



**REPORT ON THE FIGHTING OF FORCED LABOUR
AND CHILD LABOUR - 2023**

TRANSCONTINENTAL INC. AND CERTAIN SUBSIDIARIES

This report (the “report”) is made on behalf of Transcontinental Inc. (10221 2800 RC0001) and certain of its subsidiaries listed below (collectively, “TC Transcontinental”, the “Corporation”, “we”, “us” or “our”) pursuant to Section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) covering our most recently completed fiscal year which ended October 29, 2023¹.

Forced labour and child labour are contrary to our core values of respect, innovation, performance and teamwork and contrary to our policies. We do not tolerate, nor will we tolerate, forced labour or child labour in our organization or with any member of our supply chain. We expect all directors, officers and employees of TC Transcontinental to abide by our values and to act with integrity and comply at all times with all laws, regulations and rules that apply to us in the jurisdictions where we operate.

We believe that respecting human rights is a shared responsibility of all organizations, regardless of where they operate globally. This belief aligns with our core values and is reflected in our policies and practices. Our values and our Code of Conduct guide our actions, reflect our commitment to our stakeholders and set expectations for our behaviors and decisions; we expect the same from our business partners, including members of our supply chain. We believe that by demonstrating respect, working as a team and focusing on performance and innovation, our people embody our values and make them more dynamic every day.

TRANSCONTINENTAL AT A GLANCE

TC Transcontinental is a leader in flexible packaging in North America, and Canada’s largest printer. We are also the leading Canadian French-language educational publishing group. For over 45 years, TC Transcontinental’s mission has been to create quality products and services that allow businesses to attract, reach and retain their target customers. We make sure to integrate environmental, social and governance factors in our activities and business processes. Transcontinental Inc. (TSX: TCL.A TCL.B), also known as TC Transcontinental, has approximately 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental generated revenues of C\$2.9 billion during the fiscal year ended October 29, 2023. For more information, consult our Annual Information Form for our fiscal year ended October 29, 2023, and TC Transcontinental’s website at www.tc.tc.

OUR BUSINESS SEGMENTS

PACKAGING SECTOR

TC Transcontinental Packaging, the Packaging Sector of TC Transcontinental, is a leader in flexible packaging with operations mainly in the United States, as well as in Canada, Latin America, the United Kingdom and New Zealand. This sector has approximately 3,800 employees. Its platform is comprised of 27 production plants specializing in extrusion, printing, lamination and converting.

TC Transcontinental Packaging offers a variety of flexible plastic products, including roll stock, labels, die cut lids, shrink films, bags and pouches and advanced coatings. It services a variety of markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, home and personal care products, industrial, consumer and medical products. The reporting entities covered by this report that are part of the Packaging Sector are Transcontinental Flexstar Inc. and Transcontinental Whitby ULC.

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 approximately 3,500 employees and possesses a network of 13 plants, all located in Canada.

¹ This report is also made on behalf of the following direct or indirect subsidiaries of Transcontinental Inc.: Transcontinental Printing Inc. (88660 6995 RC0005), Transcontinental Printing 2005 G.P. (82319 3875 RZ0001), Transcontinental Interactive Inc. (86213 1596 RC0004), Transcontinental Flexstar Inc. (86087 1292 RC0001), Transcontinental Packaging Whitby ULC (83812 6811 RC0002), Transcontinental Media G.P. (87437 2402 RZ0001) and TC Media Books Inc. (10311 6612 RC0003). Unless identified with the expression “G.P.” in their name referring to them being a partnership, all other legal entities are corporations. Transcontinental Inc. is listed on the Toronto Stock Exchange. Being essentially a holding company, it mostly imports goods into Canada that can be produced outside Canada and controls entities engaged in producing, selling or distributing goods in Canada or outside Canada or importing into Canada goods produced outside Canada. The activities of the other foregoing entities are conducted in Canada; they produce, sell, distribute goods both in Canada and outside Canada, import goods into Canada produced outside Canada and control entities engaged in producing, selling or distributing goods in Canada or outside Canada or importing into Canada goods produced outside Canada.

