



ANNUAL INFORMATION FORM

January 24, 2020
Fiscal Year Ended October 27, 2019

TABLE OF CONTENTS

Item 1 - Corporate Structure	1
1.1 Incorporation of the Corporation	1
1.2 Intercorporate Relationships.....	1
Item 2 - Our Business	2
2.1 Profile	2
2.2 Description of the Operations	3
2.3 Raw Materials and Energy Prices.....	13
2.4 Economic Cycles.....	13
2.5 Environmental and Social Responsibility.....	14
2.6 Human Resources.....	15
2.7 Properties	16
2.8 Reorganizations.....	16
2.9 Strategic Acquisitions and Business Development.....	16
2.10 Significant Acquisition.....	17
2.11 Risk Factors.....	17
Item 3 - Highlights of the Last Three Fiscal Years	18
Item 4 - Capital Structure of the Corporation	20
4.1 General Description of the Capital Structure	20
4.2 Ratings	21
4.3 Normal Course Issuer Bid	21
4.4 Management's Discussion and Analysis of the Financial Condition and Results of Operations.....	22
4.5 Market for Securities.....	22
Item 5 - Our Dividend Policy	23
Item 6 - Directors and Officers	24
Item 7 - Proceedings	27
Item 8 - Material Contracts	28
Item 9 - Transfer Agent and Registrar	28
Item 10 - Information Regarding the Audit Committee	28
10.1 Charter of the Corporation's Audit Committee.....	28
10.2 Composition of the Audit Committee	28
10.3 Background and Related Experience	28
10.4 Reliance on Certain Exemptions	29
10.5 Policies and Procedure Regarding Prior Approval	29
10.6 Fees Relating to the Services of the External Auditors	29
Item 11 - Forward-Looking Statements	30
Item 12 - Additional Information	30
Schedule A – Mandate of the Audit Committee.....	32

Note: In this Annual Information Form, all dollar figures are in Canadian dollars, unless otherwise specified. All the information contained in this Annual Information Form is up to date as of October 27, 2019, unless otherwise specified.

Item 1 - Corporate Structure

1.1 Incorporation of the Corporation

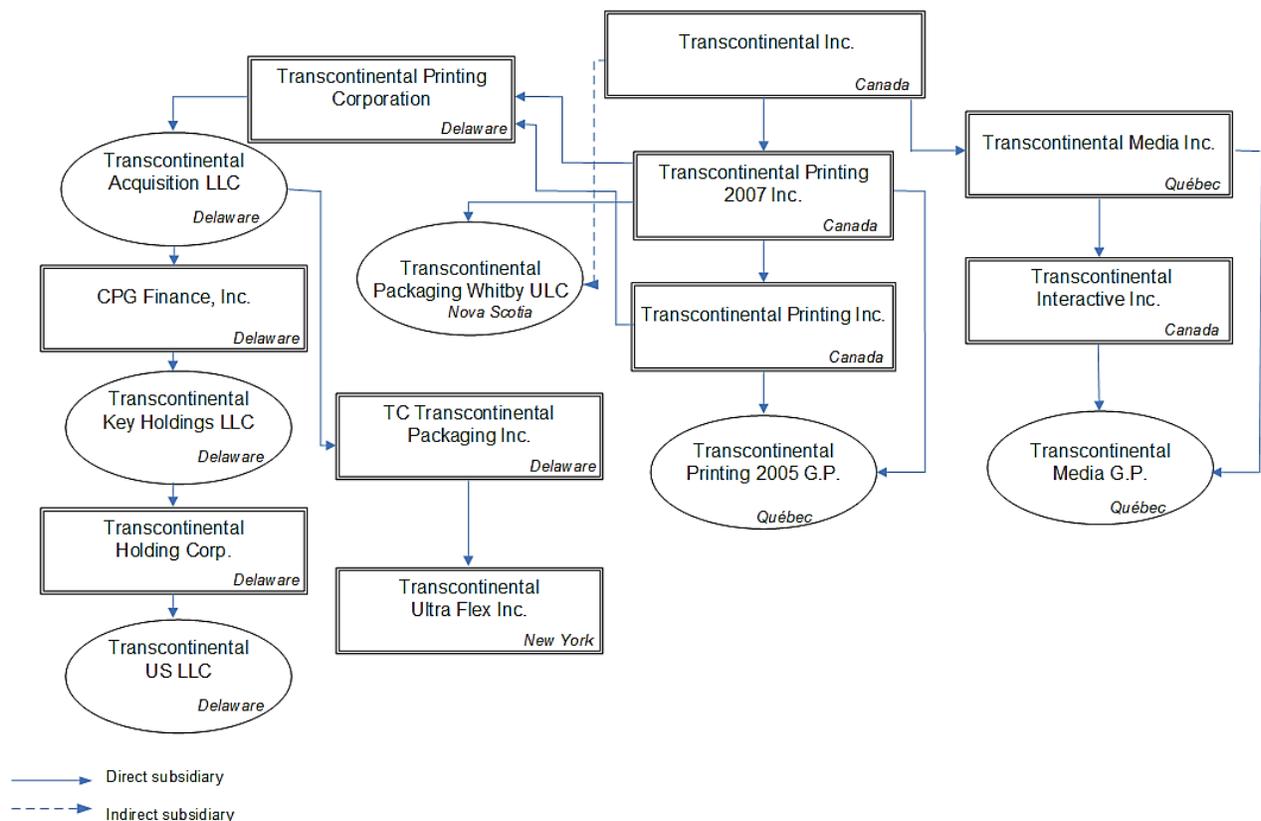
Transcontinental Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act* by Certificate of Incorporation dated March 3, 1978. A Restated Certificate of Incorporation was issued on October 7, 1988, containing amendments pertaining to the name of the Corporation, the number and appointment of directors of the Corporation and the share capital of the Corporation. Since the issuance of the Restated Certificate of Incorporation, the Articles of Incorporation of the Corporation have again been modified. Specifically, on March 27, 2003, the Corporation modified its corporate name from G.T.C. Transcontinental Group Ltd. to Transcontinental Inc. and split the Class A Subordinate Voting Shares and the Class B Shares on the basis of two Class A Subordinate Voting Shares for each Class A Subordinate Voting Share held and two Class B Shares for each Class B Share held, all of which took effect on April 10, 2003.

The registered office of the Corporation is located at 1 Place Ville Marie, Suite 3240, Montréal, Québec H3B 0G1.

In this Annual Information Form, the term "Corporation" means Transcontinental Inc. and the expressions "TC Transcontinental", "we" and "our" mean, as the context may require, the Corporation, its subsidiaries (which include, for purposes of this Annual Information Form, partnerships, trusts and other unincorporated business entities) or one or more of its affiliated entities.

1.2 Intercorporate Relationships

The Corporation's principal direct or indirect subsidiaries as of October 27, 2019 as well as their jurisdiction of creation are shown on the following corporate chart:



The Corporation has other subsidiaries, but they have not been included in the chart because each represented less than 10% of our total consolidated assets and less than 10% of our total consolidated operating revenues as of October 27, 2019, and these other subsidiaries, together, represented less than 20% of our total consolidated assets

and less than 20% of our total consolidated operating revenues as of October 27, 2019. All of the shares or units of such subsidiaries are held directly or indirectly by the Corporation.

Item 2 - Our Business

2.1 Profile

TC Transcontinental is a leader in flexible packaging in North America, and Canada's largest printer. The Corporation is also positioned as the leading Canadian French-language educational publishing group. For over 40 years, TC Transcontinental's mission has been to create quality products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are the strong values held by the Corporation and its employees. TC Transcontinental's commitment to its stakeholders is to pursue its business activities in a responsible manner.

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has over 9,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental had revenues of more than C\$3.0 billion for the fiscal year ended October 27, 2019. For more information, visit our website at www.tc.tc.

Packaging Sector

TC Transcontinental Packaging, the Packaging Sector of TC Transcontinental, positions itself as a leader in flexible packaging in North America, and also has operations in Guatemala, Mexico, Ecuador, United Kingdom, New Zealand and China. This sector has over 4,200 employees, the majority of which are based in the United States. Its platform is comprised of one premedia studio and 29 production plants specializing in extrusion, lamination, printing and converting.

TC Transcontinental Packaging offers a variety of flexible plastic products, including rollstock, bags and pouches, shrink films and bags, and advanced coatings. This sector services a variety of markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, confectionery, industrial, consumer products and supermarkets.

Printing Sector

TC Transcontinental Printing, the Printing Sector of TC Transcontinental, is the largest printer in Canada and one of the largest in North America. This sector has close to 4,300 employees and possesses a network of 17 state-of-the-art plants.

TC Transcontinental Printing provides an integrated service offering for retailers, including premedia services, flyer printing and in-store marketing products, and door-to-door distribution through *Publisac* in Québec and Targeo, a pan-Canadian distribution brokerage service. This sector also offers an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products.

Media Sector

TC Media, the Media Sector of TC Transcontinental, employs close to 200 people at TC Media Books and Groupe Constructo. TC Media Books is the leading Canadian French-language educational publishing group as well as a trade book publisher, the leader in the supplemental educational material market in Québec and the leading distributor of French-language specialized books in Canada. Groupe Constructo is the leader in strategic information for Québec's construction industry and is also a partner of CGI Inc. in operating Québec's *système électronique d'appel d'offres* (SEAO) (electronic tendering system).

2.2 Description of the Operations

The following table sets forth the revenues and the percentage of revenues by operating sector of TC Transcontinental for the fiscal years ended October 27, 2019 and October 28, 2018.

(in millions of dollars except for percentages)	Fiscal Years Ended in 2019 and 2018			
	2019 (\$)	2019 (%)	2018 (\$)	2018 (%)
Packaging Sector	1,618.3	53.2	976.6	37.2
Printing Sector	1,336.7	44.0	1,545.2	58.9
Other ⁽¹⁾	83.8	2.8	101.7	3.9
Total	3,038.8	100.0	2,623.5	100.0

(1) Includes revenues of the Media Sector.

A) Packaging Sector

Products and Services

TC Transcontinental Packaging offers a variety of flexible packaging products and services and is specialized in extrusion, lamination, printing and converting.

Our Packaging Sector provides a wide range of flexible plastic packaging products, including rollstock, forming and non-forming films, shrink films and bags, mulch films, lids, labels, advanced coatings, as well as bags and pouches in various styles and sizes, including stand-up pouches, flat bottom bags, quad seal bags and banana tree bags.

TC Transcontinental Packaging's products consist of those that we develop internally, and market to our customers, and those that we develop in cooperation with our customers to meet their specific product needs. In fact, certain of our product lines are highly specific to our customers' individual requirements and, as such, we are closely involved with our customers in planning for new products. These efforts enhance the integration of TC Transcontinental Packaging's business with its customers' operations, and position us as a business partner.

The chart below is an overview of some of TC Transcontinental Packaging's current product offerings:

Agriculture	 Banana tree bags & skirts	 Mulch films	 Greenhouse films
Beverage	 Multipack shrink films	 Integritite™ shrink films	 Integritite Smartpack™
Confectionery and Candy	 Twist wrap	 Twist close	 Aluminum foil wrap
Dairy	 Shredded cheese films and pouches	 Peel reseal liddings	 Halo™ for natural sliced & chunk cheese
			 Envio™ forming & non-forming films

<p>Coffee & Tea</p>	 <p>Whole bean bags and recyclable pouches</p>	 <p>Compostable bags and lids</p>	 <p>Individual packaging</p>
<p>Consumer Products</p>	 <p>Personal care & feminine care</p>	 <p>Household cleaning</p>	 <p>Multipacks</p>
<p>Meat & Poultry</p>	 <p>Nextrus™ Boneless vacuum shrink bags</p>	 <p>ClearShield™ Bone-in shrink bags</p>	 <p>Envio™ Forming & non-forming films</p>
<p>Pet Food</p>	 <p>Dry and fresh pet food bags and pouches</p>	 <p>Chub films</p>	 <p>Multipack shrink films</p>
<p>Advanced Coatings</p>	 <p>Z-flo (conductive films)</p>	 <p>Reflex (hard coated films)</p>	 <p>Inspire (advanced wound care)</p>  <p>Contract coating services</p>

Equipment and Manufacturing Processes

Our Packaging Sector’s manufacturing processes include extrusion, lamination, printing, converting, as well as the manufacturing of advanced coatings. We also offer premedia services.

TC Transcontinental Packaging’s manufacturing platform benefits from several years of upgrades, footprint rationalization and modernization. Our Packaging Sector’s expansive array of packaging machinery and specialized equipment at its various plants enable us to offer a wide variety of flexible packaging products and maintain a high degree of flexibility in meeting our customers’ demands.

Extrusion

TC Transcontinental Packaging has cast and blown film extrusion capabilities. We produce a line of custom films that provide machinability, heat resistance, durability, sealability and barrier protection.

