of and compliance with the Policy;
- the dividing of the previous policy into several policies which cover the general principles, orientations, limits and guidelines applicable to various classes of assets in the Marketable Securities sector, including a separate policy applicable to Investments sector;
- the development of detailed instructions and procedures surrounding the management of financial assets on an operational basis; and
- the update of the duties of decision-making authorities for investments at the Fonds de solidarité FTQ in 2009 in order to improve governance in this regard.

The Policy also describes the challenges and the environment in which the professionals of the Investments and Marketable Securities sectors must work.

2.2.3 Policies applicable to other investments

The policies respecting the various classes of assets making up the other investments involve the following portfolios:

- cash and money market;
- bonds (corporate and government);
- high-income securities (high-dividend shares);
- sector-based shares;
- funds of hedge funds;
- international infrastructure funds.

Each policy contains the following information: portfolio goals, the terms applicable to its governance, the measures applicable to the rules involving and assessment of objectives, authorized investments, the portfolio structure as such, management principles and management of the risks specific to it.

3. COMPLIANCE WITH REGULATORY REQUIREMENTS APPLICABLE TO THE FONDS DE SOLIDARITÉ FTQ

3.1 Declaration of the Fonds de solidarité FTQ respecting its management, including the practices and restrictions applicable to it

The Fonds de solidarité FTQ is managed adequately and in accordance with the requirements, restrictions and legal and regulatory practices applicable to it.

3.2 Fonds de solidarité FTQ's Shares: an eligible investment under the Canada *Income Tax Act*

Shares of the Fonds de solidarité FTQ held in an RRSP or a RRIF, i.e. Series 1 Shares, constitute a recognized registered investment as defined in the *Income Tax Act*. Series 2 Shares are held in a non-RRSP account.

Shares held in an RRSP or a RRIF, i.e. Series 1 Shares, may be withdrawn from the RRSP or RRIF, at the holder's option. The Fonds de solidarité FTQ will exchange the Series 1 Shares for Series 2 Shares following a deregistration or withdrawal request submitted by the shareholder.

Refer to the short form prospectus for further information.

4. DESCRIPTION OF SHARES OFFERED BY THE FONDS DE SOLIDARITÉ FTQ

4.1 Description of the Shares offered through the short form prospectus and main characteristics

The Shares are issued in the form of Series 1 or Series 2 Class "A" Shares, as the case may be. Series 1 Shares are those which are transferred to an RRSP or a RRIF. Series 2 Shares are held in a non-registered account.

Regardless of the Series, such Shares rank equally among each other, as Class "A" Shares, with respect to the payment of dividends, where applicable, and the sharing of the Fonds de solidarité FTQ's property upon its dissolution, liquidation or the distribution of all or part of its assets among the holders of Shares. They also rank equally among each other, where applicable, with respect to purchase by agreement or redemption transactions.

Note that the number of Shares which the Fonds de solidarité FTQ issues annually is determined by its Board of Directors and may be limited if the Fonds de solidarité FTQ does not meet the level of eligible investments as defined in the Act.

4.1.1 Characteristics of Shares offered

Refer to the short form prospectus for information.

4.2 Other rights granted to shareholders in terms of authorization involving any matter set out in the Fonds de solidarité FTQ's charter or its articles of incorporation

The Fonds de solidarité FTQ's by-laws (the "By-laws") provide that the Board of Directors may enact or vote by-laws which do not contravene the Act or any applicable law and that it may revoke, amend or implement the Fonds de solidarité FTQ's by-laws. Nonetheless, each such by-law and each revocation, amendment or reinstatement of the by-laws will, unless it is ratified in the interim by a special general meeting of shareholders duly called for such purpose, only be in effect until the next annual general meeting and, if it is not ratified at such annual general meeting, it will cease to be in effect as of such time.

5. EVALUATION OF SECURITIES HELD IN PORTFOLIO

5.1 Methods used to evaluate the various types or categories of assets in the Fonds de solidarité FTQ's portfolio for the purpose of calculating the net asset value

Investments in development capital and other investments, including derivatives, are presented on the Fonds de solidarité FTQ's balance sheet at their fair value.

The fair value of traded securities has been determined as at May 31, 2010 based on the ask price for the securities at the close of markets.

In the case of private securities or other traded securities the price of which, exceptionally, is not representative of their fair value, using valuation principles based on guidelines generally used in Québec's venture capital industry by business valuation professionals registered as CBV (Chartered Business Valuator), in compliance with Canadian GAAP (generally accepted accounting principles). The valuation principles used were approved in advance by the Fonds de solidarité FTQ's Audit Committee. The specialized valuers answer to the Executive Vice-President, Finance, and their work is based on a structured process involving several verification and validation steps. This framework is overseen by a valuation committee, most of the members of which are independent qualified valuers. This ensures the quality, consistency and integrity of the work performed and, accordingly, the fair value established.

See paragraph 11.1.2 of this information form with respect to the management framework applicable to the process for valuating development capital investments.

6. PRICE FOR THE ISSUANCE, REDEMPTION AND PURCHASE BY AGREEMENT OF THE FONDS DE SOLIDARITÉ FTQ'S SHARES

6.1 Method used by the Fonds de solidarité FTQ to determine the price for the issuance, redemption and purchase by agreement of its Shares

Refer to the short form prospectus for information.

6.2 Frequency of determining the price for the issuance, redemption and purchase by agreement of Fonds de solidarité FTQ Shares

The Fonds de solidarité FTQ's fiscal year begins on June 1st and ends on May 31st each year. The first 6-month period ends on November 30th and the net assets per Share is determined based on financial information as of such date published around January 5th. The fiscal year ended May 31st and the net assets per Share is determined based on financial information as of such date and published around July 5th.

Refer to the short form prospectus for further information.

7. SUBSCRIPTION AND PURCHASE OF SHARES

7.1 Subscription methods applicable to the Fonds de solidarité FTQ's Shares

Whether it is the first or a subsequent subscription, there are three (3) methods for subscribing for the Fonds de solidarité FTQ's Shares: payroll deduction, which is still the preferred method for workers, automatic bank withdrawal and lump-sum subscription.

Refer to the short form prospectus for details about the subscription methods.

7.2 Determination of Share issue price by the Board of Directors

Refer to the short form prospectus for information.

7.3 How to invest in the Fonds de solidarité FTQ's Shares

Refer to the short form prospectus for information.

7.4 Fees paid by investors

Refer to subsection 12.1 of this annual information form.

8. SHARE REDEMPTION

8.1 Redemption and purchase by agreement procedures for the Fonds de solidarité FTQ's Shares

The Fonds de solidarité FTQ may either redeem the Shares in the circumstances prescribed by the Act or purchase them by agreement in the exceptional circumstances set out in the purchase by agreement policy adopted by the Fonds de solidarité FTQ's Board of Directors and approved by Québec's Minister of Finance. Other than under these circumstances, the Fonds de solidarité FTQ may not redeem or purchase a shareholder's Shares by agreement.

Redemptions prescribed by the Act

According to the Act, the Fonds de solidarité FTQ is required to purchase all or part of the Fonds de solidarité FTQ's Shares purchased by a shareholder under the circumstances listed in the short form prospectus.

Purchase by agreement

The Fonds de solidarité FTQ may only purchase Shares by agreement in the cases described in the purchase by agreement policy adopted by the Fonds de solidarité FTQ's Board of Directors and approved by Québec's Minister of Finance. The circumstances which give rise to a purchase by agreement by the Fonds de solidarité FTQ and the terms of purchase are also described in the short form prospectus.

8.2 Determination by the Board of Directors of the redemption or purchase by agreement price of the Fonds de solidarité FTQ's Shares

Refer to the short form prospectus for information.

8.3 Circumstances under which the Fonds de solidarité FTQ may suspend the redemption or purchase by agreement of its Shares

Under the Québec *Taxation Act* (section 1049), the Fonds de solidarité FTQ must pay a penalty to the Québec government when all the sums paid following purchases by agreement made during a given fiscal year, excluding those paid under the Home Ownership Plan (HOP) and the Lifelong Learning Plan (LLP), exceed 2% of the paid-up capital. Since this provision came into force, the amount of purchases by agreement made by the Fonds de solidarité FTQ has always been below this limit.

In addition, under the Québec *Companies Act* (subsection 123.54) and section 2 of the Act, the Fonds de solidarité FTQ must meet certain solvency tests before paying for Shares which it redeems or purchases by agreement. Such tests involve the preservation of the Fonds de solidarité FTQ's capital and are designed to ensure that the Fonds de solidarité FTQ can meet its obligations as they become due. Since its inception, the Fonds de solidarité FTQ has always met these solvency tests.

9. RESPONSIBILITY WITH RESPECT TO THE FONDS DE SOLIDARITÉ FTQ'S ACTIVITIES

9.1 Terms relating to the management and administration of the Fonds de solidarité FTQ

As provided in section 3.9 of the By-laws, the directors manage the Fonds de solidarité FTQ's business and can enter into or cause to be entered into, for it and on its behalf, contracts which the Fonds de solidarité FTQ may legally sign; they may also exercise all other powers and take all other steps which the Fonds de solidarité FTQ is authorized to exercise or take under the Act or any other applicable law. The directors may also authorize any director, Board committee or sector-based committee, internal committee, officer or employee of the Fonds de solidarité FTQ, and any other natural or legal person, to act on their behalf, and to give such person all the powers they are legally authorized to delegate to him.

