



2016 Corporate Social Responsibility Progress Report

This 2016 Progress Report presents headway made toward the 14⁽¹⁾ main objectives identified in TC Transcontinental's 2016-2018 three-year Corporate Social Responsibility (CSR) plan entitled "[Driving Sustainable Results](#)".

These objectives are measured against established targets that reflect TC Transcontinental's engagement towards its employees, its prosperity, the communities and the environment.

Canada's largest printer, TC Transcontinental has operations in print, flexible packaging, publishing and digital media.



Among the Best 50 Corporate Citizens in Canada



Committed to disclosure in the Carbon Disclosure Project (CDP)



Included in the Jantzi Social Index*



Member of the Sustainable Packaging Coalition* (SPC)

(1) In light of TC Transcontinental's business transformation strategy, the Corporation has decided to put its local and regional newspapers up for sale. Therefore, the "Community Access to Local Information" objective has been removed from the 2016-2018 plan.

Note to Reader

TC Transcontinental's 2016 Corporate Social Responsibility Progress Report covers the period from November 1, 2015 to October 31, 2016.

In this document, unless otherwise indicated, all financial data is prepared in accordance with International Financial Reporting Standards (IFRS) and the term "dollar", as well as the symbol "\$" designate Canadian dollars. In some instances, we also use non-IFRS financial measures. Please refer to the section entitled "Reconciliation of Non-IFRS Financial Measures" in the *Management Discussion and Analysis (MD&A) for the second quarter ended April 30th, 2017* for a complete description of these measures.

The results achieved relative to our targets cover our consolidated activities unless otherwise indicated, according to the proposed legend by business activity.

During fiscal 2016, we pursued our diversification in flexible packaging by making two acquisitions: Robbie Manufacturing, which was acquired on June 30, 2016, and Flexstar Packaging, on October 14, 2016. All results in this report take into account the Robbie acquisition unless otherwise indicated, but do not include the activities of Flexstar as this transaction was completed at the end of our 2016 fiscal year.

At the time that we were building our 2016-2018 CSR plan, the Corporation had just entered the flexible packaging industry: this is why "Environment" objectives were not established for our Packaging division. Nonetheless, several good practices are already in place within our business units and in the industry, and we are integrating them into our CSR strategy. A working committee has been formed with the goal of setting our future objectives in this regard. That said, the data disclosed in the Appendix include packaging activities, unless otherwise indicated.

Ce rapport est disponible en français sur notre site Internet www.tc.tc sous la rubrique « À propos / Responsabilité sociale ».

Forward-looking Information

Please refer to forward-looking information in the 2016 Annual Report available on the Corporation's website at www.tc.tc





















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Employees

		Activities included in target	2018 Target	2016 Result	2015 Baseline year
1 Talent					
	1.1 Develop talent Percentage (%) of divisions that have implemented at least 1 of the 3 components of the <i>Leadership Journey program</i> ⁽²⁾	  	100	100	100
	1.2 Retain talent Successor retention rate for senior management (%)	  	80	83	96
2 Health, Safety and Wellness					
	2.1 Maintain a safe and healthy work environment Lost time accident frequency rate (accidents per 200,000 worked hours)	  	< 0.64	0.51	0.45
	2.2 Maintain an environment conducive to health and well-being Percentage (%) of business units that have deployed the <i>Health and Wellness Journey program</i>	  	100	90	97
3 Governance					
	3.1 Progressively move to a more balanced gender representation in the workforce Percentage (%) of actions completed in the three-year plan of the Gender Diversity Strategy	  	100	33 ⁽³⁾	n/a

Community⁽⁴⁾

1 Community Well-Being					
	1.1 Maintain philanthropic involvement Percentage (%) of adjusted ⁽⁵⁾ operating earnings given as donations	  	1.0	0.9	1.0

LEGEND



Media



Print



Packaging







⁽²⁾ The information is only available by division and not by business unit as indicated in the 2016-2018 plan. The 3 components of the *Leadership Journey program* are: Welcome program, Management 101 series, Leadership camp.

⁽³⁾ All planned actions for the first year of the 2016-2018 Gender Diversity Plan were completed.











⁽⁴⁾ In light of TC Transcontinental's business transformation strategy, the Corporation has decided to put its local and regional newspapers up for sale. Therefore, the "Community Access to Local Information" objective has been removed from the 2016-2018 plan.

⁽⁵⁾ Adjusted operating earnings is operating earnings before restructuring and other costs (revenues) and impairment of assets. (Non-IFRS measure)

Prosperity

		Activities included in target	2018 Target	2016 Result	2015 Baseline year
1 Future Growth					
	1.1 Grow the packaging division Share (%) of packaging division in consolidated revenues ⁽⁶⁾		↑	10.6	5.6
	1.2 Foster innovation Yearly number of projects financed through the <i>Innovation: Run it!</i> program ⁽⁷⁾		10	8	n/a
2 Return on Investment					
	2.1 Optimize capital allocation Please refer to footnote ⁽⁸⁾		n/a ⁽⁸⁾	n/a ⁽⁸⁾	n/a ⁽⁸⁾

Environment

1 Environmental Impact of our Activities					
	1.1 Optimize waste management Waste recovery rate (%)		95	96	95
	1.2 Reduce energy consumption Intensity of energy consumption (in GJ per tonne of paper consumed) ⁽⁹⁾		2.69	2.81	2.83
	1.3 Reduce greenhouse gas emissions Intensity of greenhouse gas emissions (in kg of CO ₂ e per tonne of paper consumed)		148	149	153
2 Ecoresponsible Procurement Practices					
	2.1 Maintain our preference for ecoresponsible paper Percentage (%) of purchases of Gold and Gold Plus papers ⁽¹⁰⁾		95	95	95
3 Ecoresponsible Corporate Practices					
	3.1 Increase certification rate of TC Media publications Percentage (%) of TC Media publications bearing a certified paper logo		95	87	90

LEGEND



Media



Print



Packaging

[6] The packaging division's profitability data is currently grouped with the printing division's data. Consolidated revenues excluding intercompany eliminations.