Our cast film extrusion process is a process by which melted resin is extruded horizontally to create a sheet of material, which is cooled prior to trimming and rolling. Our blown film extrusion process is a process by which different resins are combined to form a blend consisting of multiple layers, which allows us to produce multi-layer barrier films of up to 11 layers. During this process, melted resin is blown vertically to form a tube and cooled. The tube of film then passes through nip rolls where the tube is flattened. The flattened tube is either kept as such or slit into sheets and wound into rolls.

We use our film extrusion capabilities for insourcing a portion of our film production when it is economically efficient to do so.

Lamination

TC Transcontinental Packaging manufactures multi-layer, high-barrier laminated packaging that meet its customers' barrier requirements while attaining aesthetic and machine related performance needs. The lamination process provides resistance and barrier properties needed for product durability.

Our solventless adhesive lamination process, which releases no emission and requires no ovens, involves lamination of the printed substrate to a sealant film with a two-component adhesive system. Once mixed, the two components in the adhesive react and begin to cure, bonding the two substrates together. The combined layers are kept in roll form until the adhesive has cured, after which the large master rolls are slit out into the finished rolls and shipped to the customer. TC Transcontinental Packaging also laminates films with solvent-based adhesives which provide high tack qualities for substrates (with low energy surface) such as polystyrene and provides flexibility to produce very specialized films.

Our extrusion lamination process is a process by which polyethylene laminating resin is melted into a thin, hot film that is coated onto a conveyed substrate and then bonded to a second web of material by passing through a series of counter rotating nip rolls which adhere the layers together. Rollstock produced by this process is then converted into finished goods in a secondary slitting process.

Printing

TC Transcontinental Packaging operates a platform of flexographic presses, printing in up to 11 colors. This provides us with narrow, medium and wide web flexographic printing capabilities. Flexographic printing technology involves the transfer of ink to a polymer printing plate mounted on a cylinder, which is then transferred to the substrate and dried. This web printing process consists of printing on rolls of packaging materials which are commonly thin-gauged films with properties designed for high-speed printing. A digital press, which does not involve any printing plate, is also part of TC Transcontinental Packaging's manufacturing platform. Our digital printing press is mainly used for printing shorter runs and customized labels. We complete and document a number of quality checks during production runs and our systems are optimized for quick changeovers between runs.

Converting

TC Transcontinental Packaging's manufacturing capabilities include converting. During the converting process, printed film is essentially converted into packaging products such as bags and pouches. TC Transcontinental Packaging houses multiple high-speed bag and pouch-making machines offering product variety, and providing the flexibility to meet fluctuating volume demands. Our pouch-making machines have advanced pouch sealing techniques to ensure sealability and containment.

TC Transcontinental Packaging's manufacturing capabilities also include laser scoring technology, which gives it the ability to offer corner-tear and perforation features for increased pourability, ease of opening and unique venting. Cold seal technology, high-speed and precision slitting, embossing, metallization and de-metallization are also among our manufacturing capabilities.

Our products are subject to various degrees of testing throughout the manufacturing process including drop testing and seal testing to ensure optimal functionality and freshness.

Advanced Coatings

TC Transcontinental Packaging's advanced coatings segment develops, manufactures and distributes coated papers, films and specialty substrates for digital imaging, electronics as well as medical and optical technologies. Our advanced coatings segment also offers specialty films and high-performance coating services. Our advanced coatings activities are carried out in two ISO certified manufacturing plants located in the United States and the United Kingdom, as well as a converting and distribution facility located in China.

Premedia

TC Transcontinental Packaging provides premedia services including production art, creative and design, photography, brand guideline adaptation and brand extensions, colour management, print quality management, proofing and product innovation services. Moreover, some of our packaging plants also offer full in-house prepress services as well as plate making services.

Principal Markets and Customers

Our flexible packaging products and services serve an array of end markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, confectionery, industrial, consumer products and supermarkets. Through our advanced coatings segment, we also serve the medical, automotive and banking industries.

Our Packaging Sector's customer base ranges from international market leading customers to smaller regional businesses. TC Transcontinental Packaging's customers are predominantly food processors, beverage companies, retailers (including supermarkets, grocery and convenience stores), consumer packaged goods companies, as well as industrial companies.

Although the packaging market is not typically subject to long-term contracts with customers, we have entered into contracts with many of the major customers of our Packaging Sector. Such contracts have remaining terms varying between one to 10 years and generally have price adjustment clauses based on volume, cost of raw materials, labour, the Consumer Price Index or the Chemical Data Index.

No single customer accounted for more than 15% of our Packaging Sector's revenues during the last two fiscal years.

The graphic below is an overview of TC Transcontinental Packaging's worldwide packaging platform.



Logistics

TC Transcontinental Packaging's products are generally delivered to its customers using third-party transportation. This arrangement allows TC Transcontinental Packaging to limit the capital commitment required to maintain its own distribution capabilities, such as a transportation fleet, and to minimize the time required to deliver its products to its customers.

Research and Development, Patents and Trademarks

Continued research and development capabilities and activities in innovation and automation are a key element to TC Transcontinental Packaging's success.

A majority of research and development efforts in the flexible packaging sector are currently devoted to innovations that help to differentiate products, such as convenience packaging, improved barrier protection, packaging design initiatives, smart packaging, and environmentally-friendly alternatives. TC Transcontinental Packaging effectively develops, commercializes and produces innovative product packaging. In addition to its existing product line, TC Transcontinental Packaging has in-house product development departments, which continuously develop new products in response to customers' changing needs and market trends. We work closely with our customers to promote the use of sustainable materials and to design value-added packaging that complements and enhances the functionality and shelf-appeal of their product line, while considering their end-of-life management. We have several compostable, recyclable or recycled plastic products that are already marketed in North America, and committed to invest 1% of our Packaging Sector's revenues in our research and development activities.

We are the owner or licensee of a number of Canadian, United States and foreign patents and patent applications that relate to certain of our products, manufacturing processes, and equipment in the flexible packaging industry.

We also have a number of trademarks and trademark registrations in various territories that are used by our Packaging Sector, including the following trademarks: LaserTear™ easy open feature; Dartek™ nylon cast film 6.6 resin for industrial uses; Envio™ forming films for cheese and meat applications; Nextrus™ shrink bags for boneless meat and cheese applications; Halo™ ethylene-vinyl alcohol copolymer (EVOH) encapsulated films for cheese applications; as well as Banaflex Treebag™, Proflex Treebag™ and Polyinsect™ for banana fruit protection solutions.

Revenues by Geographic Regions

The following table sets forth the revenues and the percentage of revenues of our Packaging Sector based on their geographic distribution for the fiscal years ended October 27, 2019 and October 28, 2018.

(in millions of dollars except for percentages)	Fiscal Years Ended in 2019 and 2018			
	2019 (\$)	2019 (%)	2018 (\$)	2018 (%)
Revenues generated from plants in Canada	157.7	9.7	99.3	10.2
Exports from plants in Canada	22.6	1.4	21.1	2.2
Revenues generated from plants in the United States	1,162.6	71.9	715.1	73.2
Revenues generated from plants outside of Canada and the United States	275.4	17.0	141.1	14.4
Total	1,618.3	100.0	976.6	100.0

Competition

TC Transcontinental Packaging operates in a highly competitive industry. The competitive landscape is fragmented and characterized by a significant number of competitors both large and small in size. Industry players compete on a number of factors including quality, service, product features, innovation and prices.

TC Transcontinental Packaging's product offering also competes with similar products made by other manufacturers, plastic packaging products made through different manufacturing processes, as well as with a number of other alternative packaging materials, such as metal, glass, paper, cardboard and other types of materials.

TC Transcontinental Packaging competes in certain market segments with several large firms in North America, including Amcor Ltd., Berry Plastics Group Inc., Sonoco Products Company, ProAmpac Intermediate, Inc., Wintpak Ltd., Printpack, Inc., American Packaging Corporation, Bryce Corporation, Peel Plastic Products Ltd., Plastic Packaging Technologies, LLC, as well as several small converters.

We believe that our ability to serve customers requiring fast turnaround times and to deliver short run as well as long run orders differentiate us from other industry participants. Our wide range of flexible packaging solutions also enable us to rapidly respond to the needs of the market for a variety of applications. We believe that our in-house content creation premedia services distinguishes our Packaging Sector's service offering by enabling us to support our customers' brand strategies. Moreover, we believe that our research and development strategy further differentiates us in the industry and allows us to develop products that bring greater benefits to our communities and the environment.

From a quality perspective, our food safety practices reflect our commitment to high industry standards for our customers. Our Packaging Sector's manufacturing plants use various levels of third party certifications for our food safety and quality programs, namely Global Food Safety Initiative (GFSI) certifications including Safe Quality Food (SQF), British Retail Consortium (BRC) and International Featured Standard (IFS).

Seasonal Variations

Depending on the product category of our Packaging Sector, seasonal factors can contribute to changes in revenues and net income for a particular quarter. As such, some food packaging types are by their very nature more seasonal due to harvest cycles, weather conditions, holidays, religious celebrations or sporting events. For example, the first and fourth quarters are favorable to cheese packaging due to holidays and marketing events. In general, fall and winter holidays furnish prime marketing opportunities for food producers, who take advantage of seasonal shopping trends with more products on shelves and different formats including gift pack, multi-unit stock keeping units (SKUs) and other specialized product packages.

B) Printing Sector

Products and Services

TC Transcontinental Printing offers to its customers a complete line of specialized services for the production of printed material, from the beginning to the end of the graphical production line.

Our Printing Sector is divided into five Groups: Retail and Newspapers, Magazines and Books, Marketing Products, Premedia and Distribution. With our state-of-the-art plants and best practices across our printing platform, we believe that we are well positioned to remain a leader in the printing industry.

Retail and Newspaper Group

TC Transcontinental Printing is among the largest printers of retail flyers in Canada. We offer retailers a variety of formats including tabloid, broadsheet, maxitabloid, minitabloid, and magazine/catalogue formats.

As one of the largest printer of newspapers in Canada, we provide newspaper publishers with a unique range of print solutions. Newspapers are printed in six plants located in four provinces of Canada of which two are specialized in printing newspapers only and four are specialized in printing both newspapers and flyers. We print more than 200 newspapers across Canada, including 13 paid dailies.

In the midst of a difficult advertising market, we offer a unique newspaper printing outsourcing model. Our innovative solution helps newspaper publishers increase efficiency. We print, among others, for The Globe and Mail Inc., *The Globe and Mail* newspaper (except in the Maritimes since December 1, 2017), and, for Postmedia Network, *The Gazette*, *Calgary Herald* and *The Vancouver Sun* newspapers.

Magazine and Book Group

With four plants specialized in magazine printing located in Québec, Ontario, and Manitoba, we print more than 300 magazines, making us among the largest magazine printers in Canada. Our Magazine and Book Group is also among the largest printers of colour books in Canada. This Group also prints catalogues.

TC Transcontinental Printing's printing technologies and its large capabilities allow us to quickly handle a combination of long and short runs for all types of publishers. This enables small and mid-circulation publications to enjoy many of the same benefits as their larger competitors. We offer complete bindery services, cover printing and special features such as lamination (mat and glossy), which make us a single-source printer for our customers.

Marketing Products Group

We have developed a high-revenue potential in-store marketing niche, including the printing of point-of-purchase materials and the printing of promotional materials. The broader in-store marketing segment is of interest to us because it is often characterized by recurring contracts with major retailers with whom we currently do business. TC Transcontinental Printing has the capability to print an array of materials, including brochures, self-mailers and inserts. We also print corporate materials to support our customers with their marketing, business and consumer directed advertising material including banners, annual reports, identity brochures, presentation folders and company calendars. Our printing capabilities allow us to offer high-fidelity colour, unique folds and special finishes as well as panoramic large format printing.

Our Marketing Products Group produces its deliverables across four production plants specializing in digital and offset commercial printing of marketing products. They are located in Ontario and Québec, serving a wide array of customers as diverse as advertising agencies to blue-chip corporations in the financial, pharmaceutical and retail sectors. This Group also offers cardboard packaging solutions and direct mail solutions. We print products that range from a simple direct mail piece to personalized self-mailers. We also offer fulfillment services to our customers.

Premedia Group

TC Transcontinental Printing's Premedia Group is a promotional content creator for an important part of Canada's largest retailers providing fully integrated solutions for printed flyers in addition to digital and multichannel platforms. We offer all aspects of content creation, from inception to completion, including strategic creative and design, page production, copywriting and editing, language services, photography (in studio or external) and video production (in studio or external).

Distribution Group

Our Distribution Group offers multiple services for door-to-door distribution. We deliver newspapers, flyers and advertising printed products to 3.3 million households in Québec through our *Publisac* distribution network, a medium that holds the majority of large retailers' flyers and local newspapers in Québec, which makes us a leader in this industry in Québec. In order to reduce our environmental footprint, we replaced the *Publisac*'s recyclable virgin plastic bag with a bag that we produce in Québec, which is made from 100% recycled plastic and still recyclable. The new *Publisac* bag was launched on the Island of Montréal in September 2019 and will be distributed throughout Québec in early 2020. It has been developed and produced in collaboration with our Packaging Sector.

