



# 2017 Corporate Social Responsibility Progress Report

This 2017 Progress Report presents headway made toward the 13<sup>(1)</sup> 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 commitment towards its employees, its prosperity, the communities and the environment.

TC Transcontinental is a leader in flexible packaging in North America, and Canada's largest printer. The Corporation is also a Canadian leader in its specialty media segments.



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. Additionally, since the Corporation's Executive Management Committee initiated an analysis on the most appropriate measure to assess the return on investment in the context of our business transformation, the objective 'Optimization of capital allocation' of the 2016-2018 plan was also removed.

## Our Packaging Commitment

While creating our 2016-2018 CSR plan, the Corporation had just entered the flexible packaging industry. Therefore, our “Environment” objectives at the time were in the works for our Packaging division. Since then, our working committee has made strides in setting three priorities in this regard, while integrating several good practices already in place within our business units as well as in the industry.



### Creative Collaboration

We believe in stakeholder engagement and we know that solving sustainability challenges requires innovation. Therefore, we are committed to collaborating toward finding long-term solutions. Our commitment includes R&D with suppliers, customer engagement, partnerships, and memberships to associations.



### Product Responsibility

We are responsible for the impacts of the products we manufacture. We are committed to providing our clients and the community with safe and performant packaging. Our areas of focus are food safety, control of substances, quality management, and product traceability.



### Circular Approach

We strive to follow eco-design principles; an approach to designing products which considers the environmental impacts of a product during its whole life-cycle, from sustainable sourcing to end-of-life management, as well as efficient manufacturing.

These three priorities will guide our actions up until the release of our next CSR plan in 2019, which will present detailed objectives reflecting our commitment for sustainability in packaging, and our concern for the health and well-being of the communities we serve.

## Note to Reader

TC Transcontinental's 2017 Corporate Social Responsibility Progress Report covers the period from November 1, 2016 to October 29, 2017. 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 29, 2018 for a complete description of these measures.

The results achieved relative to our targets cover our consolidated activities unless otherwise stated, according to the proposed legend by business activity. The data disclosed in the Appendix includes packaging activities.

Ce rapport est disponible en français sur notre site Internet [www.tc.tc](http://www.tc.tc) sous la rubrique « À propos / Responsabilité sociale ».

## Forward-looking Information

Please refer to forward-looking information in the 2017 Annual Report available on the Corporation's website at [www.tc.tc](http://www.tc.tc)





















### TC Transcontinental Head Office

1 Place Ville Marie, Suite 3240  
Montreal (Quebec) Canada H3B 0G1  
t. 514-954-4000  
[www.tc.tc](http://www.tc.tc)





### Contact

Katherine Chartrand  
Senior Director, Corporate Communications  
t. 514-954-4192  
[katherine.chartrand@tc.tc](mailto:katherine.chartrand@tc.tc) or [ecodev@tc.tc](mailto:ecodev@tc.tc)

# Employees

		Activities included in target	2018 Target	2017 Result	2016 Result	2015 Baseline year
<b>1 Talent</b>						
	<b>1.1 Develop talent</b> Percentage (%) of divisions that have implemented at least 1 of the 3 components of the <i>Leadership Journey</i> program <sup>(2)</sup>	  	100	100	100	100
	<b>1.2 Retain talent</b> Successor retention rate for senior management (%)	  	80	86	83	96
<b>2 Health, Safety and Wellness</b>						
	<b>2.1 Maintain a safe and healthy work environment</b> Lost time accident frequency rate (accidents per 200,000 worked hours)	  	< 0.64	0.74	0.51	0.45
	<b>2.2 Maintain an environment conducive to health and well-being</b> Percentage (%) of business units that have deployed the <i>Health and Wellness Journey</i> program	  	100	97	90	97
<b>3 Governance</b>						
	<b>3.1 Progressively move to a more balanced gender representation in the workforce</b> Percentage (%) of actions completed in the three-year plan of the Gender Diversity Strategy	  	100	67 <sup>(3)</sup>	33	n/a

# Community

<b>1 Community Well-Being</b>						
	<b>1.1 Maintain philanthropic involvement</b> Percentage (%) of adjusted operating earnings given as donations <sup>(4)</sup>	  	1.0 <sup>(4)</sup>	0.8	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 second year of the 2016-2018 Gender Diversity Plan were completed.