The direction and current management of the Fonds de solidarité FTQ's operations is entrusted to a President and Chief Executive Officer assisted by three Executive Vice-Presidents (Investments, Shareholding and Finance), a Vice-President, Human Resources, a Vice-President, Legal Affairs, a Vice-President, Public and Corporate Affairs and a group of managers for each department.

The office of the Executive Vice-President, Investments determines and analyzes potential investments before making any investment recommendation to the Board of Directors and to the various committees and delegated councils. It also ensures that the value of such investments is enhanced, monitors them and, when advisable, ensures that the investments are sold.

The office of the Executive Vice-President, Shareholding covers all shareholder services and oversees the coordination of activities relating to the subscription of Shares, including training in the enterprises as well as training and information for the network of Local Representatives ("LRs"). The Fonds de solidarité FTQ has developed a network of LRs who work on a voluntary basis to promote the Fonds de solidarité FTQ in their respective workplaces. It also carries out

tasks related to record-keeping, the management of redemptions and the purchase of Shares by agreement.

The office of the Executive Vice-President, Finance is in charge of all financial services, the valuation of investments, management of the portfolio of other investments, taxation, and financial management and strategies. It is also responsible for information systems development, maintenance and security.

The office of the Vice-President, Human Resources is responsible for the development and framework applicable to the management of human resources, labour planning and labour relations.

The office of the Vice-President, Legal Affairs provides legal services involving investments and ensures compliance with the Act and other applicable laws with respect to the eligibility of investment structures. Its work also covers all litigation matters to support the various Vice-Presidents.

The office of the Vice-President, Public and Corporate Affairs is in charge of internal corporate communications, those intended for the media and the public, and graphic design services. It also heads the corporate sector, which provides corporate services for the Fonds de solidarité FTQ's various decision-making authorities, prepares contracts and agreements other than those relating to investments, ensures compliance with the Fonds de solidarité FTQ's governance and securities obligations and provides legal advice other than regarding investment matters to the various Vice-Presidents of the Fonds de solidarité FTQ.

Finally, a management committee, made up of the President and Chief Executive Officer, the Executive Vice-President, Investments, the Executive Vice-President, Shareholding, the Executive Vice-President, Finance, the Vice-President, Human Resources and the Vice-President, Public and Corporate Affairs, is responsible for the general oversight of the operations of the Fonds de solidarité FTQ.

9.1.1 Accounting services

The Financial Control Department is mainly in charge of the following:

- preparing the financial statements and other financial documents required by law;
- ensuring that all the Fonds de solidarité FTQ's operations have been treated appropriately in accordance with Canadian GAAP and applicable tax laws;
- exercising controls to ensure compliance with the rules, standards and internal or external policies issued respectively by the Fonds de solidarité FTQ or the regulatory authorities relating to the Fund's financial operations.

9.1.2 Record-keeping

The Fonds de solidarité FTQ keeps its shareholder and share transfer registers itself.

9.2 Management of portfolio assets, analysis of development capital investments and other investments, and decision-making

9.2.1 Management and analysis of development capital investments

The Fonds de solidarité FTQ organizes its investment portfolio in various sectors of the economy in order to ensure some exposure diversification while trying to meet the 60% Rule under the Act. Each year, the Board of Directors approves internal sector-based targets for investment volume and potential risk.

The Fonds de solidarité FTQ invests mainly in the form of development capital. The value of and return on these investments vary depending on the performance of the enterprises in which it invests. They may take various forms: investment in share capital, loans, guarantees, security, etc.

Economic viability is still the basic criteria which the Board of Directors takes into account when it decides whether it will authorize an investment. The Fonds de solidarité FTQ also avoids concentrating too many of its investments in one business or one industry. As a general rule, it holds a minority interest in the businesses in which it invests. Occasionally it holds the majority or all the shares of a business. The Fonds de solidarité FTQ evaluates investment projects taking the following criteria into account:

- financial aspects;
- quality of the management team;
- the market;
- disinvestment possibilities;
- legal aspects;
- taxation;
- environmental risks;
- social reporting with respect to the enterprises.

To monitor its investments, protect its interests and provide all the necessary support to its partners, the Fonds de solidarité FTQ has the freedom to add several conditions, which may vary according to the projects, to its decision to invest in a business. In every case, access to reliable information is essential.

Finally, one of the Fonds de solidarité FTQ's major priorities is its regional and local commitment, including the creation and maintaining of jobs in various regions of Québec. It has made this one of its major development objectives. See subsection 2.2 of this information form.

9.2.2 Investment framework

Investment files are first submitted for review to the professional teams under the Executive Vice-President, Investments. Multidisciplinary teams support the various activities of the Executive Vice-President, Investments and bring additional expertise to them in terms of professional services, including legal, tax, business valuation, market study, due diligence, labour relation and marketable securities. When a file falls under the Fonds de solidarité FTQ's investment standards, it is presented for recommendation or approval, as the case may be, to a sector-based committee. Many of these files are then sent for authorization to a higher decision-making body, depending on the level of authorization required. Thus, the sector-based committees recommend, but do not authorize, investments greater than \$5,000,000, which must be submitted for review and final decision (approval or rejection) to the Board of Directors, including investments in mining companies in an aggregate amount exceeding \$750,000.

The Fonds de solidarité FTQ's decision-making authorities are as follows:

- the Board of Directors: investments for which the cumulative amount is equal to or greater than \$5,000,000, with the exception of the Unisson project⁶;
- the Executive Committee: investments in the Unisson project as well as certain matters in lieu of the Board of Directors, if circumstances warrant;
- the Sector-based Committee – Traditional Sector (natural resources, industries and consumer goods; aerospace, construction, services and transportation): for cumulative investments in traditional sectors of up to \$5,000,000 exclusively and, subject to the above-mentioned powers of the Board of Directors and the Executive Committee, all investments which do not qualify for approval by another sector-based committee;
- the Sector-based Committee – New Economy (life sciences, information technology and telecommunications): for cumulative investments of up to \$5,000,000;
- Sector-based Committee – Turnarounds and Major Interests. For the turnaround sector: investments and special mandates up to \$5,000,000 exclusively for new files; or the lesser of \$5,000,000 or 50% of the amount already committed to or disbursed for existing files. For the Majority Interests sector (business acquisitions and sales): cumulative investments of up to \$5,000,000 exclusively;

⁶ Unisson Project: this project is aimed at specific large Québec businesses with stable income and low to average risk according to the Moody's Investor risk rating. The favoured sectors are manufacturing, consumer goods, services and, exceptionally, technology.

- Sector-based Committee – Mining Portfolio: for investments in mining exploration companies up to and including a maximum cumulative amount of \$750,000 inclusively.

The President and Chief Executive Officer has delegated powers allowing him to authorize, at his discretion, any disbursement of a value equal to or less than \$500,000 at the pre- or post-authorization stage. He reports to the authority involved in the investment in question as soon as possible after exercising his discretionary authority.

9.2.3 Framework for other investments

The Policy contains the investment rules and the rules applicable to the various categories of assets in the Marketable Securities sector, which manages the portfolio of other investments.

The sector-based target for the portfolio of other investments is submitted to the Board of Directors annually. This target could change at the discretion of the Fonds de solidarité FTQ's management based on economic and financial conditions and various other circumstances.

A management summary is submitted to the Board of Directors every six months by the Executive Vice-President, Finance and covers the following: (i) the annual and historical performance of the Fonds de solidarité FTQ's financial assets with comparables; and (ii) the distribution of its financial assets.

A summary by the Chairman of the Financial Assets Management Committee has been submitted to the Board of Directors every six months since 2009.

9.3 Management of assets (purchases/sales) in portfolio by the Fonds de solidarité FTQ and brokerage activities

The Fonds de solidarité FTQ acts as manager of its assets and, as such, is free to give orders to securities brokers for the purpose of placing its trades. The relative size of the amounts paid as commission in this regard is marginal compared to the Fonds de solidarité FTQ's overall income.

9.4 Distribution of the Fonds de solidarité FTQ's Shares

Refer to the short form prospectus for information.

9.5 Oversight by the Board of Directors

9.5.1 Nature of oversight by the Board of Directors

The Board of Directors has delegated to the Financial Assets Management Committee oversight of the implementation of and compliance with the Policy. It has also delegated responsibility for approving certain investments to the decision-making bodies identified in paragraph 9.2.2 of this information form.

The Board of Directors is also responsible for the adoption and monitoring of overall risk management policies and procedures. In this respect, it is assisted by the Audit Committee, the various sector-based committees and the Executive Committee.

With respect to the Fonds de solidarité FTQ's governance practices, including the policies and procedures of the Board of Directors and its committees, see subsections 11.1, 11.2 and 11.3 of this annual information form.