Through our Targeo division, a Canada-wide distribution brokerage service, we also offer national retailers the possibility to reduce their management fees by outsourcing the coordination of their flyer program across Canada. In this regard, we have a database and commercial relationships with more than 750 distribution partners in the territories that are not directly served by *Publisac*. This represents 10 million households that are served by Targeo, in addition to the 3.3 million households served directly by *Publisac*.

With a view to increase advertisers' return on investment, we also provide them with a range of services such as socio-demographic database access and on-going control over distribution points which enables them to measure the efficiency of their flyers and target consumers.

Equipment and Manufacturing Processes

Our Printing Sector's equipment and manufacturing processes allow for short make-ready time, speed in printing, superior reproduction quality and product differentiation. Most of our presses and printers are computer-controlled, and many have in-line finishing capabilities. Technical compatibility between presses gives great flexibility and allows us to adapt easily to last-minute changes and ensure delivery seven days a week. The simultaneous printing of a single product in several plants leads to a reduction in transportation costs for our customers and allows for shorter lead times, in addition to consistent printing quality across Canada. Our operating flexibility allows us to transfer work from one plant to another to meet production deadlines while enabling us to handle contingencies.

The quality of our printing services is ensured by expert staff and our compliance with industry standards. We currently use the services of the laboratories of the Québec Institute of Graphic Communications. These ultramodern installations allow for the ongoing analysis of the inks, papers and other raw materials used by our printing plants. We share the results of the analysis with our suppliers in order to quickly correct any problems or discrepancies, thus ensuring our high level of quality. Moreover, our strong culture of continuous improvement leads us to continuously innovate and improve our manufacturing processes and product quality.

Our manufacturing processes include production on heat-set, coldset and sheet-fed presses using the offset printing process. This process is characterized by the transfer of a printing plate image to a rubber surface, called a blanket, which is mounted on a cylinder. This blanket is first rolled over the printing plate in order to receive the image, which is then transferred to paper.

Production using the web printing process consists of printing on rolls of paper whereas production using the sheet-fed printing process consists of printing on sheets of paper. Short-run printing is generally best served by sheet-fed printing, while longer run printing is generally best served by web printing.

The heat-set web offset process provides great speed (up to 90,000 copies per hour) and a better quality of printing. This process is used mainly to print magazines, periodicals, catalogues, flyers, inserts, tabloids, books, directories and direct mail products. The coldset offset process is used mainly to print newspapers.

All of our Printing Sector's production plants are equipped with prepress technology and plate making equipment that allow carrying out the various stages of graphic production with the help of digital technology. Our skills in prepress are used in all of our market segments to further reduce production lead times while increasing the opportunity for last-minute changes. We also provide our customers with direct digital imaging services that streamline the process of preparing pages for print and allow use of data from other vehicles such as the Internet. We have direct computer-to-plate production systems for offset printing in all of our printing plants.

Principal Markets and Customers

Our Canada-wide printing network allows our Printing Sector to serve national, regional and local customers in a cost effective and timely manner. We believe that our strategic focus on putting in place hybrid production plants (printing of newspapers and flyers on the same press) and reducing production costs of the printing products that we create has allowed us to offer our customers superior quality products at competitive prices.

Customers of our Printing Sector are typically publishers (newspapers, magazines and books) and marketers (retailers predominantly in the food, pharmacy and home improvement markets, financial institutions, advertisers and agencies). Customers of our newspaper printing operations range from market leaders to many respected small and medium-size newspapers.

We have entered into contracts with a significant number of our Printing Sector's major customers. Such contracts have remaining terms between one to eight years and generally have price adjustment clauses based on volume, cost of raw materials, labour or the Consumer Price Index. Sheet-fed printing and printing of direct marketing materials are not typically subject to long-term contracts with customers.

During fiscal year 2019, we renewed several multi-year agreements with major customers of our Printing Sector for a total valued at over \$200 million per year. No single customer accounted for more than 15% of our Printing Sector's revenues during the last two fiscal years.

Revenues by Geographic Region

The following table sets forth the revenues and the percentage of revenues of our Printing Sector based on their geographic distribution for the fiscal years ended October 27, 2019 and October 28, 2018.

(in millions of dollars except for percentages)	Fiscal Years Ended in 2019 and 2018			
	2019 (\$)	2019 (%)	2018 (\$)	2018 (%)
Revenues generated from plants in Canada	1,183.1	88.5	1,279.3	82.8
Exports from plants in Canada	131.5	9.8	113.7	7.4
Revenues generated from plants in the United States	22.1	1.7	152.2	9.8
Revenues generated from plants outside of Canada and the United States	0.0	0.0	0.0	0.0
Total	1,336.7	100.0	1,545.2	100.0

Competition

Although we are one of the largest printers in North America, the printing industry is highly competitive with respect to all categories of products and regions. Furthermore, this industry is North American in scope in several markets providing opportunities for a diverse set of competitors from both the United States and Canada. Currently, several of the industry's segments continue to face challenges with overcapacity and secular shift to digital media which is impacting all markets in all geographic regions across North America, adding increased pricing pressure in the market. Some North American companies involved in those printing activities have greater capacity and financial resources than we do. We compete in certain market segments with several large firms in North America, including LSC Communications, Inc. and Quad/Graphics, Inc., as well as numerous Canadian printers, including St. Joseph Print Group Inc., Solisco Printers Inc., The Lowe-Martin Group, Advocate Printing & Publishing Inc., Friesens Corporation and Marquis Book Printing Inc., among others. The development of new printing technologies at reduced prices, especially digital presses, is also enabling small-niche printers to compete within specialized segments of the industry.

We believe that the major competitive factors in the printing business are quality and product innovation, the range of services offered, pricing, the availability of printing capacity with the appropriate equipment and state-of-the-art technology, delivery lead times, distribution capacity and customer service.

Over the past years, the Canadian retail landscape has evolved: some U.S. retailers made their entry into the Canadian market or acquired Canadian retailers, whereas others were consolidated. Some retailers also continue exploring digital flyers and campaigns. These changes influence the size and the dynamics of competition within the flyer and insert printing industry in North America. Printing demand is also affected by publishers of newspapers, magazines and books that are investing in the digital distribution of their content either through web or mobile devices with applications, paywalls or online newsstands.

The renewal of existing contracts with large retailers and the signing of new ones confirm that we remain the printer of choice within this market segment in Canada. We believe that it is the reach of our distribution network that has differentiated us in the market from our competitors and the convenience of our methods that made us the Canadian market leader in this industry.

Our Distribution Group distributes each week in Québec most local newspapers and flyers of major national, regional and local retailers. This Group competes for distribution of advertising materials and other products with direct mail services and some other distribution companies, as well as Canada Post. Moreover, the City of Mirabel, Québec, recently modified its regulation to prohibit the distribution of printed advertising materials unless the owner or occupant posts a sticker indicating that they accept to receive printed advertising materials (opt-in). In Québec, local newspapers are generally distributed by our Distribution Group with printed advertising materials. In addition, the regulation establishes a different system for Canada Post. We are seeking to have the regulation declared null and void on the grounds that it infringes the right to freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and the Québec Charter of Human Rights and Freedoms and the right to information protected by the Québec Charter,

and that it is discriminatory. We understand that other municipalities could potentially adopt similar regulations. We intend to challenge any regulations in that regard that would be adopted elsewhere. Should we fail to get such changes to regulations declared null and void, it could have an impact on our business model and, consequently, our net earnings. We are also working together with government bodies to demonstrate the potential effect of such regulations on the value chain as a whole, jobs, citizens, local newspapers and the Corporation.

As for the Targeo division of our Distribution Group, it competes, with regard to distribution management, with Geomedia Inc., Prospect Media Group Ltd., Market Focus Direct Inc. and Novus Media Inc.

We believe that the most significant competitive factors in the distribution business in Québec are pricing, quality of service, delivery lead times, the ability of geotargeting, market penetration, regulatory requirements and environmental issues.

Seasonal Variations

Generally, TC Transcontinental Printing's revenues are seasonal, with the increases in the second and fourth quarters of our fiscal year being most pronounced. More specifically, demand for printing of advertising and promotional products peaks during the spring and fall seasons in advance of periods of increased consumer spending.

C) Media Sector

Products and Services

Our Media Sector operates educational book publishing and distribution activities through TC Media Books, and certain special interest publishing activities for the construction industry, through Groupe Constructo.

TC Media Books

TC Media Books specializes in the creation, development, adaptation, translation, publication, commercialization and distribution of French-language educational resources, which include textbooks, teachers' guides, activity books, digital resources and other related materials. We are the leading Canadian French-language educational publisher covering all grade levels, from kindergarten through university, as well as related sectors such as adult education, vocational training and teacher development. The operations of TC Media Books also include the creation, development and distribution of supplemental materials, general interest books, and specialized publications. Highly recognized brands of TC Media Books include Beauchemin, Les Éditions Caractère, Somabec, Edisem, Chenelière Éducation, Gaëtan Morin Éditeur, Graficor, Groupe Modulo and Les Éditions Transcontinental.

TC Media Books is a preferred partner of the ministries of education across Canada and the only educational publisher that has published French-language materials for each Canadian province and territory. Our mission is to support teachers and students in the implementation of curricula by publishing quality materials and resources that facilitate teaching and learning.

TC Media Books holds the rights to close to 11,800 educational book titles in its catalogue, which are used in the majority of French-language educational institutions in Québec and in the rest of Canada. We also publish around 950 book titles destined to Canadian consumers, consisting of supplemental educational materials (Les Éditions Caractère), general interest books (Les Éditions Transcontinental) and specialized medical books (Edisem).

Groupe Constructo

Groupe Constructo specializes in the publication of strategic value-added information for the different players in Québec's construction industry, publishing *Journal Constructo*, annual thematic tabloids, *Les leaders de la construction* magazine, and numerous digital platforms. Through its *Voir Vert* magazine, a publication entirely dedicated to sustainable construction in Québec, Groupe Constructo also reaches architects and engineers, general and specialized construction contractors as well as property owners and managers.

Groupe Constructo is also a partner of the Government of Québec as it operates, together with CGI Group Inc., the SEAO service which is Québec's electronic tendering system allowing suppliers to bid on governmental contracts.

Principal Markets and Customers

The operations of TC Media Books are, for the most part, divided into three segments which serve the three main school markets: the school market in Canada outside of Québec; the school market in Québec; and the higher education market mainly in Québec. In addition, we have a segment specialized in the production of professional development materials for the benefit of teachers and other professionals of the education market. We are among the leading publishers in the French school market in Canada outside of Québec and in the French higher education publishing market in Canada, and we are a leading publisher in the French school market in Québec.

The revenues of TC Media Books are diversified by markets, customers, subjects and titles. Its principal customers are ministries of education, school boards, elementary schools and high schools, CEGEPs, colleges and vocational schools, community colleges, universities and, in some cases, foreign distributors and bookstores.

The revenues of Groupe Constructo derive from the construction and real estate markets. Its principal customers are Québec public and private sector businesses, general and specialty contractors, manufacturers and distributors, as well as architects, engineers, technicians and designers.

No single customer has accounted for more than 15% of our Media Sector's revenues during the last two fiscal years.

Competition

The competitors of TC Media Books differ in each of the three main school markets that we serve. They include Les Éditions du Renouveau Pédagogique Inc., CEC Publishing Inc. and Groupe Éducalivres Inc.

The competitors of Groupe Constructo are publishers of specialized publications for the construction industry, including Association de la construction du Québec and JBC Média Inc.

Seasonal Variations

Generally, our Media Sector's revenues are subject to seasonal variations, with increases in the second and fourth quarters of our fiscal year being the most significant. In particular, the majority of the revenues of TC Media Books is generally achieved in the months of June to September to correspond with the back-to-school season of educational institutions.

2.3 Raw Materials and Energy Prices

The primary raw materials that we use are resins, plastic films and ink for our Packaging Sector, and paper and ink for our Printing Sector. Our activities consume energy, in particular, electricity, natural gas and oil. Fluctuations in raw materials and energy prices affect the demand for our services.

The reduction in manufacturing capacity in newsprint has resulted in a decrease in the supply of paper, which in turn has resulted in paper price increases. While paper costs are generally a pass-through to customers for our printing operations, the increase in the price of paper can have a negative effect on our printing operations if it changes the purchasing habits of our customers, in terms of the number of pages printed, for example. In order to mitigate this risk, we have entered into agreements with our most important suppliers in order to ensure a stable flow of resources. In addition, agreements with our customers generally contain escalation clauses that index selling prices to fluctuations in raw material costs and exchange rates.

Furthermore, fluctuations in the price of oil, a core ingredient in the composition of ink and plastic film, have a direct impact on the prices of these products. Fluctuations in the price of oil also have an impact on gasoline prices. Any increase thereto would negatively affect our distribution activities. We continue our efforts towards finding new ways to reduce our energy costs.