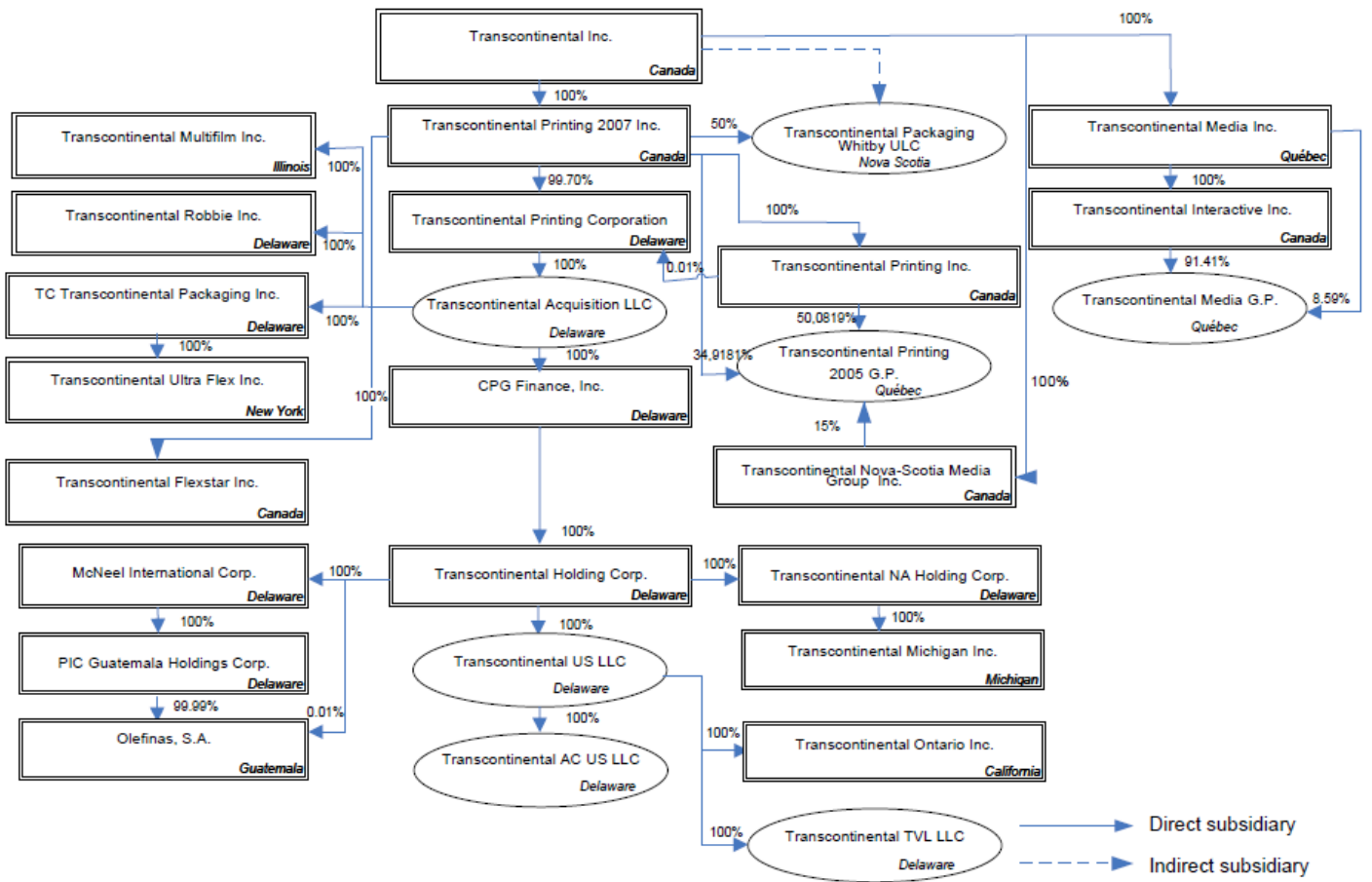
TC Transcontinental Printing provides an integrated service offering for retailers, including premedia services, flyer printing and distribution as well as in-store marketing products. This sector also offers an array of innovative print solutions for newspapers, magazines, 4-colour books and personalized and mass marketing products. The reporting entities covered by this report that are part of the Printing Sector are Transcontinental Printing Inc., Transcontinental Printing 2005 G.P., Transcontinental Media G.P. (for the distribution of flyers operations) and Transcontinental Interactive Inc.