9.6 Custodian of the Fonds de solidarité FTQ's assets

A securities custodian agreement and administration contract (the "Custodian and Administration Agreement") was entered into with Fiducie Desjardins on October 2, 2008, in accordance with the provisions of Part 14 of *Regulation 41-101 respecting general prospectus requirements*. It sets out the terms relating to the deposit of portfolio securities which the Fonds de solidarité FTQ may consider advisable to entrust to it from time to time. Fiducie Desjardins' offices are located at 1 Complexe Desjardins, Montréal, Québec, H5B 1E4.

The Fonds de solidarité FTQ does not directly use the services of a sub-custodian. Nonetheless, see subsection 11.5.1 with respect to the sub-custodian agreement entered into directly by Fiducie Desjardins and State Street Bank and Trust Company with respect to foreign securities. The Custodian and Administration Agreement gives Fiducie Desjardins the power to appoint a sub-custodian.

Since June 1, 2004 there has been an agreement between Fiducie Desjardins and the Fonds de solidarité FTQ which sets out the terms and conditions applicable to the services provided by Fiducie Desjardins since that date as trustee of the RRSP and RRIF set up for shareholders of the Fonds de solidarité FTQ.

9.7 Management of the Fonds de solidarité FTQ's financial assets and its network

9.7.1 Management of the Fonds de solidarité FTQ's assets in terms of investments and other investments

The Fonds de solidarité FTQ manages its financial assets itself and does not use the services of a management company.

The investment portfolio

The Fonds de solidarité FTQ's investment network essentially covers the following four (4) investment levels:

- the Fonds de solidarité FTQ which responds to the needs of enterprises by offering them a level of investment of \$2,000,000 or more. Each investment or disinvestment recommendation first goes through a thorough risk management and due diligence process and is then the subject of specific authorization by the Board of Directors, the Executive Committee or the sector-based committee involved. Investment files are then followed up by a team of approximately 50 financial advisers or portfolio managers. Through the mechanisms available to them, such as recourse to the decision-making bodies in question, if necessary, they are in charge of accounting documents, site visits and discussions with the principal officers, sound management and the development of the Fonds de solidarité FTQ's investment in the partner;
- the regional solidarity funds which provide from \$100,000 to \$2,000,000 of capital per business, in every region of Québec. Each investment application goes through a thorough risk management and due diligence procedure. A positioning committee is in charge of assessing the risks and major challenges associated with each investment application. A regional board of directors made up of people from business, the socio-economic milieu and unions then authorizes the proposed investment. The regional board of directors is also responsible for monitoring investments in the portfolio;
- the *fonds locaux de solidarité* and *SOLIDE* created by the Fonds de solidarité FTQ and the FQM meet the needs of small businesses wishing to obtain financing of between \$5,000 and \$100,000;
- specialized funds which constitute an indirect investment network of the Fonds de solidarité FTQ in businesses, in both Québec and elsewhere. The Fonds de solidarité FTQ's investments in specialized funds cover certain sectors of the economy, including more specifically those of the new economy (information technology and telecommunications and life sciences). The monitoring mechanisms applicable to specialized funds are generally similar to those which apply to investments made by the Fonds de solidarité FTQ, and the involvement of the financial advisers in question generally extends to the investment committees of the said funds.

In 1989, the Fonds de solidarité FTQ gave an outside manager a discretionary mandate to purchase shares in small-cap Québec public companies (the "EQFC Portfolio"). The purpose of the EQFC Portfolio is to support in their development small-cap Québec public companies with the potential to become leaders in their business sector by purchasing their securities mainly on the secondary market and developing a relationship with them which allows the Fonds de solidarité FTQ to make private investments and work more closely with them. The outside manager has an investment budget at its disposal with cash from the Fonds de solidarité FTQ. It must invest these funds according to an agreement which sets out the type of investments he can make. The agreement is an integral part of the Policy adopted by the Fonds de solidarité FTQ's Board of Directors.

The portfolio of other investments

The Fonds de solidarité FTQ's portfolio of other investments is made up of amounts not invested directly in partners.

The Marketable Securities sector is subject to the Policy as part of its management of other investments, which policy is intended to provide sound diversification of the Fonds de solidarité FTQ's financial assets. A sufficient portion of the financial assets is invested in order to respond to the Fonds de solidarité FTQ's liquidity needs and generate income allowing it to meet its ongoing expenses and help provide a reasonable return for its shareholders.

All the portfolios in the Marketable Securities sector, with the exception of the money market portfolio and part of the bond portfolio, are managed by external specialists.

The use of derivatives allows the Fonds de solidarité FTQ to actively manage the market risks to which it is exposed. A risk management strategy is set up by the Marketable Securities sector and authorized by the appropriate authorities in order to reduce the Fonds de solidarité FTQ's exposure to interest rate, currency and market volatility.

9.7.2 External securities advisers hired by the Fonds de solidarité FTQ

As a manager, the Fonds de solidarité FTQ gives mandates to external securities advisers. The following is a list of those advisers:

External Advisers	Address
Acuity Investment Management Inc.	40 King Street West Scotia Plaza – 56 th Floor Toronto, Ontario M5H 3Y2
Addenda Capital inc.	800 René-Lévesque Blvd. W. Suite 2750 Montréal, Québec H3B 1X9
State Street Global Advisers, Ltd.	770 Sherbrooke St. W. Suite 1100 Montréal, Québec H3A 1G1
TD Asset Management Inc.	1130 Sherbrooke St. W. Suite 900 Montréal, Québec H3A 2S7

9.7.3 Daily management of a significant portion of the Fonds de solidarité FTQ's portfolio by external securities advisers

A significant portion of the Fonds de solidarité FTQ's portfolio is managed by two external securities advisers on a daily basis: Addenda Capital Inc. and State Street Global Advisers, Ltd. Both these mandates are on a fully discretionary management basis. The mandate entrusted to Addenda Capital Inc. involves the management of a bond portfolio and a derivatives portfolio; that entrusted to State Street Global Advisers, Ltd. is one of index-linked management applicable to global shares. Both the advisers involved were chosen following a thorough selection

process involving the intervention of the office of the Vice-President, Marketable Securities and Québec Public Markets, for its recommendation, and that of the Financial Assets Management Committee for final approval. A selection committee has met the officers of each of these external advisers and these advisers have both been the subject of a due diligence satisfactory to the Fonds de solidarité FTQ.

The discretionary management agreement entered into with Addenda Capital Inc. in 1997 was revised on February 1, 2003 and restated in 2010. This contract may be terminated by each of the parties upon 30 days' prior notice. The contract entrusted to State Street Global Advisers, Ltd. was signed on April 5, 2006 and may also be terminated by each party upon 30 days' prior notice.

The following individuals are mainly responsible for executing mandates for Addenda Capital Inc. and State Street Global Advisers, Ltd.:

ADDENDA CAPITAL INC.	
Name and Title	Role and Experience
Yvan Fontaine Senior Vice-President and Co-Chief Investment Officer	2008 to date Senior Vice-President and Co-Chief Investment Officer Addenda Capital Inc. 2006-2008 Senior Vice-President and Chief Investment Officer Addenda Capital Inc. Years of experience in the industry: 22 Years of service (Addenda): 9
Jean-François Pépin Vice-President Fixed Income, Team Leader	2008 to date Vice-President Fixed Income, Team Leader Addenda Capital Inc. 2006-2008 Vice-President, Negotiation and Strategies Addenda Capital Inc. Years of experience in the industry: 10 Years of service (Addenda): 10
Dominic Siciliano Portfolio Manager, Bonds	11/2008 to date Portfolio Manager, Bonds Addenda Capital Inc. 2004-2008/09 Vice-President, Provincial Sales & Arbitrage

	<p>Merrill Lynch</p> <p>Years of experience in the industry: 16 Years of service (Addenda): 1.5</p>
<p>Karin Sullivan</p> <p>Portfolio Manager, Corporate Bonds</p>	<p>2008 to date Portfolio Manager, Corporate Bonds Addenda Capital Inc.</p> <p>2006-2007 Analyst, Corporate Bonds Addenda Capital Inc.</p> <p>2004-2006 Investment Specialist BMO Investments</p> <p>Years of experience in the industry: 6 Years of service (Addenda): 4</p>

STATE STREET GLOBAL ADVISERS, LTD.