2.4 Economic Cycles

TC Transcontinental's activities are exposed to economic cycles and difficult market conditions, as a significant portion of its revenue depends, directly or indirectly, on spending by advertisers. Global economic conditions, changes in consumers' buying habits and significant structural changes, in particular the consolidation in some industries and the adoption of digital platforms, also affect the industries of our main customers, which could have an adverse impact on

the products offered by TC Transcontinental. TC Transcontinental operates in many countries, and the economic risks specific to each country may also have an impact on our results of operations. However, we believe that we mitigate this risk through the very composition of our operations, since a substantial segment of our customer base operates in less cyclical markets, such as food. In addition, as TC Transcontinental is a leader in its markets, we believe we can limit our exposure to economic cycles without, however, eliminating their adverse impact or magnitude.

2.5 Environmental and Social Responsibility

Compliance with Applicable Environmental Legal Requirements

We are subject to laws and regulations regarding the environment and permits are required for the operation of our business. These relate to the production, storage, transportation, disposal and emission into the environment of various substances. We are also subject to and comply with various laws and regulations which allow regulatory authorities to require us to proceed with the cleanup of any environmental contamination of our own sites and at plants where our waste is or has been disposed of. We monitor modifications or additions to laws and regulations on a quarterly basis. In addition, compliance with environmental regulations is verified by means of a corporate program, both through internal audits and external audits carried out with the help of firms specializing in environmental matters.

Responsibility for environmental performance is shared across TC Transcontinental and quarterly reports ensure an adequate internal communication of the significant environmental management activities. While the Corporation's Board of Directors and Management Committee are ultimately responsible for compliance to legislation and corporate policies, day-to-day management of environmental performance lies within the assigned corporate team and plant management and personnel.

Environmental Risk Management

TC Transcontinental has developed a solid framework for managing its principal risks. The objectives of this process are to identify the main risks inherent to our business, assess their impact, put in place a response strategy and monitor the progress of mitigation initiatives. Concerns about sustainability and protecting the environment are considered an operational risk and analysed through our global Enterprise Risk Management. A preliminary list of all potential environmental and sustainability risks is completed and the likelihood of occurrence and magnitude of impact of each risk are weighed. Mitigation strategies are then developed by management for risks considered significant. This process is reiterated on an annual basis and is discussed at the Management Committee and the Governance and Social Responsibility Committee of the Corporation's Board of Directors.

Environmental Policy

The main aspects of our environmental performance are described in our Environmental Policy. Our management team is responsible for ensuring the implementation of all items of this policy, which is based on the following three guiding principles:

- Protect the environment for present and future generations;
- Reduce risks and improve efficiencies; and
- Introduce improved technologies and processes.

In our operations, we strive to improve our products and processes in order to progressively reduce routine discharges of contaminants and to minimize the generation of waste and hazardous waste by re-using and recycling materials. We also commit to using resources effectively and maximizing the efficiency of our operations and we encourage a transition to low carbon fuels and renewable energy.

Paper Purchasing Policy

Our Paper Purchasing Policy stipulates, among other things, that recycled or certified papers be used for our printing and for our own publishing operations. As part of our commitment to continuous improvement, we have reiterated our commitment to encourage our customers to choose certified papers when recycled paper is unavailable, so that by working together we can significantly diminish environmental and social impacts.

Our Paper Purchasing Policy enables us to more accurately measure the results of our ongoing efforts and to share them with customers and investors, stakeholders and organizations interested in our sustainability efforts. As part of an ongoing collaboration, we drew on the expertise of environmental organization Canopy in updating our Paper Purchasing Policy.

Circular Approach to Plastics

TC Transcontinental shares the Ellen MacArthur Foundation’s common vision of a circular economy for plastic, where plastic never becomes waste. Therefore, in March 2019, we became the first Canadian-based manufacturer to join the New Plastics Economy Global Commitment. We have committed, by 2025, for 100% of our plastic packaging to be reusable, recyclable or compostable, in addition to achieving a 10% use of post-consumer recycled content on average, by weight, across all plastics in our product basket. As a good corporate citizen, TC Transcontinental also understands its role in promoting good recycling practices and we commit to collaborating towards increasing reuse, recycling and composting rates for plastic in the communities where we operate. We collaborate closely with our supply chain and are determined to make strides towards a circular economy for plastics through our integrated strategy to that effect.

Social Responsibility

Consumers are expressing increasing concern over the protection of the environment as well as sustainable development. The industries where TC Transcontinental operates (packaging, printing and publishing), notably use large quantities of resources (paper and plastics) for their day-to-day operations. We recognize the critical nature of sustainability and have always taken steps to promote and incorporate sustainable development in our operations by mobilizing stakeholders and supporting innovation. We also commit to reporting regularly on our sustainability performance and encourage suppliers to adopt practices consistent with our policies and objectives.

In fiscal year 2019, we were named for the sixteenth year as one of Canada’s 50 best corporate citizens, as determined by Corporate Knights, placing in eighth position. This ranking is established by measuring a broad range of environmental, social and governance (ESG) indicators. For a number of years, we have tracked our fuel and electricity use and have calculated the associated greenhouse gas emissions, reporting our results to the Carbon Disclosure Project (CDP) since 2006. In 2019, TC Transcontinental also reported for the seventh year to the CDP on forest risk commodities.

In July 2019, we tabled our 2016-2018 Corporate Social Responsibility Progress Report, which presents headway made as per the 13 main objectives identified in our 2016-2018 Corporate Social Responsibility Plan. As this plan drew to a close, the Corporation embarked on a large-scale consultation with its stakeholders in order to identify the corporate social responsibility (CSR) issues that resonate most with employees, customers, suppliers and investors. Our 2019-2021 Corporate Social Responsibility Plan, released in July 2019 and named *Acting Together*, is the Corporation’s new three-year plan based on the firsthand insight received through this process. In addition to featuring ambitious goals reflective of the ever-evolving and growing environmental and social concerns, the plan also aims to converge TC Transcontinental’s business activities with 11 meaningful objectives along four axes: our people, our operations, our products and our communities. Our 2016-2018 Corporate Social Responsibility Progress Report and our 2019-2021 Corporate Social Responsibility Plan are both available on the Corporation’s website (www.tc.tc).

2.6 Human Resources

As of October 27, 2019, the Corporation had 9,070 employees. The following table presents the breakdown of employees within our three operating sectors as of October 27, 2019, excluding employees located at the Corporation’s head office and within its administrative services center.

Description	Number of Employees
Packaging Sector	4,236
Printing Sector	4,275
Media Sector	198

As of October 27, 2019, 1,001 permanent employees of our Packaging Sector were represented by certified associations under nine collective agreements. These agreements will expire on various dates through February 2023. There were no collective agreements under negotiation for our Packaging Sector in 2019. Two collective agreements will expire in 2020, one in the United States and one in United Kingdom.

As of October 27, 2019, 1,118 permanent employees of our Printing Sector were represented by certified associations under 11 collective agreements. These agreements will expire on various dates through October 2023. There are presently three collective agreements representing 210 permanent employees of our Printing Sector that are under negotiation. No collective agreements will expire in 2020, but one collective agreement in Canada representing 33 employees is scheduled to expire in 2021 and will be subject to negotiations in 2020.

None of the employees of our Media Sector are unionized. With respect to our non-unionized employees, the working conditions are established between the various business units in accordance with our corporate policies. These working conditions are subject to periodical revisions.

2.7 Properties

We believe that our owned and leased plants are adequately equipped and maintained for both our current and projected activities. Substantially all of our properties and equipment are not subject to any security interests in favour of third party lenders.

2.8 Reorganizations

We occasionally proceed with legal reorganizations of some of our subsidiaries in order, among other considerations, to improve our organizational structure or our products and services offering, none of which have had a material effect on our activities, operations or financial results.

2.9 Strategic Acquisitions and Business Development

An intrinsic part of our strategy is to grow through strategic acquisitions. We are committed to maintaining a disciplined approach when making acquisitions. We ensure that the companies we acquire fit our stringent acquisition criteria: (a) fit within our strategic plan; (b) be profitable and growing; (c) provide synergies with our actual operations; and (d) be accretive to earnings and positive economic value creation within a reasonable period of time. Over the last three years, we have made strategic acquisitions while continuing to deliver on our disciplined financial management objective.

Packaging Sector

On September 3, 2019, TC Transcontinental Packaging announced the acquisition of a 60% participation in Industrial y Commercial Trilex C.A. ("Trilex"), a plastic packaging supplier located in Guayaquil, Ecuador. Trilex specializes in the production and sale of packaging materials and banana farm plastics for protection and pest control.

On May 1, 2018, TC Transcontinental completed the acquisition of the business of Coveris Americas, a business previously held by Coveris Holdings S.A. The acquired business manufactures a variety of flexible plastic and paper products, including rollstock, bags and pouches, coextruded films, shrink films, coated substrates and labels.

On March 7, 2018, TC Transcontinental Packaging announced the acquisition of Multifilm Packaging Corporation, a supplier of flexible packaging products located in Elgin, Illinois. Transcontinental Multifilm Inc. specializes in piece-wraps and high-barrier laminates for the confectionery, snacks and dry foods markets. The acquired business offers an integrated manufacturing process and distinguishes itself through its expertise in cast film extrusion, metallization and demetallization, as well as aluminum foil printing.

On October 31, 2017, TC Transcontinental Packaging acquired Les Industries Flexipak Inc., a supplier of flexible packaging products located in Montréal, Québec. Transcontinental Packaging Flexipak Inc. specializes in flexographic printing, lamination as well as bag and pouch conversion and offers a wide range of flexible packaging products serving consumer goods companies, food processors and retailers across several markets, including frozen fruits and vegetables, seafood, snacks, grains, nuts and beverages (shrink films).

Printing Sector

On January 10, 2020, TC Transcontinental Printing acquired Artisan Complete Limited, a company specialized in the creation of engaging retail environments, point-of-purchase displays and large format printing.

On October 2, 2019, TC Transcontinental Printing acquired the assets of Holland & Crosby Limited, a manufacturing company located in Mississauga, Ontario, specialized in in-store marketing product printing, including advertising display and signage, for North American retailers.

2.10 Significant Acquisition

No significant acquisition was completed by the Corporation within the last fiscal year.

2.11 Risk Factors

The risk factors related to the Corporation and its activities are described on pages 15 to 23 of our Management's Discussion and Analysis for the fiscal year ended October 27, 2019, which may be viewed under the Corporation's SEDAR profile (www.sedar.com). The material factors that could have an effect on the results of TC Transcontinental are divided into three types of risks: strategic risks, operational risks and financial risks, and include, but are not limited to, the following:

(1) Strategic Risks: the effects of our possible inability to generate organic growth in our Packaging Sector; the impact of not properly identifying or completing potential acquisitions in the flexible packaging industry; the effects of competing with companies with more expertise and resources in the packaging industry that could require significant research and development costs; the impact of the increase of foreign competition in the Canadian printing market; the impact of the transformation of flyers, in particular the decrease in printing activities that could have a negative impact on our net earnings; the effects of the transformation of the advertising market, in particular of digital product development and adoption on the demand for our printed products; the impact of regulations or legislation on door-to-door distribution of printed advertising materials that could have an adverse effect on our business model and net earnings; the loss or change in consumption habits of a major customer that could have an effect on our net earnings; the impact of customer consolidation that could have an impact on our net earnings; the impact of a conflict of interest between the shareholders and the controlling shareholder;

(2) Operational Risks: the effects of the integration of acquisitions that could disrupt our operating activities; the impact of an intrusion into our information systems that could disrupt our operations, damage our reputation and result in legal actions; the impact of disruptions in our operations that could affect our ability to meet deadlines; the effects of the difficulty to attract and retain key employees in our main operating sectors; the impact of our inability to maintain or improve our operational efficiency; the effects of amendments to or adoption of new regulations that could result in a material decrease of our revenues or a material cost increase; the effects of amendments to or adoption of new environmental regulations and changes to consumption habits that could adversely affect our business; the effects of climate change on our operations; the impact of import and export controls, duties, tariffs or taxes; the impact of the food industry risks resulting from our packaging operations; the impact of significant fluctuations in the cost of raw materials, the availability of raw materials and energy consumed; the effects of an operational disruption caused by subcontractors of our distribution activities that could adversely affect our operating results and reputation; the effects of our inability to protect our intellectual property rights that could adversely affect our business; the impact of potential litigations or violation of privacy resulting from our operations; and

(3) Financial Risks: the impact of economic cycles and difficult market conditions; the effects of our ability to collect our receivables; the impact of the unavailability of capital at reasonable costs; the impact of increases in interest rates; the impact of the movement of the Canadian dollar against other currencies, more particularly the US dollar; the impact of changes in tax legislation that could adversely affect our profitability; the impact of disputes with tax authorities and amendments to statutory tax rates in force; the impact of major market fluctuations on pension plan solvency; and the impact of impairment tests that could lead to asset write downs.

The heading "Risks and Uncertainties" under our Management's Discussion and Analysis for the fiscal year ended October 27, 2019 is incorporated herein by reference.