MEDIA SECTOR

TC Media, the Media Sector of TC Transcontinental, employs over 300 people at TC Media Books and Groupe Constructo. TC Media Books is a 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 a leading distributor of French-language specialized books in Canada. Groupe Constructo is a leader in strategic information for Québec’s construction industry. The reporting entities covered by this report that are part of the Media Sector are Transcontinental Media G.P. and TC Media Books Inc.

LEGAL AND ORGANIZATIONAL STRUCTURE

Transcontinental Inc.’s principal direct or indirect subsidiaries as of October 29, 2023, as well as their jurisdiction of creation are shown on the following corporate chart:



Transcontinental Inc. has other subsidiaries, but they have not been included in the chart because each represented less than 10% of its total consolidated assets and less than 10% of its total consolidated operating revenues as of October 29, 2023.

Additional information regarding the management team of TC Transcontinental is available on TC Transcontinental's website at www.tc.tc, including under "About Us - Management".

OUR VALUES

Respect, teamwork, performance and innovation are our core values held by the Corporation and our employees. TC Transcontinental believes in building a lasting company and to pass on the legacy of a solid, responsible global citizen. We build respect and trust in our corporation and each other by setting high standards and acting on strong family values, entrepreneurial spirit and long-term vision. TC Transcontinental is committed to conducting its business as a good corporate citizen. Each member of our team is responsible for complying with the highest ethical standards on which TC Transcontinental prides itself and has the obligation to act in accordance with our values at all times. We expect our employees and all of our business partners, wherever they are located in the world, to comply with all applicable laws in all countries to which they travel, in which they operate, and in which TC Transcontinental conducts its business.

Our 2025 Corporate Social Responsibility Plan mentions that we want to design a future that is green, safe, innovative, sustainable, united and responsible. Additional information regarding our corporate social responsibility priorities, initiatives and progress made can be found in the Social Responsibility section of our website located at www.tc.tc.

RISKS OF FORCED LABOUR AND CHILD LABOUR IN OUR OPERATIONS AND SUPPLY CHAIN

In connection with the conduct of our activities, in addition to abiding to our core values and policies, we must, notably, comply with all requirements under applicable employment laws and regulations, including those regarding wages, working hours, overtime, and benefits.

TC Transcontinental has undertaken to respect human rights (including not using workers under the applicable age of employment nor any forced labour at any step in the production or supply of goods or services to or by TC Transcontinental). TC Transcontinental believes in equality in employment matters. It is committed to providing a fair, equitable and respectful workplace where all are supported in an environment where they are valued and respected, receive recognition based on individual merit and can be promoted and succeed. Not respecting human rights will not be tolerated by TC Transcontinental.

Based on data having been published by a number of sources on forced labour and child labour (such as the United Nations, the International Labour Organization and the United States Department of State, among others), the regions where TC Transcontinental operates are generally not associated with high incidences of forced labour or child labour. This should be an indication of a relatively lower direct risk in our supply chain concerning these issues. We must remain vigilant.

Our risk of forced labour and child labour in our supply chain mainly resides in the fact that we purchase a broad range of goods and services from international suppliers. We conduct business with over 5,000 suppliers worldwide. Less than 10% of our direct materials purchased are sourced outside of North America. We prefer purchasing goods and services directly from the producer or provider of such goods and services allowing us to build a stronger relationship, relying on a more transparent communication and getting to know them better. However, at times, we deal with brokers for certain types of difficult to procure goods.

Our supply chain includes mainly suppliers of raw materials, such as resin, films, paper, ink, foils, sustainability substrates and other direct materials, spare parts, transportation and freelancers, depending on the operational sector. Our activities also consume energy, in particular, electricity, natural gas and oil.