Name and Title	Role and Experience
<p>James Wittebol</p> <p>Portfolio Manager State Street Global Advisers, Ltd. (Canada) ("SSgA")</p>	<p>James is a principal of SSgA and a portfolio manager with SSgA.</p> <p>He participates in the passive management of international and North American index funds in the Global Structured Products Group. He began working at SSgA in April 2001 and was previously project manager and principal on the investment accounting team.</p> <p>James received his Bachelor of Commerce degree with a major in Finance and a minor in computer systems from Concordia University. He is also in the CFA program.</p>
<p>Yann Dépin, CFA</p> <p>Vice-President</p>	<p>Yann is a Vice-President of SSgA.</p> <p>He is in charge of portfolio management, research and product development in the currency group. Prior to that, Yann participated in the management of international and North American index funds in the Global Structured Products</p>

	<p>Group. Before joining SSgA in October 1999, he was an investment accountant with the domestic and international portfolio departments at State Street Trust Company Canada. He has worked in the investment management field since 1996.</p> <p>Yann has a Bachelor of Commerce degree from the Université du Québec, became a CFA in 1999 and is a member of the CFA Institute.</p>
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9.8 Directors and officers of the Fonds de solidarité FTQ as of the date of the annual information form

9.8.1 Information applicable to the Fonds de solidarité FTQ's directors and officers

List of the Fonds de solidarité FTQ's directors (as of July 5, 2010)

Name and Municipality of Residence	Principal Occupation	Position(s) with the Fonds de solidarité FTQ
Michel Arsenault Vareennes, Québec	President, Québec Federation of Labour (QFL)	Chairman of the Board, the Executive Committee, the Sector-based Committee – Traditional Sector and the Sector-based Committee – Turnarounds and Major Interests
Denise Martin Town of Mount Royal, Québec	Corporate Director	Vice-Chairperson of the Board and the Executive Committee, Chair of the Financial Assets Management Committee, member of the Sector-based Committee – Traditional Sector and member of the Sector-based Committee – Turnarounds and Major Interests
René Roy St-Bruno-de-Montarville, Québec	General Secretary, Québec Federation of Labour (QFL)	Secretary of the Board, member of the Executive Committee, member of the Sector-based Committee – Traditional Sector and Chairman of the Sector-

Name and Municipality of Residence	Principal Occupation	Position(s) with the Fonds de solidarité FTQ
		based Committee – New Economy
Yvon Bolduc Montréal, Québec	President and Chief Executive Officer, Solidarity Fund, QFL	Director, member of the Executive Committee and member of the Financial Assets Management Committee
Louis Bolduc Repentigny, Québec	Executive Assistant to the National President of the United Food and Commercial Workers International Union (UFCW) and Vice-President of the QFL	Director, member of the Sector-based Committee – Turnarounds and Major Interests and member of the Financial Assets Management Committee
Daniel Boyer Repentigny, Québec	President, Québec Service Employees Union (QSEU), Local 298 and Vice-President of the QFL	Director
Alain DeGrandpré Repentigny, Québec	President of Joint Council 91, Teamsters Canada and Vice-President of the QFL	Director
Michel Fontaine Brossard, Québec	Quebec Director and General Secretary – Canadian Union of Public Employees (CUPE)	Director
Jean-Pierre Fortin Longueuil, Québec	Québec Director, Canadian Auto Workers (CAW), and Vice-President of the QFL	Director
Nadine Girault Verdun, Québec	Corporate director	Director, Member of the Audit Committee
Michel Ouimet Sabrevois, Québec	Executive Vice-President Québec Region, Communications, Energy and Paperworkers Union of Canada (CEP), and Vice-President of the QFL	Director
Réjean Parent Beloeil, Québec	President, <i>Centrale des syndicats du Québec (CSQ)</i>	Director
Daniel Roy Saint Constant, Québec	Québec Manager, United Steel Workers of America and Vice-President of the QFL	Director and Chairman of the Sector-based Committee – Mining Portfolio
Louise St-Cyr Ville Mont-Royal, Québec	Honorary professor, HEC Montréal	Director, member of the Executive Committee and the Sector-based Committee – Traditional Sector and Chair of the Audit Committee and Valuation

Name and Municipality of Residence	Principal Occupation	Position(s) with the Fonds de solidarité FTQ
		Committee
Jérôme Turcq Ottawa, Ontario	Regional Executive Vice-President, Québec Region, Public Service Alliance of Canada (PSAC), and Vice-President of the QFL	Director, member of the Sector-based Committee – Turnarounds and Major Interests
Pierre-Maurice Vachon Ste-Marie, Québec	Corporate director	Director and member of the Executive Committee, the Audit Committee, the Sector-based Committee – Traditional Sector and the Sector-based Committee – Turnarounds and Major Interests

List of Officers of the Fonds de solidarité FTQ (as at July 5, 2010)

Name and Municipality of Residence	Principal Occupation and Position with the Fonds de solidarité FTQ
Michel Arsenault Varenes, Québec	Chairman of the Board
Denise Martin Ville Mont-Royal, Québec	Vice-Chairperson of the Board
René Roy St-Bruno-de-Montarville, Québec	Secretary of the Board
Yvon Bolduc Montréal, Québec	President and Chief Executive Officer
Denis Leclerc Montréal, Québec	Executive Vice-President, Shareholding and President and Chief Executive Officer of the <i>Fondation de la formation économique</i>
Gaétan Morin Terrebonne, Québec	Executive Vice-President, Investments
Michel Pontbriand St-Bruno-de-Montarville, Québec	Executive Vice-President, Finance
Daniel (Danny) Le Brasseur Boisbriand, Québec	Vice-President, Human Resources
Mario Tremblay	Vice-President, Public and Corporate

Name and Municipality of Residence	Principal Occupation and Position with the Fonds de solidarité FTQ
Montréal, Québec	Affairs and Corporate Secretary
Janie C. Béique Montréal, Québec	Senior Vice-President – New Economy
Pierre Bélanger Montréal, Québec	Vice-President, Marketable Securities Portfolio Management
Philippe Bonin Rosemère, Québec	Director, Corporate Affairs and Assistant Corporate Secretary
Normand Chouinard Montréal, Québec	Senior Vice-President – Natural Resources, Industries and Consumer Goods
Michel Coulombe Montréal, Québec	Vice-President, Due Diligence and Administration
Yves Derosby Le Gardeur, Québec	Vice-President, Subscription Development
Chantal Doré Boucherville, Québec	Vice-President, Projects and Strategic Support
Daniel Laporte Montréal, Québec	Senior Vice-President – Turnarounds and Special Mandates
Lucie Lebeuf Montréal, Québec	Vice-President, Marketable Securities Portfolio Strategies and Québec Public Markets
André McDonald Montréal, Québec	Controller
Sylvain Paré Laval, Québec	Vice-President, Management and Financial Strategy
Laurent Themens Saint-Ours, Québec	Vice-President, Legal Affairs
Jean Wilhelmy Montréal, Québec	Senior Vice-President – Aerospace, construction, services and transportation

Over the past five (5) years, all the directors and officers of the Fonds de solidarité FTQ held the offices they currently hold as indicated opposite their name under the heading “Principal Occupation” with the exception of **Michel Arsenault** who, prior to October 2007, was a director of the Steelworkers Union and Vice-President of the QFL; **Louis Bolduc** who, prior to January 2007, was Executive

Assistant to the National Director of the United Food and Commercial Workers International Union (UFCW); **Yvon Bolduc** who, prior to February 2006, was Executive Vice-President, Investments of the Fonds de solidarité FTQ; **Daniel Boyer** who, prior to October 2007, was Secretary General of the Québec Service Employees Union (QSEU), Local 298 and Vice-President of the QFL; **Jean-Pierre Fortin** who, prior to May 2008, was Assistant to the Québec Director of the CAW; **Michel Ouimet** who, prior to May 2007, was Vice-President – Québec, Communications, Energy and Paperworkers Union of Canada (CEP); **Daniel Roy** who, prior to December 2007, was Assistant to the Québec Manager, United Steelworkers; **Janie C. Béique**, who, prior to June 2008, was Vice-President, Legal Affairs and Corporate Secretary of the Fonds de solidarité FTQ; **Pierre Bélanger** who, prior to June 2008, was an Analyst, Structured Products for Individuals at National Bank Financial and, prior to August 2007, was Vice-President, Asset Distribution and Special Products at Natcan Portfolio Management Inc.; **Normand Chouinard** who, prior to February 2006, was Investment Director, Agri-food, Chemistry and Plastics with the Fonds de solidarité FTQ; **Lucie Lebeuf**, who, prior to June 2008, was Vice-President, Marketable Securities of the Fonds de solidarité FTQ; **Daniel (Danny) Le Braceur** who, prior to April 2006, was Manager of Labour Relations for the Fonds de solidarité FTQ; **Philippe Bonin**, who, prior to April 2010, was senior legal counsel of the Fonds de solidarité FTQ; **André McDonald** who, prior to December 2007, was Manager, Financial Services of the Fonds de solidarité FTQ; **Gaétan Morin** who, prior to February 2006, was Senior Vice-President, Natural Resources, Industries and Consumer Goods of the Fonds de solidarité FTQ; **Sylvain Paré** who, prior to January 2006, was Executive Director, Finance and Capital Management at the Fédération des Caisses Desjardins; **Laurent Themens** who, prior to September 2008 was Director, Legal Affairs, Turnarounds and Litigation of the Fonds de solidarité FTQ; **Mario Tremblay** who, prior to April 2006, was Business Director and Assistant Corporate Secretary of the Fonds de solidarité FTQ; **Jean Wilhelmy** who, prior to September 2009, was Director of Investments, Aerospace, Transportation and Tourism; **Nadine Girault** who, prior to December 2009, was Vice-President at BMO Financial Group, who, prior to April 2007, was Regional Vice-President at Desjardins Financial Security, who, prior to December 2005, was Regional Director at Royal Bank of Canada; **Louise St-Cyr** who, prior to June 2010, was Holder, Chair of SMB Development and Succession, HEC Montréal; and **Denise Martin** who, prior to June 2009, was Vice-President and General Director McMahon Distributeur Pharmaceutique Inc.