Item 3 - Highlights of the Last Three Fiscal Years

In addition to the acquisitions listed under Item 2.9 - Strategic Acquisitions and Business Development, the events that have influenced the general development of our business over the last three fiscal years and up to the date hereof are the following:

2019

Operations

- On January 22, 2020, TC Transcontinental Printing completed the closure of its Transcontinental Prince Edward Island plant located in Borden-Carleton;
- On January 17, 2020, TC Transcontinental Packaging completed the sale of its paper and woven polypropylene packaging operations to Hood Packaging Corporation for a price of US\$180 million (approximately C\$239 million) subject to working capital adjustments. These operations generated approximately US\$215 million (approximately C\$286 million) in revenues for fiscal year ended October 27, 2019. The completion of this transaction enabled the Corporation to reduce its net indebtedness ratio to approximately 2.0x;
- On December 22, 2019, TC Transcontinental Printing completed the closure of its Transcontinental Brampton plant in order to optimize its retail printing platform in Canada. The gradual reduction of TC Transcontinental Printing's activities at Transcontinental Brampton was announced on May 8, 2019. The activities of Transcontinental Brampton have been transferred primarily to Transcontinental RBW Graphics and Transcontinental Vaughan in Ontario, as well as to Transcontinental Transmag in Québec. Each of the latter two plants installed a press from TC Transcontinental Printing's former plant in Fremont, in California, in order to maximize the use of the equipment;
- On November 21, 2019, TC Transcontinental Printing announced that, as a result of Free Daily News Group Inc.'s decision to stop publishing The StarMetro Halifax as of December 20, 2019, it will gradually cease coldset printing activities at its Transcontinental Halifax plant;
- On September 19, 2019, TC Media announced the sale of the majority of its specialty media assets and event planning activities to two corporations, namely to Contex Group Inc., an event planning and media company recently founded and headed by Mr. Pierre Marcoux, and to Newcom Media Inc., a Canadian company dedicated to specialty publishing and event planning. Contex Group Inc. acquired Les Affaires, Les Affaires Plus, Les Événements Les Affaires, Acquisition.biz, Benefits Canada, Avantages, Canadian Investment Review, Canadian Institutional Investment Network as well as Contech, and Newcom Media Inc. acquired Finance et Investissement, Investment Executive, Advisor's Edge and Conseiller; and
- On September 5, 2019, TC Transcontinental Printing sold its Fremont, California building to The Hearst Corporation ("Hearst") for a price of US\$75 million. The printing operations of the Fremont facility had already been transferred to Hearst in April 2018.

Changes to the Board of Directors and Management

- Appointment of Mr. Thomas Gaston Louis Morin as President of TC Transcontinental Packaging;
- Appointment of Mr. Brian Reid as President of TC Transcontinental Printing. Formerly, Mr. Reid was President of TC Transcontinental Printing and TC Transcontinental Packaging;
- Appointment of Ms. Lyne Martel as Chief Human Resources Officer of the Corporation;
- Appointment of Mr. François Taschereau as Vice President, Communications and Public Affairs of the Corporation;
- Appointment of Ms. Frédérique Deniger as Vice President, Internal Audit of the Corporation; and
- Retirement of Mr. Pierre Marcoux as President of TC Media.

2018

Operations

- On September 27, 2018, TC Media announced the sale of its *Canadian Insurance Top Broker* magazine as well as its related web property and Top Broker Summit event, to Newcom Media Inc., a publisher of products aimed at 'B2B' companies in Canada, providing information and marketing services to a wide range of markets through magazines, guides and directories, websites, trade shows and events. Newcom Media Inc. has a presence in the insurance, automobile and dental care sectors among others; and
- Following the launch of TC Media's process in 2017 for the sale of its newspapers in Québec and Ontario, involving all of its local and regional publications and their related web properties, we completed the sale of 91 newspapers and related web properties, including the *Métro* Montréal newspaper, and entered into multi-year agreements for the printing and distribution of all the titles that were sold (except for the distribution of *Métro* Montréal, which was already under contract with the acquirer). We also shut down four of our local newspapers in Québec due to the lack of potential acquirers. The sale of the *Seaway News* newspaper in Cornwall, Ontario, together with its related web properties, was completed on April 24, 2019.

Changes to the Board of Directors and Management

- Appointment of Mr. H. Peter Brues to the Corporation's Board of Directors;
- Appointment of Ms. Magali Depras as Chief Strategy Officer of the Corporation;
- Appointment of Mr. Donald LeCavalier as Chief Financial Officer of the Corporation;
- Retirement of Mr. Nelson Gentiletti from the Corporation and as Chief Financial and Development Officer; and
- Appointment of Mr. Pierre Marcoux as President of TC Media.

2017

Operations

- On December 21, 2017, TC Transcontinental concluded a new agreement pursuant to which Hearst took over the printing operations of its *San Francisco Chronicle* daily newspaper as of April 2, 2018. TC Transcontinental then owned its plant in San Francisco, which was rented by Hearst from 2018 to 2024, inclusively, pursuant to a lease agreement. TC Transcontinental sold this plant to Hearst on September 5, 2019;
- On December 20, 2017, TC Transcontinental concluded the sale of its investment in CEDROM-SNi Inc., in which it had a 50% ownership;
- On November 7, 2017, TC Transcontinental announced the consolidation of its newspaper printing activities in Québec into three plants, and consequently the closure of its Montréal-based Transcontinental Métropolitain plant in January 2018. The printing activities of Transcontinental Métropolitain were mainly transferred to our Transcontinental Transmag plant in Montréal, which has state-of-the-art equipment. The regional plants of Transcontinental de la Capitale in Québec City and Transcontinental Qualimax in Gatineau also took in volume upon transfer of the operations; and
- Sale of our publication portfolio in Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and New Brunswick to SaltWire Network Inc, which included the sale of 28 brands and web-related properties, four printing plants operated within our Media Sector, commercial printing operations in the province of Newfoundland and Labrador as well as distribution operations in Atlantic Canada.

Changes to the Board of Directors

- Appointment of Messrs. Yves Leduc and Jean Raymond to the Corporation's Board of Directors; and

- Departure of Messrs. Lino A. Saputo, Jr., Pierre Fitzgibbon and André Tremblay from the Corporation's Board of Directors.

Item 4 - Capital Structure of the Corporation

4.1 General Description of the Capital Structure

The Corporation is authorized to issue an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Shares and an unlimited number of Preferred Shares, all without par value.

The following table sets forth the principal rights of the shares that the Corporation is authorized to issue and that are outstanding:

Category	Rights
Class A Subordinate Voting Shares:	<p><i>Voting Rights:</i></p> <p>The Class A Subordinate Voting Shares entitle their holders to one vote per share.</p> <p><i>Dividends:</i></p> <p>The Class A Subordinate Voting Shares entitle their holders to receive, <i>pari passu</i> with the holders of Class B Shares, any and all dividends declared by the Corporation, subject to the rights of holders of Preferred Shares.</p> <p><i>Conversion:</i></p> <p>The Class A Subordinate Voting Shares can be converted into Class B Shares on the basis of one for one when a takeover bid is made directly or indirectly to the Majority Group (as defined in the Articles). Moreover, they confer the same privilege when the Majority Group makes a takeover bid.</p> <p><i>Dissolution:</i></p> <p>The holders of Class A Subordinate Voting Shares are entitled, <i>pari passu</i> with the holders of Class B Shares, to share the remaining assets of the Corporation following its dissolution.</p>
Class B Shares:	<p><i>Voting Rights:</i></p> <p>The Class B Shares entitle their holders to 20 votes per share.</p> <p><i>Dividends:</i></p> <p>The Class B Shares entitle their holders to receive, <i>pari passu</i> with the holders of Class A Subordinate Voting Shares, any and all dividends declared by the Corporation, subject to the rights of holders of Preferred Shares.</p> <p><i>Conversion:</i></p> <p>The Class B Shares can, at any time, be converted into Class A Subordinate Voting Shares on the basis of one for one.</p> <p><i>Dissolution:</i></p> <p>The holders of Class B Shares are entitled, <i>pari passu</i> with the holders of Class A Subordinate Voting Shares, to share the remaining assets of the Corporation following its dissolution.</p>

4.2 Ratings

We have the following credit ratings from Standard & Poor's Ratings Services ("S&P") and DBRS Limited ("DBRS").

	S&P	DBRS
Corporate Rating	BBB-/Negative	BBB (low)/Stable
Senior Unsecured Notes	BBB-/Negative	BBB (low)/Stable

Corporate Rating

Standard & Poor's Ratings Services

S&P's credit ratings are opinions about credit risk. S&P's ratings express the agency's opinion about the ability and willingness of an issuer, such as a corporation, to meet its financial obligations in full and on time. Credit ratings can also speak to the credit quality of an individual debt issue and the relative likelihood that the issue may default.

Credit ratings are not absolute measure of default probability. Since there are future events and developments that cannot be foreseen, the assignment of credit ratings is not an exact science. Credit ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or debt issue will not default.

S&P credit ratings range from AAA to D, which represent the range from the highest to lowest quality. According to S&P, the BBB- rating is the fifth highest of 12 major rating categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A BBB rating reflects S&P's opinion that the obligor has adequate capacity to meet financial commitments but is more subject to adverse economic conditions. An obligor rated "BBB-" is considered the lowest investment-grade rating for market participants.

A credit rating outlook notation indicates the possible direction in which a rating may move over the next six months to two years. "Positive" means it may be raised; "Negative" means it may be lowered; and "Stable" means it is unlikely to change.

DBRS Limited

According to DBRS, corporate credit ratings are forward-looking measures that assess an issuer's ability and willingness to make timely payments of principal and interest. Credit ratings are not buy, hold, or sell recommendations, but rather the result of qualitative and quantitative analysis focusing solely on the credit quality of the issuer and its underlying obligations.

DBRS credit ratings range from AAA to D, which represent the range from the highest to lowest quality. According to DBRS, the BBB rating is the fourth highest of 10 major rating categories.

All rating categories other than AAA and D also contain subcategories ("high") and ("low"). The absence of either a ("high") or ("low") designation indicates the rating is in the "middle" of the category. Long-term debt rated BBB is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable but it may be vulnerable to future events.

Each DBRS rating category is appended with one of three rating trends - "Positive", "Stable", or "Negative". The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

4.3 Normal Course Issuer Bid

On September 27, 2019, the Corporation announced that it received approval from the Toronto Stock Exchange to renew its normal course issuer bid plan in order to purchase for cancellation up to 1,000,000 of its Class A Subordinate Voting Shares, representing approximately 1.36% of the 73,360,754 issued and outstanding Class A Subordinate Voting Shares as of September 18, 2019, and up to 190,560 of its Class B Shares, representing approximately

1.36% of the 13,979,626 issued and outstanding Class B Shares as of September 18, 2019, over the 12-month period starting on October 1, 2019 and ending on September 30, 2020.

In connection with the 2019-2020 normal course issuer bid, the Corporation entered into an automatic purchase plan agreement ("APP") with a broker to allow for the purchase of its Class A Subordinate Voting Shares and Class B Shares at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Before entering into a blackout period, the Corporation may, but is not required to, instruct the designated broker to make purchases in accordance with the terms of the APP. Such purchases are determined by the broker in its sole discretion based on parameters established by the Corporation prior to the blackout period, in accordance with the Toronto Stock Exchange rules and applicable securities laws. Outside of the pre-determined blackout periods, Class A Subordinate Voting Shares and Class B Shares are purchased at management's discretion, within the parameters approved by the Toronto Stock Exchange.

The Corporation had been authorized to redeem for cancellation on the open market or, subject to the approval of any securities authority, by private agreements, between October 1, 2018 and September 30, 2019 up to 1,000,000 of its Class A Subordinate Voting Shares, representing approximately 1.35% of its 73,850,034 issued and outstanding Class A Subordinate Voting Shares as of September 18, 2018, and up to 189,344 of its Class B Shares, representing approximately 1.35% of its 13,983,026 issued and outstanding Class B Shares as of September 18, 2018.

During the fiscal year ended October 27, 2019, the Corporation did not redeem for cancellation any of its Class A Subordinate Voting Shares or any of its Class B Shares pursuant to the normal course issuer bids.

During the fiscal year ended October 28, 2018, the Corporation redeemed for cancellation 1,022,290 of its Class A Subordinate Voting Shares at a weighted average price of \$23.13 for a total cash consideration of \$23,645,567 and did not redeem any of its Class B Shares pursuant to the normal course issuer bids.

4.4 Management's Discussion and Analysis of the Financial Condition and Results of Operations

A discussion and analysis by management of the financial condition and results of operations for the fiscal year ended October 27, 2019 is presented in our Management's Discussion and Analysis for the fiscal year ended October 27, 2019, which is incorporated herein by reference. To complement such Management's Discussion and Analysis, reference is made to the Consolidated Financial Statements for the fiscal years ended October 27, 2019 and October 28, 2018 and the Notes to the Consolidated Financial Statements, which Consolidated Financial Statements and Notes are incorporated herein by reference.