Before the coming into force of the Act, we used to manage our forced labour and child labour risk mainly through a variety of policies and practices. For example, we had previously adopted a Supplier Code of Conduct approximately eight years ago which already included provisions regarding forced labour and child labour. We updated the Code of Conduct and the Supplier Code of Conduct in the fall of 2023 to track more closely the obligations under the Act and the language used therein. Also, since May 2023, additional precautions, such as enhancing our due diligence of certain suppliers mainly by reviewing certificates of origin and asking more questions, particularly when dealing with suppliers in some higher-risk foreign jurisdictions, have started to be taken; we are at times, and more so since the beginning of the pandemic in early 2020, limited in sourcing some goods given continuing issues with the supply of some raw materials critical to an uninterrupted provision of goods and services to our customers.

Our corporate procurement team is responsible for identifying suppliers of raw materials and negotiating pricing and other general terms and conditions. Local operations would thereafter generally order directly from time to time from these suppliers based on their specific needs. Our corporate procurement team also supports our operations and functional departments in procuring manufacturing and other types of equipment, hardware and software and negotiating the terms of engagement for consultants when the circumstances warrant it.

At TC Transcontinental, we are deeply committed to ethical business practices, particularly concerning our supply chain management. We rigorously follow a thorough sourcing process and strive to foster open and transparent relationships with all our suppliers. Our procurement team is specially trained and instructed to conduct detailed inquiries with suppliers, especially in regions identified as having higher risks of forced labour or child labour. Through these inquiries, we aim to ascertain and mitigate any such risks in our supply chain. We cannot, however, provide any guarantees that answers we receive to our questions or confirmations are true and complete.

During the most recently completed fiscal year, we consolidated our procurement teams formerly residing in our operational sectors, now allowing for a more rigorous approach towards procurement matters, including more standardized terms and conditions to be included in agreements with our suppliers and a better mapping of the types and identity of our suppliers.

OUR POLICIES

We believe that good governance is essential to creating a respectful and inclusive corporate culture that earns trust from, and builds value for, our four main pillars, our clients, our employees, our communities and our shareholders. The Governance and Social Responsibility Committee is a committee of the Board of Directors of Transcontinental Inc. that assists the Board of Directors in fulfilling its oversight obligations, primarily with respect to, inter alia, corporate social responsibility and compliance with legal and regulatory requirements relating to corporate governance. This committee of the Board of Directors has also been mandated to review the size and composition of the Board of Directors, ensure director training is provided and sound corporate governance practices are followed, including through the development and administration of our Code of Conduct, and discuss and examine our social responsibility plan and progress made in this regard (including regarding various undertakings and initiatives put forward by the Corporation, the performance measures to be used and the positioning of the Corporation compared to that of other businesses in our industries). In that respect, the Governance and Social Responsibility Committee supervises the establishment, design and implementation of corporate governance policies, such as the Code of Conduct and reviews procedures implemented to ensure compliance with the Code of Conduct. It also reviews any waiver to the Code of Conduct.

The Board of Directors, both directly and through its Governance and Social Responsibility Committee and its Human Resources and Compensation Committee, oversees respect of our culture, core values and behaviors throughout the entire organization, including the implementation of policies, such as regarding diversity, inclusion, health and safety of our employees, all of those being priorities at the forefront of our preoccupations.

The Corporation has adopted a policy regarding occupational health, safety and wellness, one of the corporate priorities that TC Transcontinental considers just as important as productivity and quality. TC Transcontinental is deeply committed to fostering a workplace environment that prioritizes health and safety for all of its employees. In our pursuit of this commitment, we have developed and implemented a comprehensive strategy. Safety programs, procedures, and rules for each business unit have been prepared and distributed to employees. Before operating equipment or being in the vicinity of equipment, appropriate training is mandatory. As a sign of the importance of maintaining a healthy and safe workplace, operational and executive meetings will generally start with a health and safety update.

We are concerned not only with the health and safety of our employees. At TC Transcontinental, our priority is the health and safety of all. With our vision of “everyone home safe and healthy, every day,” we are committed to achieving a goal of zero injuries and work-related illnesses in our workplace. To achieve this, we rely on the mutual collaboration and proactiveness of our employees, managers, contractors, and visitors and on a systematic risk management approach to the identification, assessment and mitigation of health and safety risks. As our leadership team is devoted to ensuring the safety of all, we strive to ensure that all our team members understand that is their responsibility to stop, report and act preventively if they believe that they or any of their colleagues are at risk. We expect that our business partners also share this priority.