9.8.2 Principal offices held by the directors and officers with companies other than the Fonds de solidarité FTQ

Refer to subsection 9.9.1 of this information form.

9.8.3 The Fonds de solidarité FTQ's Board committees

COMMITTEES / SECTOR-BASED COUNCILS	MEMBERS
Executive Committee	Michel Arsenault René Roy Denise Martin * Yvon Bolduc Louise St-Cyr *

COMMITTEES / SECTOR-BASED COUNCILS	MEMBERS
	Pierre-Maurice Vachon*
Sector-based Committee – Traditional Sector	Michel Arsenault René Roy Denise Martin * Louise St-Cyr * Pierre-Maurice Vachon *
Audit Committee	Louise St-Cyr * Nadine Girault* Pierre-Maurice Vachon *
Financial Assets Management Committee	Yvon Bolduc Louis Bolduc Pierre Genest * Denise Martin* Gaétan Morin Michel Pontbriand Michel Thérien * Nycole Turmel *
Sector-based Committee – New Economy	René Roy Raymond Cyr * Jean-Pierre Fortin Jacques Simard * André Monette * Sylvie Lalande * Jean Martin
Sector-based Committee – Turnarounds and Major Interests	Michel Arsenault Louis Bolduc Michel M. Lessard * Denise Martin * Jean Perron * Jérôme Turcq Pierre-Maurice Vachon *
Sector-based Committee – Mining Portfolio	Daniel Roy Pierre Boudreault * Michel Gauthier *
Valuation Committee	Louise St-Cyr * Pierre Laflamme * Michel Nadeau * Denis Labrèche *

* Refers to members who are independent within the meaning of securities regulations applicable to public companies.

9.8.4 Custodian

Refer to subsection 9.6 of this information form.

9.8.5 Transfer agent and registrar

Refer to subsection 9.1.2 “Bookkeeping” of this information form.

9.8.6 Names and places of residence of the Fonds de solidarité FTQ's external auditors

Samson Bélair/Deloitte & Touche LLP, Chartered Accountants, 1 Place Ville-Marie, Suite 3000, Montréal, Québec, H3B 4T9, and Raymond Chabot Grant Thornton LLP, Chartered Accountants, National Bank Tower, 600 de la Gauchetière W., Suite 2000, Montréal, Québec, H3B 4L8, jointly audit the financial statements of the Fonds de solidarité FTQ to ensure that they fairly present in all material respects the financial condition, results of operations and cash flows of the Fonds de solidarité FTQ in accordance with Canadian GAAP. The financial statements disclose the net value per Share. The auditors are independent within the meaning of the Code of Ethics of the *Ordre des comptables agréés du Québec*.

10. CONFLICTS OF INTEREST

10.1 Principal securities holders

10.1.1 Holders of voting securities of the Fonds de solidarité FTQ as of June 25, 2010

As of June 25, 2010 no person held more than 10% of the voting securities of the Fonds de solidarité FTQ.

On the same date, all the directors and officers of the Fonds de solidarité FTQ held 70,876.7251 Shares, representing approximately 2,31 % of the issued and outstanding voting Shares.

10.1.2 Requirements under the Act with respect to conflicts of interest

The Act contains provisions with respect to conflicts of interest. Under such provisions, any director having a pecuniary or other interest in an economic activity which causes his personal interest to conflict with that of the Fonds de solidarité FTQ must, under penalty of removal from office, disclose his interest and abstain from voting on any decision involving the activity in which he has an interest. A director is also deemed to have an interest in an economic activity if his spouse or child has an interest in such activity.

Furthermore, the Act provides that the Fonds de solidarité FTQ cannot make an investment in favour of one of its officers, directors or the spouse or child of such person, nor in favour of any of its major shareholders (i.e. a person who directly or indirectly holds more than 10% of the issued and paid-up capital of the Fonds de solidarité FTQ), under penalty of nullity of contract. Moreover, the Fonds de solidarité FTQ may not invest in a business in which any of its directors or officers holds a material interest, or in a business controlled by him, under penalty of nullity of contract.

10.1.3 The Fonds de solidarité FTQ's governance rules respecting conflicts of interest

The codes of ethics and professional conduct in effect at the Fonds de solidarité FTQ (the "Code(s)"), i.e. that applicable to management and union staff

and that applicable to directors, were revised by the Board of Directors on April 30 and May 26, 2009 for management and union staff and on April 30, 2009 for directors. They contain rules of conduct to prevent conflicts of interest.

The Codes provide that each employee or director sitting on decision-making bodies or committees of the Fonds de solidarité FTQ must give priority to the Fonds de solidarité FTQ's interests over his personal interests and those of third parties. They must also avoid placing themselves in a real, potential or apparent conflict of interest. The Codes prohibit certain personal transactions considered to be conflicts, including the receipt of certain gifts and the use of any advantage, information or interest related to the Fonds de solidarité FTQ which is incompatible with the duties and professional responsibilities of an employee or a director. It is up to each of the Fonds de solidarité FTQ's employees and directors to adequately fulfil his information and disclosure obligations in connection with his professional duties and other personal activities.

Disciplinary measures may be imposed on an employee in the case of a breach of the rules. Furthermore, any breach of the Code by a director may be referred to the Audit Committee for consideration and decision. All employees and directors must fill out a declaration of interests held and a declaration regarding their compliance with the Code on an annual basis.

10.2 Entities which are members of the Fonds de solidarité FTQ's group and which provide various types of services

10.2.1 Agreement between the FTQ and the Fonds de solidarité FTQ

The Fonds de solidarité FTQ, which is composed of a majority of directors appointed by the FTQ in accordance with the Act, pays the FTQ a compensation according to a memorandum of understanding respecting compensation for services rendered in connection with economic training, social reporting, shareholder development, support and rules relating to certain entities. These transactions are assessed at the exchange value, which corresponds to the consideration determined and agreed to by the parties.

The notes to the Fonds de solidarité FTQ's audited financial statements as at May 31, 2010 refer to the amounts paid by the Fonds de solidarité FTQ to the FTQ.

10.2.2 The *Fondation de la formation économique*

The Fonds de solidarité FTQ set up the *Fondation de la formation économique du Fonds de solidarité des travailleurs du Québec (F.T.Q.)* (the "Foundation") under Part III of the Québec *Companies Act* and it appoints its Board members. The training offered by the Foundation is intended for all the staff of partner companies and is in keeping with the Fonds de solidarité FTQ's wish to contribute to the growth of these businesses.

The Fonds de solidarité FTQ has granted the Foundation a variable and conditional interest loan.

The notes to the Fonds de solidarité FTQ the audited financial statements as at May 31, 2010 indicate the amounts paid by the Fonds de solidarité FTQ to this entity.

10.2.3 Services provided by SSQ, Société d'assurance-vie inc. ("SSQ"), relating to group insurance of persons

The group insurance contract entrusted by the Fonds de solidarité FTQ to SSQ respecting the protection of its employees and management staff was initially entered into on September 1, 1984 and renewed on June 1, 2007. The contract is renewed automatically from one year to the next unless notice otherwise is given by one of the parties at least 31 days before the renewal date.

The notes to the Fonds de solidarité FTQ's audited financial statements as at May 31, 2010 indicate the operating charges paid by the Fonds de solidarité FTQ, which include the premiums paid under insurance plans.

11. FONDS DE SOLIDARITÉ FTQ GOVERNANCE

11.1 The Fonds de solidarité FTQ's governance practices, including Board policies and procedures

Since June 1, 2008, the Fonds de solidarité FTQ has been governed by the *Regulation respecting development capital investment fund continuous disclosure* (the "Regulation") set up by the *Autorité des marchés financiers* with respect to investment funds which are reporting issuers constituted under the *Act to establish the Fonds de solidarité des travailleurs du Québec* (F.T.Q.), the *Act constituting Capital regional et coopératif Desjardins* and the *Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi*.

Subject to subsection 11.1.1, the Fonds de solidarité FTQ also decided, of its own will and out of a concern for good governance and transparency, to draw its inspiration from some other regulatory requirements respecting securities which are not applicable to it as an investment fund. Those regulations are the following: *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings* ("Regulation 52-109"); *Policy Statement 58-201 on Corporate Governance Guidelines* which aims to encourage issuers to set up sound governance practices ("Policy Statement 58-201") and *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* which sanctions non-compliance with the disclosure requirements.

11.1.1 Financial governance practices

On April 27, 2006, an internal committee was instructed by the Fonds de solidarité FTQ's Board of Directors to carry out a financial compliance project based on Regulation 52-109 which was adapted to the Fonds de solidarité FTQ's situation. The committee's mandate began in May 2006 and is summarized as follows: set up a procedure which will allow the Fonds de solidarité FTQ to meet compliance requirements relating to the tightening of internal control and financial reporting standards. The main goals of this compliance project are the following:

- ensure sound financial governance;
- maintain trust and the credibility of the Fonds de solidarité FTQ in the market;
- prevent and detect financial errors and fraud;
- manage certain financial risks more effectively;
- ensure better control over financial information released to outsiders.