4.5 Market for Securities

Our Class A Subordinate Voting Shares and our Class B Shares are listed for trading on the Toronto Stock Exchange under ticker symbols TCL.A and TCL.B, respectively.

The following tables present the monthly price variations as well as the volume of operations with respect to the Class A Subordinate Voting Shares and the Class B Shares on the Toronto Stock Exchange for the fiscal year ended October 27, 2019.

Class A Subordinate Voting Shares – TCL.A

Month	High (\$)	Low (\$)	Volume
October 29 to 31, 2018	21.95	20.78	1,138,838
November 2018	22.53	19.77	6,798,393
December 2018	22.42	18.02	7,167,325
January 2019	21.80	18.76	4,616,604
February 2019	22.25	18.75	4,775,120
March 2019	19.52	16.20	10,606,443
April 2019	17.00	15.68	6,020,333
May 2019	16.16	14.06	6,388,344
June 2019	15.67	14.04	6,303,312

Class A Subordinate Voting Shares – TCL.A

Month	High (\$)	Low (\$)	Volume
July 2019	15.46	13.11	5,971,177
August 2019	15.51	13.46	3,851,826
September 2019	16.34	13.93	4,809,303
October 1 to 27, 2019	15.72	14.58	2,731,049
Total			71,178,067

Class B Shares – TCL.B

Month	High (\$)	Low (\$)	Volume
October 29 to 31, 2018	21.89	21.12	3,100
November 2018	22.50	20.31	29,378
December 2018	22.24	18.32	20,529
January 2019	21.67	18.99	46,833
February 2019	21.98	20.11	17,442
March 2019	19.47	16.50	34,815
April 2019	17.59	15.77	15,780
May 2019	16.05	14.06	7,079
June 2019	15.39	14.26	7,342
July 2019	15.61	14.62	17,367
August 2019	16.00	13.91	7,305
September 2019	16.66	15.36	4,750
October 1 to 27, 2019	16.38	14.71	65,918
Total			277,638

Item 5 - Our Dividend Policy

Each holder of Class A Subordinate Voting Shares and Class B Shares of the Corporation is entitled to receive the dividends that the Board of Directors of the Corporation declares at its discretion. However, our policy has usually been to pay a quarterly dividend in cash. It should be noted however that our policy has been to retain the major portion of our cash flows in order to invest in different business opportunities. Currently, there are no restrictions preventing us from paying dividends.

The following table presents a summary of the cash dividends per share declared and paid by the Corporation to all holders of its Class A Subordinate Voting Shares and Class B Shares for fiscal years ended October 27, 2019, October 28, 2018 and October 29, 2017:

Fiscal Years Ended in 2019, 2018 and 2017

2019	\$0.87
2018	\$0.83
2017	\$0.785

On December 12, 2019, the Board of Directors of the Corporation declared a quarterly dividend of \$0.22 per share to all holders of the Corporation's Class A Subordinate Voting Shares and Class B Shares. This dividend was paid on January 22, 2020 to all shareholders of record as of the close of business on January 6, 2020.

Item 6 - Directors and Officers

The names of our directors, their city of residence, their principal occupation, the year when they became directors, the number of voting Shares (Class A Subordinate Voting Shares and Class B Shares) of the Corporation that the directors owned beneficially or over which they exercised control or direction, as well as the number of share units held by the directors pursuant to the Deferred Share Unit Plan of the Corporation (or, in the case of directors who are also employees of the Corporation, the number of vested deferred share units granted pursuant to the Share Unit Plan of Transcontinental Inc. for executives), as of October 27, 2019, are indicated below.

Name	Principal Occupation	Director Since	Number of Class A Subordinate Voting Shares	Number of Class B Shares	Number of Deferred Share Units
H. Peter Brues Montréal, Québec	❖● Corporate Director	2018	18,350	-	8352
Jacynthe Côté Candiac, Québec	◆❖ Corporate Director	2016	3,000	-	20,223
Yves Leduc Westmount, Québec	■ Chief Executive Officer of Velan Inc., a manufacturer of industrial valves	2017	4,900	-	10,804
Isabelle Marcoux, C.M. ⁽¹⁾ Montréal, Québec	Chair of the Board of Transcontinental Inc.	2005	4,000 ⁽²⁾	1,000	6,820
Nathalie Marcoux ⁽¹⁾ Town of Mount Royal, Québec	Vice President, Finance of Capinabel Inc., a private management company	2011	-	-	27,017
Pierre Marcoux ⁽¹⁾ Town of Mount Royal, Québec	President of Contex Group Inc., an event planning and media company	2005	5,000	1,000	2,601
Rémi Marcoux, C.M., O.Q., FCPA, FCA ⁽¹⁾ Montréal, Québec	Founder and Director of Transcontinental Inc.	1976	102,044	12,562,840	-
Anna Martini, FCPA, FCA Town of Mount Royal, Québec	●❖ Executive Vice President and Chief Financial Officer of Club de hockey Canadien, Bell Centre and evenko, a company in the sports and entertainment industries	2011	3,750	-	52,965
François Olivier Montréal, Québec	President and Chief Executive Officer of Transcontinental Inc.	2008	42,210	-	204,372
Mario Plourde Kingsley Falls, Québec	■ President and Chief Executive Officer of Cascades Inc., a company which manufactures, converts and markets packaging and tissue products	2015	9,900	-	23,516
Jean Raymond Montréal, Québec	❖ Vice-Chairman, Managing Director and Head of CIBC Capital Markets – Québec, CIBC World Markets Inc., a business offering products and services aimed at capital markets, securities, brokerage and asset management	2017	10,000	-	13,977
François R. Roy Montréal, Québec	● Corporate Director	2008	5,000	-	18,453
Annie Thabet Nun's Island (Verdun), Québec	■● Partner of Celtis Capital Inc., a firm specialized in transactional services in relation to mergers and acquisitions, divestitures and corporate finance, as well as asset management	2015	10,580	-	14,921

- Member of the Governance and Social Responsibility Committee
- Member of the Audit Committee
- ❖ Member of the Human Resources and Compensation Committee
- ◆ Lead Director

- (1) The 102,044 Class A Subordinate Voting Shares and the 12,562,840 Class B Shares are held by Capinabel Inc. The shares of Capinabel Inc. are held directly and indirectly by Ms. Isabelle Marcoux and Nathalie Marcoux, Messrs. Pierre Marcoux and Rémi Marcoux and members of their immediate family. Mr. Rémi Marcoux controls Capinabel Inc. As of January 9, 2020, the shares of Capinabel Inc. represent 71.28% of the voting rights attached to the outstanding shares of the Corporation. Capinabel Inc. has entered into a monetization transaction with a Canadian chartered bank relating to 4,000,000 Class B Shares held by Capinabel Inc. The monetization transaction may be repaid in cash or through the transfer of Class A Subordinate Voting Shares. If the monetization transaction had been repaid on January 9, 2020 through the transfer of Class A Subordinate Voting Shares, the shares held by Capinabel Inc. would represent 61.94% of the voting rights attached to all outstanding shares of the Corporation as of January 9, 2020.
- (2) The 4,000 Class A Subordinate Voting Shares are held by Isabelle Marcoux Holding Inc., a holding company controlled by Ms. Isabelle Marcoux.

Each director remains in office until the following annual shareholders' meeting or until the election or appointment of his/her successor, unless he/she resigns or his/her office becomes vacant as a result of his/her death, removal or other cause.

The following table sets forth the names, city of residence and position held with the Corporation of each officer of the Corporation as of the date hereof.

Name and City of Residence	Position Held with the Corporation
Salomon (Sam) Bendavid Montréal, Québec	Vice President, Corporate Development
Isabelle Côté Saint-Lazare, Québec	Vice President, Financial Information and Corporate Controller
Frédérique Deniger Laval, Québec	Vice President, Internal Audit
Magali Depras Montréal, Québec	Chief Strategy Officer
Christine Desaulniers Town of Mount Royal, Québec	Chief Legal Officer and Corporate Secretary
Benoit Guilbault Town of Mount Royal, Québec	Chief Information Officer
Mathieu Hébert St-Hubert, Québec	Treasurer
Donald LeCavalier Montréal, Québec	Chief Financial Officer
Thomas Gaston Louis Morin Chicago, Illinois	President, TC Transcontinental Packaging
Lyne Martel Longueuil, Québec	Chief Human Resources Officer
François Olivier Montréal, Québec	President and Chief Executive Officer
Brian Reid Annan, Ontario	President, TC Transcontinental Printing
François Taschereau Montréal, Québec	Vice President, Corporate Communications and Public Affairs

The directors and officers of the Corporation have held the position listed in the tables above or other functions with the same company during the past five years or more, except for the following persons:

- Mr. H. Peter Brues is a corporate director. He spent more than 20 years at Amcor Ltd., a leading packaging company principally in food, beverage, pharmaceutical, medical device and personal care products. Namely, from 2010 to 2015, he was President of Amcor Flexibles, Europe & Americas. Previously, he assumed various responsibilities, including President, Amcor Flexibles Healthcare, President, Amcor Flexibles, Americas and

Vice President of Operations of Amcor Flexibles Europe A/S. He started his career at KPMG Peat Marwick Thorne (now known as KPMG LLP), a chartered accounting firm.

- Ms. Frédérique Deniger is Vice President, Internal Audit of the Corporation since January 6, 2020. From 2017 to 2019, she was Director, Risk Management and Internal Audit for Alimentation Couche-Tard Inc., a company operating convenience and road transportation fuel retail stores. From 2013 to 2017, she served successively as Director and Controller, Internal Audit of CST Brands, Inc., a U.S. convenience store chain acquired by Alimentation Couche-Tard in 2017. Previously, from 2003 to 2013, she held various internal audit positions at Saputo Inc., a company specialized in the dairy industry, where she was namely responsible for operational audits. Ms. Deniger started her career with Raymond Chabot Grant Thornton, a chartered accounting firm, in 2000.
- Ms. Magali Depras is Chief Strategy Officer of the Corporation since November 19, 2018. From 2017 to 2018, she held the position of Vice President of Strategy at Nakisa Inc., a global leader in software enterprise business solutions, where she acted as advisor to the Chief Executive Officer to articulate the company's growth strategy. From 2011 to 2016, Ms. Depras worked for CSA Group (Canadian Standards Association), an independent, not-for-profit membership-based association and a global leader in certification and conformity services, where she held various positions, including Chief Operating Officer and President of Standards of CSA Group. Prior to that, she was Chief Commercial Officer at Br. Hartmann AS, a Danish company, specialized in the manufacturing and sale of molded fiber packaging for food and industrial products.
- Mr. Yves Leduc is Chief Executive Officer of Velan Inc., a manufacturer of industrial valves, since 2019. From 2017 to 2019, he was President and Chief Executive Officer of Velan Inc. He joined Velan Inc. as President in 2015. Prior to that, he held various senior management positions at BRP Inc., an organization involved in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems, for almost 16 years including Vice President and General Manager, North America since 2006.
- Mr. Pierre Marcoux is President of Contex Group Inc., an event planning and media company he founded in September 2019. Previously, he was President of TC Media (the media sector operated by the Corporation with activities in specialized medias in Canada, principally in the business, financial and construction sectors and a publisher for French-language educational resources in Canada), since January 2018. From 2012 to 2017, he was Senior Vice President, Business and Education of TC Media. From 2009 to 2012, he was Senior Vice President, Business and Consumer Solutions Group of TC Media and Vice President, Business Solutions and Book Publishing Group from 2006 to 2009, after having held various positions previously. From 1997 to 1999, he was a reporter for Bloomberg News, in Washington, D.C., then for the Hamilton Spectator, in Ontario.
- Ms. Lyne Martel is Chief Human Resources Officer of the Corporation since May 21, 2019. From 2015 to 2019, she held human resources positions at the Vice President level at SNC-Lavalin Group Inc., a company specialized in the field of engineering and construction, including Senior Vice President, Human Resources, Infrastructure and Canada as of 2018 and Senior Vice President, Human Resources, Infrastructure as of 2015. Previously, she held human resources positions at the Vice President level at Rio Tinto Alcan Inc., a metals and mining company, in Montréal, then in London where she worked for four years. From 1984 to 2009, she held various human resources management roles for Alcan Primary Metal Group, in Canada, and later for Asia Pacific.
- Ms. Anna Martini is Executive Vice President and Chief Financial Officer of Club de hockey Canadien, Bell Centre and evenko, a company in the sports and entertainment industries, since 2017. From 2004 to 2017, she was President of Groupe Dynamite Inc., a specialty apparel global retailer. From 1985 to 2004, she worked at Deloitte & Touche LLP, a professional services firm, including as audit and advisory services partner since 1996. She was also the retail industry leader from 1996 to 2004.
- Mr. Thomas Gaston Louis Morin is President of TC Transcontinental Packaging since July 1, 2019. From 2017 to 2019, he served as Vice President of South East Asia for Amcor Flexible Packaging Asia Pacific in Singapore, a company specialized in flexible packaging. Previously, he also held the position of Vice President of Strategy, Mergers and Acquisitions for Amcor Flexible Packaging Europe. From 2010 to 2015, following the Alcan Packaging acquisition by Amcor Ltd., he served as Vice President and General Manager of Fresh Products and Capsules for Amcor Flexible Packaging Europe, in Zurich. From 2007 to 2009, he was Vice President and General Manager, Dairy, for Alcan Flexible Packaging Europe, in Paris. He also worked at Pechiney Emballage Flexible Europe, a

company specialized in flexible packaging in Europe, OTOR (known as DS Smith Packaging France since July 2010), a European company specialized in industrial packaging, and Arthur Andersen, a chartered accounting firm, in France.