(4) Adjusted operating earnings is operating earnings before restructuring and other costs (gains) and impairment of assets (Non-IFRS measure). These earnings exclude Coveris Americas.

# Prosperity

		Activities included in target	2018 Target	2017 Result	2016 Result	2015 Baseline year
<b>1 Future Growth</b>	 <b>1.1 Grow the packaging division</b> Share (%) of packaging division in consolidated revenues <sup>(5)</sup>		<b>increase share</b>	<b>15.1</b>	<b>10.6</b>	<b>5.6</b>
	 <b>1.2 Foster innovation</b> Yearly number of projects financed through the <i>Innovation: Run it!</i> program <sup>(6)</sup>		<b>10</b>	<b>5</b>	<b>8</b>	<b>n/a</b>

# Environment

<b>1 Environmental Impact of our Activities</b>						
 <b>1.1 Optimize waste management</b> Waste recovery rate (%)		<b>95</b>	<b>97</b>	<b>96</b>	<b>95</b>	
 <b>1.2 Reduce energy consumption</b> Intensity of energy consumption (in GJ per tonne of paper consumed) <sup>(7)</sup>		<b>2.69</b>	<b>2.73</b>	<b>2.81</b>	<b>2.83</b>	
 <b>1.3 Reduce greenhouse gas emissions</b> Intensity of greenhouse gas emissions (in kg of CO <sub>2</sub> e per tonne of paper consumed)		<b>148</b>	<b>148</b>	<b>149</b>	<b>153</b>	
<b>2 Ecoresponsible Procurement Practices</b>						
 <b>2.1 Maintain our preference for ecoresponsible paper</b> Percentage (%) of purchases of Gold and Gold Plus papers <sup>(8)</sup>		<b>95</b>	<b>96</b>	<b>95</b>	<b>95</b>	
<b>3 Ecoresponsible Corporate Practices</b>						
 <b>3.1 Increase certification rate of TC Media publications</b> Percentage (%) of TC Media publications bearing a certified paper logo		<b>95</b>	<b>91</b>	<b>87</b>	<b>90</b>	

## LEGEND



Media



Print



Packaging

<sup>(5)</sup> The packaging division's profitability data is currently grouped with the printing division's data. Consolidated revenues excluding intercompany eliminations.

<sup>(7)</sup> The initial unit of measure in the 2016-2018 plan was modified.

<sup>(8)</sup> As described in [TC Transcontinental's Classification of Environmental Papers](#).

<sup>(6)</sup> Minimum capital of \$10,000.

# APPENDIX

FINANCIALS (in millions)	2017	2016	2015	2012
Revenues	\$2,007.2	\$2,019.5	\$2,002.2	\$2,112.1
Revenues from packaging division	\$308	\$220	\$114	\$0
Operating earnings	\$302.0	\$212.8	\$258.1	\$(9.7)
Adjusted operating earnings (operating earnings before restructuring and other costs (gains) and impairment of assets – non-IFRS measure)	\$293.3	\$283.4	\$276.7	\$245.2
Total assets	\$2,136.7	\$2,062.2	\$2,098.0	\$2,136.2
Market capitalization at fiscal year-end	\$2,174	\$1,392	\$1,575	\$831
Operating expenses (excluding employee-related costs)	\$1,018.5	\$1,001.1	\$975.3	\$1,067.8
Dividends on participating and preferred shares	\$60.9	\$56.2	\$52.3	\$52.8
Interest paid on debt	\$16.2	\$16.2	\$19.3	\$26.1
Income taxes paid <sup>(1)</sup>	\$55.8	\$66.5	\$62.9	\$56.1
Scientific research and experimental development federal expenditures (SR&ED)	\$3.6	\$3.7	\$4.6	\$5.6