The steps taken are based on the following approach:

- documenting and evaluation of controls and procedures with respect to the following four (4) areas of control: the control environment; information technology; the communication of financial information and internal control over financial information
- the correction of reported design and efficiency flaws.

During the past two fiscal years, the Fonds de solidarité FTQ completed the evaluation of the design of controls related to the four (4) control areas identified above and the evaluation of the effectiveness of controls and procedures for communicating information. A plan of action was developed for all the identified design flaws and most of the necessary corrections have been completed as at May 31st of each year. Unresolved flaws are part of a detailed action plan for making corrections and compensatory controls have been identified in the interim. Key controls were selected and evaluated to confirm their efficiency over the fiscal year ended May 31, 2010.

Based on the preceding paragraph, an attestation, adapted to the state of the work progress as mentioned above, was signed by the President and CEO and the Senior Vice-President, Finance as at May 31, 2008 and 2009 and an attestation was signed by the President and CEO and the Executive Vice-President, Finance as at May 31, 2010 confirming their responsibility in this regard. These attestations have been filed on SEDAR. A sub-attestation by several officers of the Fonds de solidarité FTQ also supported the signing of these attestations.

11.1.2 The management framework applicable to the procedure for evaluating investments

The management framework applicable to the procedure for evaluating investments is found in the Regulation, which sets out the minimum qualifications required of specialized valuers hired by the Fonds de solidarité FTQ and requires that all relevant information regarding valuations (other than that applicable to publicly traded companies) be submitted to an independent valuation committee composed of a majority of members who are qualified valuers that are independent of the Fonds de solidarité FTQ.

Further to a Board resolution passed in April 2009, a valuation committee composed of four people, a majority of whom are qualified valuers that are independent of the Fonds de solidarité FTQ within the meaning of the Regulation, was set up by the Fonds de solidarité FTQ. The four (4) members of the Valuation

Committee are: Louise St-Cyr, who chairs the committee and who, as director of the Fonds de solidarité FTQ, also chairs the Audit Committee. Ms. St-Cyr is Honorary professor – HEC Montréal. Michel Nadeau is Executive Director of the Institute for Governance of Private and Public Organizations. He was previously a senior officer of the Caisse de dépôt et placement du Québec. Pierre Laflamme is a consultant and corporate director. He was previously President and CEO of SGF – TECH. Denis Labrèche is a partner at Ernst & Young in charge of valuation services.

Under the Regulation, the President and CEO of the Fonds de solidarité FTQ and the Senior Vice-President, Finance must certify that the fair value of each investment was established through a procedure that complies with the procedure described in the Regulation. These certificates must certify, in particular, the reasonableness of the aggregate fair value of the investment portfolio and must not be issued unless the following procedure has been followed:

- (1) valuations have been prepared or reviewed by a qualified valuator who has freely signed each of the valuations for which he was responsible;
- (2) the fair value of the investments held directly has been established through the application of valuation principles based on guidelines generally used in the venture capital industry in Québec by professional business valuers holding the professional title of CBV, the whole in compliance with Canadian generally accepted accounting principles;
- (3) the valuation principles have received the prior approval of the Fonds de solidarité FTQ's Board of Directors or of any other decision-making body to whom the board has delegated this responsibility;
- (4) for investments made in specialized funds, the fair value has been determined based on the most recent audited financial statements received from such funds, adjusted by the qualified valuator, if applicable, to reflect more recent financial information made available to the valuator.

Excluding publicly traded issuers, the Valuation Committee reviews all relevant information regarding valuations to be reasonably assured of compliance by the Fonds de solidarité FTQ with the procedure set out in subparagraphs 1, 2, 3 and 4 hereinabove. The Valuation Committee submits, on a quarterly basis, a written report of its review to the Audit Committee to whom the Fonds de solidarité FTQ's Board of Directors has delegated the responsibility of receiving the report.

11.1.3 Governance practices (other than financial)

Codes of ethics and professional conduct applicable to employees and directors

Over the past year, the Fonds de solidarité FTQ implemented its codes—that applicable to employees and that applicable to the Fonds de solidarité FTQ's directors. In conducting this revision, the Fonds de solidarité FTQ attempted to comply voluntarily with Regulation 52-109 and Policy Statement 58-201.

As part of the revision, provisions were added to the employees' code relating to the integrity of the Fonds de solidarité FTQ's financial and accounting operations and practices. A prohibition against participating in illegal, fraudulent or illicit operations was added to the Code. A provision setting out the obligation to deal with others with respect, in accordance with Policy Statement 58-201, was also introduced. The employees' code henceforth includes a mechanism for reporting situations not in compliance with the code relating to financial or accounting information or illegalities. Employees are also required to use the Fonds de solidarité FTQ's resources appropriately and to confirm on an annual basis that they have complied with the Code.

The revised code for the Fonds de solidarité FTQ's directors is similar to the employees' code, although it contains special provisions relating to the office of director.

As part of the revision of the codes, the roles and duties of the Board of Directors, the Audit Committee, the Ethics Committee and the Office of the Vice-President, Public and Corporate Affairs were clearly defined.

The Board of Directors is responsible for approving the codes and their amendment. The Audit Committee has authority over the application of the codes with regard to senior officers and directors; this committee must also take all necessary steps to ensure compliance with the codes and, where applicable, receives any request or reporting with respect to their application.

The Ethics Committee has the authority to enforce the code applicable to employees other than senior management. The role of the Ethics Committee with respect to senior management and the directors is to support the Audit Committee and make recommendations to it. The Audit Committee is made up of the President and Chief Executive Officer, the Vice-President, Legal Affairs, the Vice-President, Public and Corporate Affairs and Corporate Secretary and the Vice-President, Human Resources.

The office of the Vice-President, Public and Corporate Affairs and Corporate Secretary, supports the Ethics Committee and the Audit Committee, as the case may be, in enforcing the codes. It ensures that employees and directors are adequately informed and trained regarding the content of the codes. It also receives the declarations, attestations and reporting of employees and directors under the codes. Finally, it provides interpretations regarding their content and provides information and advice on their application, and in particular with respect to ethical situations which could arise.

11.2 The Fonds de solidarité FTQ's policies/guidelines

The policies and other documents comparable to them in terms of their nature and importance set out the business guidelines in effect at the Fonds de solidarité FTQ. These policies and other documents include:

- the integrated financial assets management policy, which covers the investment policy and the policies applicable to the various classes of assets making up the portfolio of other investments (the "Policy");

- the policy respecting the purchase by agreement of the Fonds de solidarité FTQ's Shares;
- the disclosure policy which covers all financial and non-financial information which is published and/or communicated externally, as well as that which is released internally to a large number of employees;
- the internal policy for managing the procurement of goods and services (excluding professional fees);
- the policy respecting professional fees;
- the policy applicable to the entrusting of mandates to the external auditors and for mandates entrusted to the external auditors, for auditing and other services;
- the master policy respecting the protection of information;
- the collective agreement;
- the codes of ethics and professional conduct applicable to employees and directors of the Fonds de solidarité FTQ, as revised by the Fonds de solidarité FTQ's Board of Directors in 2009;
- the charters applicable to the Audit Committee, the Valuation Committee, the disclosure committee mandated by the Fonds de solidarité FTQ's management to oversee the reporting policy and the charter applicable to the Financial Assets Management Committee;
- computer security standards; and
- the other policies and operational guidelines in effect in the Fonds de solidarité FTQ's various departments.

International code of conduct and policy respecting the Fonds de solidarité FTQ's exercise of voting rights

The Fonds de solidarité FTQ has adopted a code of conduct respecting its business partners' and their suppliers' international activities. This code sets out the standards which must be met in terms of business relations, community development, employee rights, management systems and respect for the environment by partners and their suppliers. The Fonds de solidarité FTQ also has a policy respecting the exercise of its voting rights, as a shareholder of companies whose securities are publicly traded. This policy sets out the principles which the Fonds de solidarité FTQ generally endorses, and in particular with respect to the composition of the Board of Directors, executive compensation, takeovers, shareholder rights and social responsibility. The code of conduct and the policy are available in French on the Fonds de solidarité FTQ's web site.

Global Reporting Initiative (GRI)

The Fonds de solidarité FTQ has also decided to become involved in the GRI and its 2010 annual report will therefore be based on this initiative. The GRI allows the Fund's performance to be reported globally, incorporating profits and impacts related to the Fund's activities according to three fundamental indicators – social, economic and environmental.