- Mr. François Taschereau is Vice President, Corporate Communications and Public Affairs of the Corporation since January 13, 2020. Previously, he was working as a strategic communications consultant on his own account, since May 2014. From 2010 to 2014, he was Executive Vice-President, Weber Shandwick Canada, and General Manager, Montréal of Weber Shandwick, Inc., a global public relations agency. From 2009 to 2010, he held the position of Senior Director, Communications of Hydro-Québec, a Québec owned organization generating, transmitting and distributing electricity. From 2004 to 2009, he was the manager of the Montréal office of Daniel J. Edelman Holdings, Inc. (Edelman), a global public relations agency. In 2003 and 2004, he worked on his own account for the first time. In 2002, he was Vice-President, Corporate Communications and Investor Relations of CAE Inc., a company involved in training for the civil aviation, defense and security, and healthcare markets, and he was Vice President, Corporate Communications of Bell Canada, a leader in Canada's telecommunications industry, from 2000 to 2001. Previously, he worked for Optimum Public Relations at Cossette Communication Group Inc., a communications company, from 1999 to 2000, and at National Inc., a public relations agency, from 1996 to 1999. Mr. Taschereau also worked as a diplomat on the international scene for the Minister of Foreign Affairs of Canada, namely in Ottawa, Bogota, Madrid and New York, from 1982 to 1995.

As of January 9, 2020, the directors and officers of the Corporation (other than Mr. Rémi Marcoux), as a group, beneficially owned, directly or indirectly, 273,992 Class A Subordinate Voting Shares and 2,000 Class B Shares of the Corporation, then representing approximately 0.38% and 0.01%, respectively, of the outstanding shares of each of such class.

To the best knowledge of the Corporation, no proposed director, as of January 9, 2020, or within 10 years before January 9, 2020: (a) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) is or has been a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Furthermore, to the best knowledge of the Corporation, no proposed director of the Corporation has been as of January 9, 2020 subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Item 7 - Proceedings

In the normal course of business, the Corporation is involved in various legal proceedings. Legal proceedings resulting from the activities of our packaging, printing or media sector could have adverse effects both with respect to costs and to our reputation. In order to manage this risk, we, in addition to having a civil liability insurance policy, often limit our potential responsibility with respect to damages under our customer and supplier contracts.

Recently, the City of Mirabel, Québec, modified its regulation to prohibit the distribution of printed advertising materials unless the owner or occupant posts a sticker indicating that they accept to receive printed advertising materials (opt-in).

In Québec, local newspapers are generally distributed by the Corporation with printed advertising materials. In addition, the regulation establishes a different system for Canada Post. The Corporation is seeking to have the regulation declared null and void on the grounds that it infringes the right to freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and the Québec Charter of Human Rights and Freedoms and the right to information protected by the Québec Charter, and that it is discriminatory. The Corporation understands that other municipalities could potentially adopt similar regulations. The Corporation intends to challenge any regulations in that regard that would be adopted elsewhere. Should the Corporation fail to get such changes to regulations declared null and void, it could have an impact on our business model and, consequently, our net earnings. The Corporation is also working together with government bodies to demonstrate the potential effect of such regulations on the value chain as a whole, jobs, citizens, local newspapers and the Corporation.

Item 8 - Material Contracts

No material contract outside the ordinary course of business was entered into by the Corporation within the last fiscal year.

Item 9 - Transfer Agent and Registrar

The transfer agent and registrar of our shares is AST Trust Company (Canada), having a place of business at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, H3A 2A6. AST Trust Company (Canada) also has offices in Toronto.

Item 10 - Information Regarding the Audit Committee

10.1 Charter of the Corporation's Audit Committee

The charter of the Corporation's Audit Committee is included in Schedule A.

10.2 Composition of the Audit Committee

The Corporation's Audit Committee is composed of the following four persons:

Name of the Director	Independent	Financially Literate
H. Peter Brues, acting as chair of the Audit Committee	x	x
Anna Martini	x	x
François R. Roy	x	x
Annie Thabet	x	x

10.3 Background and Related Experience

All members of the Audit Committee have been called upon to analyze numerous financial statements and to familiarize themselves with accounting principles.

Mr. H. Peter Brues

Mr. Peter Brues is a corporate director. He spent more than 20 years at Amcor Ltd., a leading packaging company principally in food, beverage, pharmaceutical, medical device and personal care products. Namely, from 2010 to 2015, he was President of Amcor Flexibles, Europe & Americas. Previously, he assumed various responsibilities, including President, Amcor Flexibles Healthcare, President, Amcor Flexibles, Americas and Vice President of Operations of Amcor Flexibles Europe A/S. He started his career at KPMG Peat Marwick Thorne (now known as KPMG LLP), a chartered accounting firm.

Ms. Anna Martini, FCPA, FCA

Ms. Anna Martini is Executive Vice President and Chief Financial Officer of Club de hockey Canadien, Bell Centre and evenko, a company in the sports and entertainment industries, since 2017. From 2004 to 2017, she was President of Groupe Dynamite Inc., a specialty apparel global retailer. Ms. Martini has a Bachelor in Commerce with a major in accounting from Concordia University. She is a fellow and a member of the Ordre des comptables professionnels agréés du Québec. From 1985 to 2004, she worked at Deloitte & Touche LLP, a professional services firm, including as audit and advisory services partner since 1996. She was also the retail industry leader from 1996 to 2004.

Mr. François R. Roy

Mr. François R. Roy is a corporate director since 2010. From 2007 to 2010, he was Vice Principal (Administration and Finance) of McGill University. From 2000 to 2003, he was Chief Financial Officer of Telemedia Corporation, a private portfolio company. Previously, he was Executive Vice President and Chief Financial Officer of Quebecor Inc., an organization in telecommunications, entertainment, news media and culture, from 1998 to 2000, and Executive Vice President and Chief Financial Officer of Avenor Inc., a producer of newsprint and wood products, from 1997 to 1998. Mr. François R. Roy also holds a Master of Business Administration degree from the University of Toronto and was a member or chairman of audit committees for several public and private corporations.

Ms. Annie Thabet

Ms. Annie Thabet is a partner with Celtis Capital Inc., a firm specialized in transactional services in relation to mergers and acquisitions, divestitures and corporate finance, as well as asset management since 2003. From 1998 to 2003, she worked at AT Capital, an investment management company she founded. Previously, Ms. Thabet worked at Société générale de financement du Québec, a Québec owned organization specialized in equity investment in industrial and technological projects with international partners, from 1987 to 1998, after having been with Price Waterhouse, a chartered accounting firm, for five years. Ms. Thabet is a chartered professional accountant and holds a Master of Business Administration degree.

10.4 Reliance on Certain Exemptions

We have not at any time during our last fiscal year relied on any exemption set out in Multilateral Instrument 52-110.

10.5 Policies and Procedure Regarding Prior Approval

The Audit Committee has adopted rules regarding the scope of the services provided by the external auditors. Our external auditors provide audit-related services to the Corporation and its subsidiaries, audit-related or connected services, consulting services regarding research and development credits as well as tax-related consulting services. We do not give our external auditors any mandates to provide certain non-audit and non-tax related services to the Corporation and its subsidiaries, such as bookkeeping or other services related to the accounting books or financial statements or regarding the design and implementation of financial disclosure systems, services related to evaluation, actuarial services, internal auditing services, investment banking services and legal services. With respect to all other non-audit related consulting services, management must obtain the prior approval of its Audit Committee.

10.6 Fees Relating to the Services of the External Auditors

The following table sets forth, by category, the fees incurred by the Corporation and payable to its external auditors KPMG LLP for the fiscal years ended October 27, 2019 and October 28, 2018.

Category of Fees (in thousands of dollars)	2019 (\$)	2018 (\$)
Audit fees	1,180.1	1,475.4
Audit related fees	202.8	233.2
Compliance with taxation requirements and tax consulting services	937.2	1,183.7
Other	81.1	—
Total	2,401.2	2,892.3

Audit fees include total fees paid to the auditors for auditing the annual consolidated financial statements of the Corporation, financial statements of the Corporation's subsidiaries and other regulatory audits and filings as well as fees for performing the review of the interim consolidated financial statements. Audit fees also include fees for services that generally only the Corporation's auditor can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions.

Fees for audit related or connected services include the total fees related to auditing services paid to the auditors, in particular for auditing the pension plans, translation services in relation to the documents filed with the securities commissions, due diligence services related to acquisitions and for consulting services with respect to accounting and financial disclosure standards.

Tax related fees include the total fees related to tax services paid to the auditors, in particular for consulting services regarding our compliance with income tax laws, tax planning in the preparation of our tax returns as well as regarding capital taxes and sales taxes. Tax related fees also include consulting and tax planning services in relation to the acquisition of the business of Coveris Americas. The auditors also offer consulting services with respect to tax credits for scientific research and experimental development.

Others fees include the total fees related to other advisory services or special assurance services and specified procedures as required by regulatory or legislative requirements for which anyone can provide.

Item 11 - Forward-Looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. These forward-looking statements include, among others, statements with respect to our medium-term objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "strategy", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in this Annual Information Form as well as in the Management's Discussion and Analysis for the fiscal year ended October 27, 2019 under sections "Caution Regarding Forward-Looking Statements" (p. 1-2) and "Risks and Uncertainties" (p. 15-23), which may be viewed under the Corporation's SEDAR profile (www.sedar.com).

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or concluded after the date of this Annual Information Form.

These forward-looking statements are made pursuant to the "safe harbor" provisions of applicable Canadian securities legislation.

The forward-looking statements in this Annual Information Form are based on current expectations and information available as of the date hereof. Such forward-looking statements may also be found in our other documents filed with Canadian securities regulators or in our other communications. The Corporation's Management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

Item 12 - Additional Information

Additional information, including remuneration of directors and officers, loans to officers, stock options, share units and interest of insiders in material transactions is, where applicable, contained in our Management Proxy Circular for our Annual General Meeting of Shareholders. Additional financial information is provided in the consolidated audited financial statements of the Corporation for the fiscal year ended October 27, 2019. A copy of these documents may be

obtained, free of charge, from our Corporate Secretary at 1 Place Ville Marie, Suite 3240, Montréal, Québec H3B 0G1. These documents can also be obtained under the Corporation's SEDAR profile (www.sedar.com) or on our website (www.tc.tc).

In addition, when securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed, the following documents may be obtained, free of charge, from our Corporate Secretary:

- (a) A copy of this Annual Information Form, together with a copy of any document or portion thereof incorporated by reference therein;
- (b) A copy of the comparative financial statements of the Corporation for its most recently completed financial year together with the report of the auditors thereon and a copy of any interim financial statements of the Corporation subsequent to financial statements for its most recently completed financial year;
- (c) A copy of the Corporation's Management Proxy Circular for its most recent Annual Meeting of Shareholders; and
- (d) A copy of any other documents that are incorporated by reference in the preliminary short form prospectus or the short form prospectus.

At any other time, a copy of the documents referred to in subparagraphs (a), (b) and (c) above will be provided free of charge from our Corporate Secretary.

A copy of this Annual Information Form can be obtained, free of charge, from our Corporate Secretary at 1 Place Ville Marie, Suite 3240, Montréal, Québec H3B 0G1, under the Corporation's SEDAR profile (www.sedar.com) or on our website (www.tc.tc).

Schedule A Mandate of the Audit Committee

Main Responsibilities of the Committee

- Oversee the production and reporting process of the financial statements and ensure the integrity of the Corporation's financial reports and annual and interim financial statements
- Ensure the independence of the external auditor and monitor the work performed
- Ensure the independence of the internal audit function of the Corporation and monitor the work performed
- Oversee the development and implementation of effective internal control procedures, including the disclosure control processes
- Ensure compliance with legal and regulatory requirements
- Review the significant risks that may affect the Corporation and ensure that appropriate measures are in place to manage these risks

PURPOSE OF THE COMMITTEE

The Audit Committee (the "Committee") of Transcontinental Inc. (the "Corporation") assists the board of directors (the "Board") of the Corporation in fulfilling its oversight obligations in the following key areas:

1. Financial reporting process and integrity of financial statements issued by the Corporation;
2. Selection of the external auditor, supervision of the work of the external auditor and validation of its competence and independence;
3. Validation of the expertise and work performed by the internal audit team;
4. Internal controls for financial reporting and controls of the Corporation's disclosure of information and accounting systems;
5. Compliance with applicable legal requirements and legislation with respect to financial statements;
6. Review of the Corporation's risk management program; and
7. Any other responsibilities delegated by the Board to the Committee, in particular, relating to the financial position of the Corporation or its affiliates.