EMPLOYEES	2017	2016	2015	2012
Number of employees	6,739	7,613	8,289	9,243
Female employees (%)	34.3	37.8	39.4	40.2
Employee-related costs (in millions)	\$592.0	\$628.3	\$648.2	\$686.7
Number of voluntary departures (including retirements)	576	586	669	825

PENSION FUND	MIX DB and DC	MIX DB and DC	MIX DB and DC	MIX DB and DC
Type of pension fund				
Pension plan assets (in millions)	\$692.6	\$737.3	\$717.5	\$625.6
Deficit of defined benefits plans (in millions)	\$47.9	\$59.3	\$14.2	\$155.7
Defined contribution pension plans and State plans expenses (in millions)	\$33.5	\$36.1	\$37.9	\$34.4

HEALTH, SAFETY AND WELLNESS	2017	2016	2015	2012
Number of fatalities	0	0	0	0
Lost time accident severity rate (lost days per 200,000 worked hours)	7.9	9.8	10.6	24.9

COMMUNITY	2017	2016	2015	2012
Donations of cash, goods and services (in millions)	\$2.4	\$2.4	\$2.7	\$4.7

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

(2) For TC Transcontinental Packaging only.

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

(4) 2012 water use has been estimated using the average consumption by facility type. 2015, 2016 and 2017 water consumption has been estimated using information from 22 of our business units equipped with water meters.

ENVIRONMENT	2017	2016	2015	2012
-------------	------	------	------	------

PROCUREMENT	2017	2016	2015	2012
Paper purchased (excluding paper provided by customers) (in tonnes)	471,400	479,500	493,900	576,000
Total paper consumed (in tonnes)	557,200	561,200	590,500	n/a
Purchases of FSC® certified paper (in tonnes)	296,600	315,400	315,600	145,300
Purchases of PEFC certified paper (in tonnes)	132,900	128,500	131,900	220,000
Purchases of SFI® certified paper (in tonnes)	3,000	9,600	20,300	24,200
Ink purchased (in tonnes)	17,200	15,800	17,800	16,400
Total plastic consumed (in tonnes) <sup>(2)</sup>	25,000	17,000	9,100	0

ENERGY	2017	2016	2015	2012
Energy used (in GJ)	1,773,600	1,769,600	1,759,700 <sup>(3)</sup>	1,920,300
Natural gas purchased (in cubic meters)	24,139,900	23,945,900	23,869,700	23,236,400
Propane purchased (in liters)	137,300	165,700	303,200	1,218,000
Electricity purchased (in MWh)	241,500	242,300	239,300	284,200
Renewable energy used (in %)	25.4	26.7	26.8 <sup>(3)</sup>	30.8

AIR EMISSIONS	2017	2016	2015	2012
Scope 1 Greenhouse gases (GHG) emissions (in tonnes)	63,500	60,700 <sup>(3)</sup>	63,700 <sup>(3)</sup>	60,800 <sup>(3)</sup>
Scope 2 Greenhouse gases (GHG) emissions (in tonnes)	42,000	40,500	39,500 <sup>(3)</sup>	54,700 <sup>(3)</sup>
Volatile organic compounds (VOC) emissions (in tonnes)	840	435 <sup>(3)</sup>	423 <sup>(3)</sup>	572 <sup>(3)</sup>

WASTE	2017	2016	2015	2012
Waste generated (in tonnes)	78,400	76,100	80,400	93,200
Recycled waste (in tonnes)	68,700	68,200 <sup>(3)</sup>	75,100	89,000
Waste used for energy recovery (in tonnes)	1,500	1,100	800	0
Waste sent to landfill (in tonnes)	8,300	6,800 <sup>(3)</sup>	4,500	4,200

WATER	2017	2016	2015	2012
Water used (in cubic meters) <sup>(4)</sup>	303,400	303,700	291,500	487,000

ENVIRONMENTAL MANAGEMENT	2017	2016	2015	2012
Spills	1	1	0	1
Fines for environmental damage or non-compliance (in \$)	0	0	0	0

GOVERNANCE	2017	2016	2015	2012
Independent Directors (in %)	62	64	67	67
Female representation on Board of Directors (in %)	39	36	27	20
Female at senior executive level (in %)	37	40	37	17