OUR CODE OF CONDUCT

Each member of the TC Transcontinental team is responsible for complying with the highest ethical standards on which the Corporation prides itself and has the obligation to act in accordance with our values at all times. Our Code of Conduct states that, before making a decision or taking an action, employees of the Corporation should ask themselves questions such as: Is it legal? Is it ethical? Is it fair? Legality, ethics and fairness constitute guiding principles for our actions and decisions.

Our Code of Conduct forms the basis for all our relationships. It applies to all directors and employees of Transcontinental Inc. and its subsidiaries. Every employee of TC Transcontinental is required to sign the undertakings to comply with the obligations under the Code of Conduct when joining the Corporation, which undertakings must be renewed every year for managers and other chosen employees who face customers and suppliers on a regular basis, and not less than on a five-year basis for other employees. At the same time as an employee is required to renew his or her undertakings, such employee must follow a training regarding the Code of Conduct and to answer a quiz setting out potential situations and circumstances which may be contrary to the Code of Conduct or not tolerated thereunder.

We require actual or possible violations of our Code of Conduct, including provisions with respect to human rights, to be reported, and we will take appropriate action to review and address any issue. The Governance and Social Responsibility Committee, formed of only independent directors, receives reports on alleged or verified violations of our Code of Conduct.

OUR SUPPLIER CODE OF CONDUCT

Our Supplier Code of Conduct requires suppliers and subcontractors to, among other things, abide by applicable employment standards (including regarding wages, working hours, overtime and benefits), labour, non-discrimination and forced labour and child labour legislation. It also requires suppliers to promote and maintain a workplace free from discrimination and to ensure that employment is not based on a person's belief or any other personal characteristics. In addition, the Supplier Code of Conduct requires our suppliers to provide their workers with a safe and healthy working environment, including providing access to information and instructions on safe work practices and hazard prevention. Our supplier agreements would typically include an undertaking of the supplier to comply with the Supplier Code of Conduct.

TC Transcontinental may, pursuant to its Supplier Code of Conduct, audit compliance of its suppliers with the Supplier Code of Conduct, which audit may include employee interviews, facility inspections and review of records. We may also require a supplier to provide us with written confirmation of its compliance with the Supplier Code of Conduct.

As mentioned above, our Supplier Code of Conduct was amended during our most recently completed fiscal year to track more closely the obligations under the Act and the language used therein.

When entering into a written agreement with suppliers, our teams have been instructed to add formal undertakings from our suppliers to comply with our Supplier Code of Conduct. Renewal or amendments of any such agreement previously executed will be used by us as an opportunity to reinforce further our commitment and that of our suppliers towards the fighting of forced labour and child labour. However, some of these agreements may be imposed upon us by suppliers and not be open for much negotiation.

We actively foster a collaborative partnership with our suppliers, ensuring that adherence to our Supplier Code of Conduct is achieved through mutual understanding and dialogue. This approach facilitates a shared commitment to ethical practices allowing us to work together in addressing challenges and finding sustainable solutions within our supply chain.

OUR DUE DILIGENCE PROCESS

TC Transcontinental uses various methods and tools to assess its suppliers, including the Ecovadis platform, in part, to mitigate its risks by helping it manage sustainability risk and compliance. Before retaining the services of a new supplier, the corporate procurement team will conduct some type of due diligence. To facilitate its work and that of other teams engaging with suppliers and standardize our processes further, we are in the process of developing additional materials and tools addressing forced labour and child labour in higher-risk countries or industries. We may also audit compliance of our suppliers with our Supplier Code of Conduct, and we would exercise our audit right should the circumstances warrant it.