MEMBERS OF THE COMMITTEE

The Board shall appoint a minimum of three of its members to the Committee, including a chair of the Committee, and each member being financially literate. The Board shall be under no obligation to fill a vacancy prior to the next annual meeting of shareholders. The Committee is composed exclusively of independent directors who do not have a direct or indirect significant relationship with the Corporation or its affiliates. An important relationship is defined as a relationship that the Board could reasonably expect to be detrimental to the independence of a member's judgment.

The members of the Committee shall be appointed or replaced by resolution of the Board to hold office from the date of their appointment until the next annual meeting of shareholders or until their successor is appointed. A member may be removed or replaced at any time by the Board. A member ceases to be a member of the Committee when he ceases to be a director.

In accordance with the laws and regulations in force, the members of the Committee are chosen according to the following criteria:

1. **Independence.** Pursuant to applicable securities legislation and based on the standards governing the important relationships of the directors of the Corporation, the members of the Committee are independent

and must not have a direct or indirect relationship with the Corporation which, in the opinion of the Board, could affect their impartiality or impair the independence of their judgment.

2. **Knowledge in the Field of Finance.** The members of the Committee are (or will be, within a reasonable period of time after their appointment) financial literate and are able to read, understand and interpret various financial statements that present accounting situations of a degree of complexity comparable to those of the financial statements of the Corporation. In addition, at least one member of the Committee is considered to be an expert in the financial field.
3. **Commitment.** In the event that, in addition to being a member of the Committee, a member serves on the audit committee of more than two companies whose shares are listed, then the Board or the Governance and Social Responsibility Committee shall ensure that such multiple positions will not preclude that member from effectively performing his or her duties on the Committee.

MEETINGS

The Committee shall establish its own procedure for the calling and holding of meetings. The Committee must however hold at least two meetings per year. Unless the members of the Committee waive it, the Committee shall meet “in camera” at each meeting of the Committee, without the presence of members of management, the external auditor, the internal auditor and any other consultant, in order to allow its members to discuss frankly and openly. Subject to the notice provisions set out in the by-laws of the Corporation, written notice shall be given at least 48 hours prior to meetings unless the members of the Committee unanimously waive the notice.

The Chair of the Board and the President and Chief Executive Officer may attend each Committee meeting at the invitation of the chair of the Committee.

Unless otherwise determined by the Board from time to time, two members of the Committee constitute a quorum for the purpose of deliberating on any matter presented at a meeting. In the absence of the Chairman of the Committee at a meeting, the chair of the meeting shall be held by the member present who shall be chosen by a majority of the members present. During a meeting, all questions shall be decided by a majority of the votes cast by the members of the Committee.

A member of the Committee is appointed by the Board to act as chair of the Committee. The Secretary of the Committee shall be the Secretary or Assistant Secretary of the Corporation.

RESSOURCES AND SUPPORT

The Committee shall at all times have the necessary resources and authority to carry out its responsibilities and shall be authorized to conduct investigations. In order to fulfill its aforesaid responsibilities, the Committee shall, at the expense of the Corporation, have unrestricted access at all times, directly or through duly appointed representatives, to the relevant records and accounting systems of the Corporation, to its external auditor, its internal auditor, its accounting staff and members of management, as well as to independent legal advisers and other consultants or experts deemed appropriate by the Committee. The Committee has the authority to determine the remuneration of such consultants without obtaining prior authorization from the Board. The external auditor, the internal auditor of the Corporation and members of management shall also have unrestricted access to the Committee.

Any of such consultants or experts shall have the right to attend meetings of the Committee at the invitation of the chair of the Committee.

RESPONSIBILITIES

It is the responsibility of the Corporation’s management to prepare the Corporation’s financial statements and the external auditor’s responsibility to render an opinion based on its audit. The Committee is responsible for overseeing the conduct of these activities by the Corporation’s management and the external auditor and the activities of the internal auditor in this regard. The external auditor is accountable to the Committee. The members of the Committee are not employed on a full-time basis by the Corporation and shall not be or act as accountants or professional auditors or specialists in the fields of accounting, audit or preparation of financial statements. It is not the role or responsibility of the Committee or its members to conduct field investigations or other types of investigations or to conduct reviews or follow accounting procedures. Unless expressly informed otherwise, a member of the Committee is entitled to rely

on (i) the integrity of the persons from whom he receives information, whether or not such persons are employed by the Corporation, and (ii) the accuracy of the financial information or other information provided to the Committee by such persons.

The Committee may undertake any examination and make any recommendation regarding the matters relating to its responsibilities.

The duties and responsibilities of the Committee are established by the Board and include the functions normally assigned to an audit committee, including the following:

1. In Relation to the Production, Reporting and Integrity of Financial Statements and Financial Information

- (i) Assist the Board in fulfilling its responsibilities and more particularly, overseeing the process for the production and disclosure of financial information;
- (ii) Review and approve any disclosure policy of financial information;
- (iii) Satisfy itself of the credibility, integrity and objectivity of the financial information;
- (iv) In consultation with the external auditor and the internal auditor, verify the integrity of the Corporation's financial reporting process;
- (v) Examine, prior to its publication, together with management and the external auditor, the interim financial statements and annual financial statements of the Corporation, including the accompanying notes, the related management's discussion and analysis and the interim and annual results and related press releases and recommend their approval to the Board;
- (vi) Review the analysis or other written communication prepared by management, the internal auditor or the external auditor on subjects relating to the presentation of financial results, including any analysis by management of material issues relating to financial information and assumptions used by management in the preparation of the financial statements;
- (vii) Review material related party transactions (other than such remuneration agreements analyzed by the Human Resources and Compensation Committee or the Governance and Social Responsibility Committee, as applicable) taking into account applicable regulations;
- (viii) Ensure that appropriate disclosure procedures are implemented for the communication to the public, where appropriate, of financial information included in continuous disclosure documents containing derivative financial documents referred to in item (v) above and periodically assess the adequacy of said procedures;
- (ix) Review the accounting principles and practices followed by the Corporation, including any material changes thereto, and ensure that they are adequate in the circumstances and in compliance with applicable legislation;
- (x) Review, together with management and the external auditor, any new financial or regulatory requirements that may affect matters submitted to the Committee under the terms of its mandate or on publicly disclosed financial information;
- (xi) Review, in collaboration with the Chief Legal Officer, any major litigation and any other legal matters or regulatory matters related to compliance that may have a material effect on the financial statements of the Corporation; and
- (xii) Consider any situation that may be brought to the attention of the Committee by the external auditor, including material litigation and regulatory or financial initiatives that could have a material impact on the financial situation or results of the Corporation and examine the disclosure of same, if required, in the documents submitted to the Committee's review.

2. In Relation to the External Auditor

- (i) Select the external auditor and recommend its appointment to the Board;
- (ii) Recommend to the Board the level of remuneration of the external auditor with respect to audit services, unless the Committee has been delegated to do so by the Board;
- (iii) Review and approve the mandate and the nature and extent of the audit to be performed by the external auditor of the Corporation, as well as the performance of the work performed by the external auditor for the Corporation and its affiliates, whether or not related to the audit;
- (iv) Review with the external auditor and management the annual external audit plans and objectives, including as to scope, timing and fees;
- (v) Approve a budgetary envelope for non-audit services that the external auditor is to render to the Corporation or its affiliates in order to enable the Committee to consider the impact of the services on the independence of the external auditor and review and authorize all fees paid to the external auditor in respect of any such services. This responsibility of the Audit Committee cannot be delegated to Corporation's management in any way whatsoever;
- (vi) Monitor the work of the external auditor;
- (vii) Ensure good communication between the directors and the external auditor;
- (viii) Require that the external auditor report directly to the Committee;
- (ix) Review, at least annually, a written report describing the relationship between the external auditor and the Corporation that may affect the objectivity and independence of the external auditor;
- (x) Review, with the external auditor, its annual audit report and discuss any issues or limitations imposed on the scope of its work, any differences of opinion and issues arising in the performance of its audit of the Corporation and its affiliates;
- (xi) Oversee the work of the external auditor in preparing and delivering the audit report or performing other services to the Corporation, including resolving conflicts between management and the auditor over financial reporting and informing the Board of any conflict between the external auditor and the management of the Corporation that the Committee has been unable to resolve within a reasonable time;
- (xii) Review any reports provided by the external auditor, including, inter alia, important recommendations to improve internal controls over financial reporting procedures and review management's actions to follow these recommendations; and
- (xiii) Review and approve, where applicable, any hiring policy of the Corporation with respect to partners, employees and former partners and employees of the current external auditor and the Corporation's previous external auditor.

3. In Relation to the Internal Auditor

- (i) Review and approve, on an annual basis, the internal auditor's charter, mandate and annual objectives, including the scope of its responsibilities, objectives, audit plan and budget;
- (ii) Review the work of the internal audit team, its independence from management, its expertise, its resources and its relationship with the external auditor;
- (iii) Receive periodic reports from the internal auditor on the results of its audits and the Corporation's progress in addressing significant issues; and
- (iv) Ensure that the internal auditor has continuous access to the chair of the Committee and to all officers of the Corporation.

4. In Relation to Internal Controls, Controls Over the Disclosure Process and Accounting Systems

- (i) Supervise the work of management in the development and implementation of internal control procedures and review any reports issued by management, the external auditor and the internal auditor as to the reliability, effectiveness, integrity and adequacy of the Corporation's accounting and internal control systems;
- (ii) Assess the effectiveness, integrity and adequacy of the Corporation's financial reporting and internal control processes, considering the comments of the external auditor, the Corporation's internal auditor and Chief Financial Officer of the Corporation;
- (iii) Review together with management, the adequacy of the Corporation's internal controls designed to safeguard its assets and ensure that they are not used unlawfully, to prevent, avoid and detect fraud, to ensure the accuracy of financial transactions and to validate any action taken following the discovery of material weaknesses;
- (iv) Review, together with management, the Corporation's control procedures to ensure that information related to the Corporation and its affiliates that is required to be disclosed under applicable laws and regulations is disclosed within the prescribed period and in a timely manner;
- (v) Ensure that the directors, executive officers and other employees of the Corporation comply with any disclosure policies in effect from time to time; and
- (vi) Review the information provided by the Chief Financial Officer during the certification process under applicable securities regulations regarding material weaknesses in the design or application of the internal controls over financial reporting, any weakness or irregularity that they consider reasonably likely to prevent the Corporation from recording, processing or disclosing its financial information that it is required to disclose in the prescribed period or to report any fraud, material or not, involving a member of management or an employee who has a key role in the Corporation's internal control over financial reporting.

5. In Relation to Legal and Regulatory Requirements

- (i) Review, in a timely manner, significant issues identified by management with respect to the production and disclosure of financial information to the public;
- (ii) Verify the compliance of management's financial reporting certifications with applicable laws and regulations; and
- (iii) Assist the Board in ensuring that the Corporation complies with applicable laws and regulations related to financial reporting.

6. In Relation to Risk Management

- (i) Review, on an annual basis, the principal risks and the implementation by management of policies and procedures, designed to monitor and mitigate, on an annual basis, financial, strategic and operational risks, as well as their impact on the Corporation's operations;
- (ii) Consider any other risk management issues that the Committee deems appropriate; and
- (iii) Review the insurance program and any renewal, including the coverage of directors and officers, and report to the Board.

7. Other Responsibilities

- (i) Review and recommend to the Board for approval, unless the approval has been delegated to the Committee, any financing of the Corporation;
- (ii) Review any significant tax issues with senior management;
- (iii) Ensure that procedures and policies are in place for the receipt, retention and processing of complaints received by the Corporation with respect to accounting, internal controls, audit or other matters, and the

confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing practices;

- (iv) Review and evaluate the performance and quality of the organization, staffing and succession planning for accounting and finance responsibilities;
- (v) Review any incident of fraud or conflict of interest;
- (vi) Review and recommend to the Board for approval any share repurchase program of the Corporation;
- (vii) Review and recommend to the Board for approval the dividend policy of the Corporation;
- (viii) Review information about the Committee that the Corporation must disclose regularly in its documents;
- (ix) Review any policy on the use of derivatives and any other hedging programs;
- (x) Meet regularly and separately management, the external auditor and the internal auditor;
- (xi) Regularly discuss privately with the internal auditor and the external auditor on the management of financial affairs and internal controls in the absence of management;
- (xii) Review the mandate of the Committee as required and submit to the Board any proposed changes, if any; and
- (xiii) Perform such other duties as may from time to time be entrusted by the Board.

The Committee shall report to the Board after each of its meetings.