[7] Minimum capital of \$10,000.

[8] The Corporation's Executive Management Committee has recently initiated an analysis on the most appropriate measure to assess the return on investment in the context of our business transformation. Thus, at this stage, such information is not available.

[9] The initial unit of measure in the 2016-2018 plan was modified.

[10] As described in [TC Transcontinental's Classification of Environmental Papers](#).

APPENDIX

FINANCIALS (in millions)

	2016	2015	2012
Revenues	\$2,019.5	\$2,002.2	\$2,112.1
Revenues from packaging division	\$220	\$114	\$0
Operating earnings	\$212.8	\$258.1	\$(9.7)
Adjusted operating earnings (operating earnings before restructuring and other costs (revenues) and impairment of assets – non-IFRS measure)	\$283.4	\$276.7	\$245.2
Total assets	\$2,062.2	\$2,098.0	\$2,136.2
Market capitalization at fiscal year-end	\$1,392	\$1,575	\$831
Operating expenses (excluding employee-related costs)	\$1,001.1	\$975.3	\$1,067.8
Dividends on participating and preferred shares	\$56.2	\$52.3	\$52.8
Interest paid on debt	\$16.2	\$19.3	\$26.1
Income taxes paid ⁽¹⁾	\$66.5	\$62.9	\$56.1
Scientific research and experimental development federal expenditures (SR&ED)	\$3.7	\$4.6	\$5.6

EMPLOYEES

	2016	2015	2012
Number of employees	7,613	8,289	9,243
Female employees (%)	37.8	39.4	40.2
Employee-related costs (in millions)	\$628.3	\$648.2	\$686.7
Number of voluntary departures (including retirements)	586	669	825

PENSION FUND

Type of pension fund	MIX DB and DC	MIX DB and DC	MIX DB and DC
Pension plan assets (in millions)	\$737.3	\$717.5	\$625.6
Deficit of defined benefits plans (in millions)	\$59.3	\$14.2	\$155.7
Defined contribution pension plans and State plans expenses (in millions)	\$36.1	\$37.9	\$34.4

HEALTH, SAFETY AND WELLNESS

	2016	2015	2012
Number of fatalities	0	0	0
Lost time accident severity rate (lost days per 200,000 worked hours)	9.8	10.6	24.9 ⁽²⁾

COMMUNITY

	2016	2015	2012
Donations of cash, goods and services (in millions)	\$2.4	\$2.7	\$4.7

(1) Including interest on tax contingencies paid or interest received related to previous tax reassessments.

(2) These numbers have been restated from previous reports because of changes in data and/or methodology.

(3) For TC Transcontinental Packaging only.

(4) 2012 water use has been estimated using the average consumption by facility type. 2015 and 2016 water consumption has been estimated using information from 20 of our business units equipped with water meters.

ENVIRONMENT

PROCUREMENT

	2016	2015	2012
Paper purchased (excluding paper provided by customers) (in tonnes)	479,500	493,900	576,000
Total paper used (in tonnes)	561,200	590,500	n/a
Purchases of FSC® certified paper (in tonnes)	315,400	315,600	145,300
Purchases of PEFC certified paper (in tonnes)	128,500	131,900	220,000
Purchases of SFI® certified paper (in tonnes)	9,600	20,300	24,200
Ink purchased (in tonnes)	15,800	17,800	16,400
Plastic film purchased (in tonnes) ⁽³⁾	17,000	9,100	0

ENERGY

	2016	2015	2012
Energy use (in GJ)	1,769,600	1,759,700 ⁽²⁾	1,920,300
Natural gas purchased (in cubic meters)	23,945,900	23,869,700	23,236,400
Propane purchased (in liters)	165,700	303,200	1,218,000
Electricity purchased (in MWh)	242,300	239,300	284,200
Renewable energy used (in %)	26.7	26.8 ⁽²⁾	30.8

AIR EMISSIONS

	2016	2015	2012
Scope 1 Greenhouse gases (GHG) emissions (in tonnes)	60,400	63,700 ⁽²⁾	60,800 ⁽²⁾
Scope 2 Greenhouse gases (GHG) emissions (in tonnes)	40,500	39,500 ⁽²⁾	54,700 ⁽²⁾
Volatile organic compound (VOC) emissions (in tonnes)	490	423 ⁽²⁾	572 ⁽²⁾

WASTE

	2016	2015	2012
Recycled waste (in tonnes)	67,900	75,100	89,000
Waste used for energy recovery (in tonnes)	1,100	800	0
Hazardous waste (in tonnes)	2,000	2,000 ⁽²⁾	1,400
Waste sent to landfill (in tonnes)	2,300	2,500 ⁽²⁾	2,800

WATER

	2016	2015	2012
Water use (in cubic meters) ⁽⁴⁾	303,700	291,500	487,000

ENVIRONMENTAL MANAGEMENT

	2016	2015	2012
Spills	1	0	1
Fines for environmental damage or non-compliance (in \$)	0	0	0

GOVERNANCE

	2016	2015	2012
Independent Directors (in %)	64	67	67
Female representation on Board of Directors (in %)	36	27	20
Female at senior executive level (in %)	40	37	17