TRAINING

Understanding and complying with the Code of Conduct is a condition of working, and continuing to work, at TC Transcontinental. Every employee of TC Transcontinental is required to sign the undertakings to comply with the obligations under the Code of Conduct when joining the Corporation and its subsidiaries, which undertakings must be renewed every year for managers and other chosen employees who face customers and suppliers on a regular basis, and not less than on a five-year basis for other employees. At the same time as an employee is required to renew his or her undertakings, such employee must follow a training regarding the Code of Conduct and answer a quiz setting out potential situations and circumstances which may be contrary to the Code of Conduct or not tolerated thereunder. Although only managers and certain chosen employees complete it on an annual basis, decisions regarding the identification and selection of suppliers reside with or are to be supervised by managers, notably pursuant to our policy regarding delegation of authority.

REMIEDIATION MEASURES

Our Code of Conduct was amended in the fall of 2023 to require all employees to report any suspected behaviour or evidence of a behaviour which is or may constitute a violation of human rights. The Code of Conduct of the Corporation clearly sets out that it is everyone's duty to report to the corporate procurement team, the legal team, or on the EthicsPoint site at: www.tc.ethicspoint.com or contact EthicsPoint directly, by dialing the toll-free number for their country (as provided on the EthicsPoint's website) any suspected behaviour or evidence of a behaviour which is or may constitute a violation of human rights. No report or complaint has yet been made. EthicsPoint is managed by an independent supplier and permits employees, customers, suppliers and other stakeholders to file complaints, whether or not on an anonymous basis, regarding certain conducts which would violate our Code of Conduct, applicable laws or regulations. They may do so using the language of their choice and at any time. Complaints are investigated individually.

We recognize the potential impact, including financial, of our actions we would take should we elect to take any measures to eliminate the use of forced labour or child labour, including ceasing to do business with problematic suppliers due to their practices towards forced labour and child labour. Even if we have not yet been faced with such circumstances, we would favor complying with our commitments to fight forced labour and child labour while trying to mitigate any adverse impact arising therefrom.

ASSESSING OUR EFFECTIVENESS

Although a formal detailed assessment of our performance regarding our commitments towards forced labour and child labour is not yet in place, we will nonetheless continue to review our processes, policies and practices, including our assessment of our suppliers, to align with industry best practices and mitigate our risk towards forced labour and child labour.

Should we be made aware of any issues regarding the behavior of members of our supply chain, it is our commitment that we would quickly address the situation by entering into discussions with the relevant party, investigating the facts and circumstances and entertain required corrective actions with the supplier and ensure such corrective actions are fully implemented. To date, there have been no such instances that have been raised.

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In preparing this report, Transcontinental Inc. engaged with each of the reporting entities covered by this report. It consulted with key areas of its organization to prepare this report, including its corporate procurement team, its social responsibility team which also have responsibilities across the organization, including the entities to which this report applies.

We remain committed to preventing forced labour and child labour from taking place in our business and in our supply chain. We will continue to review and improve our policies, processes and practices regularly to determine any adjustments that could help us fight against forced labour and child labour.

APPROVAL

This report was approved by the Board of Directors of Transcontinental Inc. on January 9, 2024, and by the Board of Directors (or the Management Committee for a general partnership) of each of Transcontinental Printing Inc., Transcontinental Printing 2005 G.P., Transcontinental Interactive Inc., Transcontinental Flexstar Inc., Transcontinental Packaging Whitby ULC, Transcontinental Media G.P. and TC Media Books Inc. on January 9, 2024, the whole in accordance with subparagraph 11(4)b)(i) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, the undersigned attest that they have reviewed the information contained in the report for the entities listed above. Based on our knowledge, and having exercised reasonable diligence, the undersigned attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Signed by:



Isabelle Marcoux

Executive Chair of the Board and Director, Transcontinental Inc.

I have the authority to bind Transcontinental Inc.

January 9, 2024



Donald LeCavalier

Director (or member of the Management Committee for a general partnership) of Transcontinental Printing Inc., Transcontinental Printing 2005 G.P., Transcontinental Interactive Inc., Transcontinental Flexstar Inc., Transcontinental Packaging Whitby ULC, Transcontinental Media G.P. and TC Media Books Inc.

I have the authority to bind Transcontinental Printing Inc., Transcontinental Printing 2005 G.P., Transcontinental Interactive Inc., Transcontinental Flexstar Inc., Transcontinental Packaging Whitby ULC, Transcontinental Media G.P. and TC Media Books Inc.

January 9, 2024