11.3 Decision-making structure applicable to the management of financial and other risks

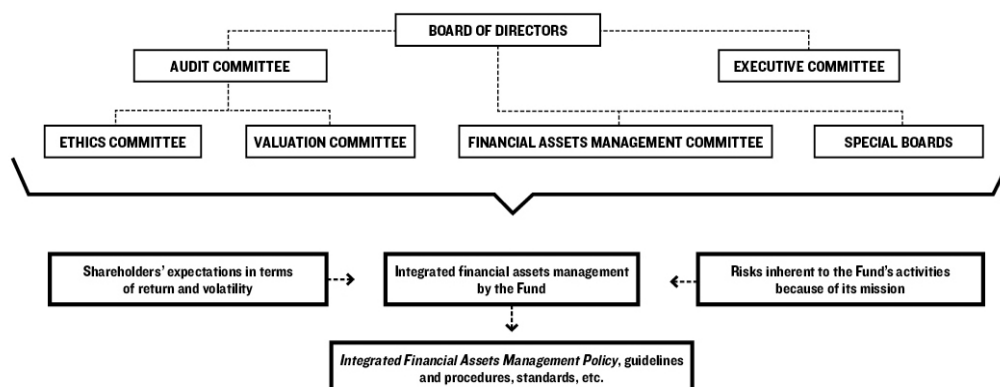
Governance of the Fonds de solidarité FTQ (and investment decisions in particular) is carried out by the Board of Directors, delegated committees, such as the Executive Committee, sector councils created for the Traditional, Turnarounds and Major Interest, New Economy and Mining Portfolio sectors, an Audit Committee and the Financial Assets Management Committee.

At its meeting on April 30, 2009, the Fonds de solidarité FTQ's Board of Directors adopted a definition of independence for the composition of its investment committees derived from securities regulations applicable to public companies. It also adopted the following measures relating to ethics and the values underlying its actions:

- compliance with the code of ethics and professional conduct applicable to members of all boards and committees, including the Board of Directors and senior management, is henceforth monitored by the Fonds de solidarité FTQ's Audit Committee, made up exclusively of independent members who are not on the Board of Directors;
- compliance by the Fonds de solidarité FTQ with the ten (10) principles which were reformulated in 2005 by the United Nations Global Compact governance matters related to human rights, labour standards, environment and anti-corruption.

As risk management is an integral part of the integrated management of financial assets, the Fonds de solidarité FTQ considered it necessary to put in place a management structure which would ensure that operational decisions take account as much as possible of the level of risk considered acceptable. During the fiscal year ended May 31, 2010, the risk management approach evolved as the Fonds de solidarité FTQ took steps to set up an integrated risk management framework. This mainly involves giving the Fund's management a global vision of all risks so it can ensure that they are all managed according to their degree of importance.

This management structure is as follows :



The composition of the Board of Directors and the Executive Committee complies respectively with the requirements of the Fonds de solidarité FTQ's Act and By-laws. With the exception of the sector-based committee for the mining sector, which is made up of a minimum of three (3) members, the sector-based committees are all made up of a minimum of five (5) members appointed by the Board of Directors, the majority of which must be independent of the FTQ and the Fonds de solidarité FTQ. The members of the Valuation Committee and the Audit Committee are all independent of the FTQ and the Fonds de solidarité FTQ. The Financial Asset Management Committee is made up of eight (8) members, half of whom are independent of the FTQ and the Fonds de solidarité FTQ.

Refer to the Fonds de solidarité FTQ's Management Discussion and Analysis as at May 31, 2010 for further information.

11.4 Derivatives

As part of the management of its assets, the Fonds de solidarité FTQ also uses some derivatives primarily to protect itself against risks relating to interest rate and currency variations as well as stock market fluctuations. The types of derivatives authorized under the Policy are:

- call or put options;
- swaps;
- futures.

The managers of the investment portfolio and of the other investments portfolio are not authorized to use derivatives for speculative purposes other than to improve the return within the risk limits allowed, as indicated below.

Private transactions in derivatives are only made with institutions whose debt securities have received at least an A (low) rating from Dominion Bond Rating Service or A- from Standard & Poor's or an equivalent rating for short-term securities, or their foreign equivalent.

11.4.1 Guidelines and procedures applicable to the management of derivatives

There are written guidelines and procedures setting out the objectives, purposes and rules applicable to the trading of derivatives. These guidelines and procedures are approved by the Financial Assets Management Committee, which must also ensure that the guidelines and internal procedures in question are adequate and sufficient.

The written guidelines and procedures describe the leeway the Marketable Securities sector has for each type of derivative:

- to preserve asset value (risk management);
- to facilitate portfolio management and changes in asset allocation without having to increase or reduce the amounts entrusted to specialized managers;
- to manage on an index-related basis part of the shares in the portfolio of other investments;
- to improve the return within the risk limits allowed;
- to carry out preinvestment trades with a view to the annual lump sum subscription campaign.

All settled trades and those that are made and in the portfolio must comply with the guidelines and procedures relating to the management of the Fonds de solidarité FTQ's financial assets.

11.4.2 Person in charge of applicable policies and procedures and nature of Board intervention

The Board of Directors has delegated to the Financial Assets Management Committee oversight of the implementation of and compliance with the Policy, including with respect to the management of derivatives.

11.4.3 Existence of controls independent of operations

Any trading in derivatives which includes a new structure for the Fonds de solidarité FTQ must have been examined in advance by the tax department.

Any type of trade which is not explicitly authorized by the Policy is prohibited and must be specifically authorized by the Fonds de solidarité FTQ's Board.

When the Fonds de solidarité FTQ wishes to trade in derivatives other than futures or currency options with a new counterparty, it must first enter into an ISDA (International Swap and Dealers Association, Inc.) agreement and open a transactional account with it. The Corporate Affairs Department prepares and sends the Fonds de solidarité FTQ's standard ISDA agreement to the counterparty for comments. It negotiates the legal aspects of the agreements and advises the office of the Vice-President, Marketable Securities Portfolio Management with respect to the negotiation of business issues.

Any professional or manager in the office of the Vice-President, Marketable Securities Portfolio Management and the office of the Vice-President,

Marketable Securities Portfolio Strategies and Québec Public Markets which makes a trade must initial the word “compliant”, which means that the trade complies with the policies, guidelines and procedures respecting the Fonds de solidarité FTQ’s Financial Assets Management. Trading in currencies and exchange-traded derivatives must be approved according to the guideline and trade authorization procedure and given to the financial control department the same day.

A quarterly report on current derivatives trading is submitted to the Financial Assets Management Committee.

11.5 Loans of securities, repurchase agreements or reverse repurchase agreements: risk management policies and practices

The Policy provides that the securities making up the financial assets may be lent for consideration, in connection with an agreement in proper form entered into in accordance with the standards in effect for this type of activity. The shares of eligible Québec enterprises may be part of such activity, provided it does not create undue volatility on the markets for such securities. The agreement must be entered into with the Fonds de solidarité FTQ’s securities custodian who administers the lending of securities on behalf of the Fonds de solidarité FTQ.

The Fonds de solidarité FTQ may also, without an intermediary, lend the securities underlying a derivatives trade. The term of the loan of securities may not exceed that of the trades of derivatives.

11.5.1 Instructions, policies and procedures applicable to the person in charge of executing trades on behalf of the Fonds de solidarité FTQ

The Fonds de solidarité FTQ has subscribed to a securities lending program offered by Fiducie Desjardins and has entered into a participation agreement with it for such purpose. The agreement sets out the terms and conditions applicable to the lending of securities, repurchase agreements and reverse repurchase agreements, the highlights of which are as follows:

- all the securities held by Fiducie Desjardins may be lent, with the exception of those excluded by the Fonds de solidarité FTQ;
- the available securities may be lent to borrowers designated by the Fonds de solidarité FTQ, according to a list updated regularly;
- Fiducie Desjardins holds all the guaranties received in consideration for the loans;
- in the event the borrower of the securities defaults, Fiducie Desjardins agrees to hand over to the Fonds de solidarité FTQ equivalent reinvestment securities or the fair value of the security.

Furthermore, in 2007, the Fonds de solidarité FTQ decided to expand its security lending activities to some of its foreign securities held by State Street Bond and Trust Company (“State Street”), in its capacity as sub-depositary of Fiducie Desjardins. These activities are carried out under Fiducie Desjardins’ securities lending program, subject to the terms set out in the agreement entered into between Fiducie Desjardins and State Street.

11.5.2 Risk management procedures

In connection with the securities lending, repurchase agreement or reverse repurchase agreement activities, the counterparty, collateral, reinvestment and trading risks are all managed by the trustee authorized to carry out such transactions, according to the following procedures:

- counterparty risk: annual review of the financial health of each counterparty, setting of trading limits per counterparty, maintaining of a healthy diversification of transactions;
- collateral risk: conservative measures for evaluating the quality of the collateral, concentration limits, daily monitoring of the fluctuation of the market value of the collateral;
- reinvestment risk: regular review of the credit quality of issuers, continuous follow-up of ratings by the credit agencies and Fiducie Desjardins' asset liability (matching) management policy;
- operational risk: use of computer systems recognized in the securities lending industry, establishment of administrative procedures, the application of which is validated and checked periodically.

Fiducie Desjardins is in charge of controlling the limits set out in the agreement and sends a monthly report of the activities in question to the financial oversight department, which conducts regular tests to ensure compliance with the limits using the activity report provided by Fiducie Desjardins monthly.

11.5.3 Persons in charge

The Corporate Affairs Department and Financial Control Department are in charge of preparing and reviewing the agreement with Fiducie Desjardins and the policies and procedures it includes. The Policy authorizes the Fonds de solidarité FTQ to enter into securities lending, repurchase and reverse repurchase agreements.

The Corporate Affairs Department prepares and sends the Fonds de solidarité FTQ's securities lending agreement to the counterparty for comments. It negotiates the legal aspects of the agreements and advises the Financial Control Department with respect to the negotiation of business issues.

12. TAX CONSEQUENCES

12.1 Tax rules applicable to the Fonds de solidarité FTQ

The Fonds de solidarité FTQ is liable for income tax under the Canada *Income Tax Act*. It is also subject to the Québec *Taxation Act*, under which it pays income tax and tax on capital. To a lesser extent, the Fonds de solidarité FTQ may also be subject to tax in other Canadian provinces, primarily due to certain investments held in public partnerships with permanent establishments in provinces other than Québec.

For the purpose of Canadian and Québec tax laws, the Fund is a private corporation. As such, the Fund can obtain a refund on part of the federal tax paid on its investment income.

For the purpose of the Canada *Income Tax Act*, the Fonds de solidarité FTQ is subject to the rules governing mutual funds. As such, the Fonds de solidarité FTQ can obtain a refund on its capital gains taxes paid by redeeming its Shares and purchasing them by agreement. It can also obtain such a tax refund either by declaring a dividend to its shareholders or by triggering a deemed dividend resulting from an increase in the issued and paid-up share capital account relating to Series 1 Shares. Since Series 1 Shares are held in RRSPs or RRIFs, shareholders holding such Shares are not required to add their share of deemed dividends to their taxable income for the year in which they were deemed paid. Thus, by triggering a deemed dividend on Series 1 Shares, the Fonds de solidarité FTQ recovers a portion of the taxes it paid without any tax consequences for the holders of Series 1 or Series 2 Shares.

For the purpose of the Québec *Taxation Act*, the Fonds de solidarité FTQ is deemed to be a mutual fund. As such, the Fonds de solidarité FTQ may, for the purpose of calculating its Québec tax, deduct from its taxable income an amount by which its taxable capital gains for the year exceed all its eligible capital losses for the year and its net capital losses deducted during the year. Accordingly, the capital gains earned by the Fonds de solidarité FTQ are not subject to Québec tax.

For the purpose of taxation in provinces other than Québec, the Fonds de solidarité FTQ is subject to taxation rules similar to those applicable under the Canada *Income Tax Act*.

12.2 Tax consequences resulting from the issuance, redemption or transfer of Shares for the shareholders

Refer to the short form prospectus for information.

13. MATERIAL CONTRACTS

13.1 Agreements entered into with securities advisers

Acuity Investment Management Inc.

The Management Agreement entered into with Acuity Investment Management Inc. was signed on October 27, 2004 and Schedule 1 was amended on November 29, 2005, May 9, 2007, February 20, 2008 and January 14, 2009. The agreement sets out the management mandate and reporting requirements. It refers to a management policy and the consideration paid by the Fonds de solidarité FTQ as management fees is calculated based on the value of the assets managed. The Fonds de solidarité FTQ or Acuity Investment Management Inc. may terminate the agreement at any time by giving the other party thirty (30) days' written notice.

Addenda Capital inc.

The Management Agreement entered into with Addenda Capital Inc. was restated on March 17, 2010 (the parties have been bound by the agreement since October 24, 1997). The agreement sets out the management mandate and reporting requirements. It refers to an investment policy and the consideration paid by the Fonds de solidarité FTQ as management fees is calculated based on the value of the assets managed. The Fonds de solidarité FTQ or Addenda Capital Inc. may terminate the agreement at any time by giving the other party thirty (30) days' written notice.

State Street Global Advisers, Ltd.

The Management Agreement entered into with State Street Global Advisers, Ltd. was signed on April 5, 2006 and Schedule 1 was amended on May 22, 2007 and January 31, 2008. The agreement sets out the management mandate and reporting requirements. It refers to a investment policy and the consideration paid by the Fonds de solidarité FTQ as management fees is calculated based on the value of the assets managed. The Fonds de solidarité FTQ or State Street Global Advisers, Ltd. may terminate the agreement at any time by giving the other party thirty (30) days' written notice.

TD Asset Management Inc.

The Management Agreement entered into with TD Asset Management Inc. is dated June 10, 2004 and Schedule A was amended on January 31, 2008. The agreement sets out the management mandate and reporting requirements. It refers to the investment policy and policy statement. The consideration paid by the Fonds de solidarité FTQ as fees is calculated based on the value of the assets managed. The Fonds de solidarité FTQ or TD Asset Management Inc. may terminate the agreement at any time by giving the other party thirty (30) days' written notice.

A copy of these agreements may be examined during business hours at the Fonds de solidarité FTQ's head office located at 545 Crémazie Blvd. E., Suite 200, Montréal, Québec, H2M 2W4.

13.2 Agreement with the Fonds de solidarité FTQ's custodian

The securities custodianship and administration agreement entered into with Fiducie Desjardins on October 2, 2008 sets out the terms respecting the deposit of portfolio securities which the Fonds de solidarité FTQ may consider it advisable to entrust to it from time to time. The agreement sets out the reporting requirements. The consideration paid by the Fonds de solidarité FTQ as fees is calculated based on the value of the assets managed. The Fonds de solidarité FTQ or Fiducie Desjardins may terminate the agreement at any time by giving the other party ninety (90) days' written notice.

A copy of this agreement may be examined during business hours at the Fonds de solidarité FTQ's head office located at 545 Crémazie Blvd. E., Suite 200, Montréal, Québec, H2M 2W4.

14. LITIGATION AND ADMINISTRATIVE MATTERS

14.1 Litigation and non-compliance orders

As of the date hereof, the Fonds de solidarité FTQ is not a party to any material litigation and has not been the subject of any notice of non-compliance by an administrative body which could significantly affect its assets.

15. ADDITIONAL INFORMATION

15.1 Availability of information

Information about the Fonds de solidarité FTQ may be obtained as follows:

- **in writing or in person:**

8717 Berri St.
Montréal, Québec H2M 2T9

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- **by telephone:**

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toll-free 1 800 567-FONDS (3663)

- **by Internet:**

www.fondsftq.com
www.sedar.com

15.2 Additional financial information

This annual information form contains information to be completed by consulting the continuous disclosure file as at July 5, 2010 made up of its audited annual financial statements (the "Financial Statements"), the annual audited statement of development capital investments, at cost; the annual unaudited statement of other investments; the annual unaudited index of the Fonds de solidarité FTQ's Share in investments made by specialized funds, at cost; the annual report; the annual MD&A, the short form prospectus and the information circular relating to the annual meeting of shareholders.

15.3 Additional information which may be obtained by any person in paper form

The Fonds de solidarité FTQ will provide any person or company who asks Shareholder Services for it with a paper copy of the following documents:

- (i) its annual information form and a copy of any document or the relevant pages of any document incorporated into it by reference;
- (ii) a copy of its short form prospectus and a copy of any document or the relevant pages of any document incorporated into it by reference;
- (iii) its audited financial statements filed for its last fiscal year or for any interim period following its latest fiscal year;

- (iv) its annual MD&A for its latest fiscal year or for any interim period following its latest fiscal year;
- (v) the audited statement of investments at cost filed by the Fonds de solidarité FTQ at the end of its latest fiscal year or any interim period subsequent to its latest fiscal year;
- (vi) the annual unaudited statement of other investments filed by the Fonds de solidarité FTQ at the end of its fiscal year or any interim period subsequent to its latest fiscal year;
- (vii) the annual unaudited index of the Fonds de solidarité FTQ's share in investments made by the specialized funds at cost, filed by the Fonds de solidarité FTQ at the end of its latest fiscal year or any interim period subsequent to its latest fiscal year;
- (viii) the Fonds de solidarité FTQ's information circular relating to its upcoming or latest annual general meeting at which directors were elected, or a copy of any annual document filed in lieu of such information circular (i.e. the notice applicable to the annual general meeting), whichever is appropriate;
- (ix) any other document incorporated by reference in its short form prospectus which the Fonds de solidarité FTQ is not required to provide under paragraphs (i), (iii) or (iv).

Reasonable costs may be charged for certain documents to a person who is not a Fonds de solidarité FTQ's shareholder.

15.4 Additional information with respect to the remuneration of directors and officers of the Fonds de solidarité FTQ

This information may be found in the information circular published in connection with the holding of the latest meeting of the Fonds de solidarité FTQ's shareholders on September 26, 2009. The next meeting will be held on Saturday, October 2, 2010.

16. EXEMPTIONS AND AUTHORIZATIONS OBTAINED BY THE FONDS DE SOLIDARITÉ FTQ

The exemptions and authorizations which have been obtained by the Fonds de solidarité FTQ are summarized as follows:

- in September 1989, the Québec Securities Commission exempted the Fonds de solidarité FTQ from the requirement of registering as a dealer with respect to the distribution of its shares (Decision No. 89-C-0292);

- on February 24, 2006, the Autorité des marchés financiers exempted the Fonds de solidarité FTQ from the requirement of holding equity securities listed for trading on an eligible exchange, as prescribed by paragraph 2.2(c) of Regulation 44-101, to allow it to qualify for the short form prospectus regime (Decision No. 206-MC-0463).