

Title : Irregularity, Fraud and Criminal Offense Whistleblowing Policy and Procedure.  
 Identification : PS-10  
 Issue date: 2014-12-09  
 Version : 1  
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## IRREGULARITY, FRAUD AND CRIMINAL OFFENSE WHISTLEBLOWING POLICY AND PROCEDURE

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	<b>Issue date:</b>	<b>Summary of Changes</b>
<b>Version 1</b>	2014-12-09	Initial issue of Policy;  Replaces and voids Policies PS-04 et PS-05

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## 1. OBJECTIVE AND SCOPE

- 1.1 Transcontinental Inc. believes in the value of sound and responsible governance practices. The Irregularity, Fraud and Criminal Offense Whistleblowing Policy and Procedure, as well as other governance innovations, ensure that Transcontinental Inc. continues to exercise reasonable diligence in its operations.
- 1.2 Transcontinental Inc. intends on promoting honest and consistent conducts within its organization by setting clear guidelines and assigning responsibilities in order to properly oversee governance.
- 1.3 This Policy:
- 1.3.1 Is based on Transcontinental's values of respect, integrity and honesty and is an important element of the control environment in order to contribute to the Corporation's integrity.
  - 1.3.2 Helps its employees to comply with the Code of Conduct.
  - 1.3.3 Dictates the procedures to be followed when an employee, a third party or any other person connected with Transcontinental witnesses or has knowledge of a targeted act.
  - 1.3.4 Applies to all cases where allegations of theft, fraud, corruption or non-compliant activities arise involving both employees and third parties.
  - 1.3.5 Replaces all previous communications from the Corporation in this regard (memos, directives, policies, procedures, etc.), with the exception of the Corporation's Code of Conduct.
- 1.4 Transcontinental intends on fully investigating any allegations of irregularity, fraud or criminal offense, and this, without regard to the suspected individuals' seniority, position/title or the nature of his/her relationship with the Corporation.

## 2. DEFINITIONS, ABBREVIATIONS AND ACRONYMS

### Terms /Definitions

- CEO:** President and Chief Executive Officer.
- CFO:** Chief Financial and Development Officer
- CLO:** Chief Legal Officer and Corporate Secretary
- Corporation:** Transcontinental Inc., its subsidiaries and the legal entities controlled by them.
- Corruption:** The offering, giving, soliciting or acceptance of an improper inducement or reward, that may influence the decision, the decision-making process or the action of any person.
- Fraud:** An offence under the *Criminal Code* of Canada. This expression describes an event or situation where 1) deception, 2) loss/benefit, and 3) victim(s) have been established and proven, for each element thereof.

The expression also means any intentional act committed by one or more members of management, other employees, those responsible for governance or a third party, which includes the use of deceptive tactics in order to gain an improper or illegal advantage. It can be used to refer to misstatements due to fraudulent financial reporting and misstatements resulting from a misappropriation of assets.

Fraudulent financial reporting involves intentional misstatements or omissions of amounts or other information in financial statements to deceive users of financial statements.

**Investigation Team:** Any person appointed by the Director of Internal Audit to conduct the investigation. Managers or other employees who have knowledge of any targeted act are excluded and are not considered part of the investigation team.

**Irregularity:** Irregularity includes:

- Derogation to the accounting standards (for more information, see the Handbook of the Canadian Institute of Chartered Accountants) or similar accounting principles used by the Corporation in preparing its financial statements;
- Manipulation of accounting books with the intent of concealing or altering financial or legitimate operational results;
- Pressure or directive from a manager or employee to commit a targeted act;
- Misappropriation or unauthorized access to documents, databases, intellectual property, information systems, logged messages or data or technologies used by the Corporation;
- Falsification or deliberate alteration of any document, contract, agreement or any other documents;
- Misleading statements;
- Collusion, real or perceived as such, between two or more persons with the intent to commit an act to deliberately circumvent internal controls;
- Unusual compensation, benefits or rights received by the Corporation's employees and/or third parties in exchange for goods, services, advantages or gains, whether the consideration is real or perceived as such;
- Undisclosed financial interest between an employee and any other person or entity that delivers or receives money or services from that employee in the course of this person or entity's business with the Corporation;
- Breach of a law or a regulation related to the relationship between the targeted person and the Corporation;
- Expenditures claimed that are either unjustified or non-eligible;
- Theft or vandalism of the Corporation's assets;
- Breach of a Corporation policy;
- Disclosure of confidential information;
- Intrusion into the Corporation's networks and any other form of attack;
- Any behavior contrary to ethics; and
- Theft of intellectual property or monetary assets held or administered by the Corporation, including cash, checks, transfers, trust funds, etc.

**Loss:** Adverse effects or disadvantages resulting from the loss of a resource or of a right to seize an opportunity from which the Corporation would have, in other circumstances, legitimately benefited from.

**Misappropriation:** Appropriation for a wrong or dishonest use, embezzlement or theft. Misappropriation of assets involves the theft of an entity's assets (IFRS: SAS 99) (CICA Manual: chapter 5135).

**Non-compliant Activity:** Any illegal action or failure to comply with laws, regulations, policies, contractual obligations and other mandatory standards.

**Targeted act:** For the purposes of this Policy, the term "targeted act" includes allegations of fraud, corruption, irregularity, embezzlement, non-compliant activity, theft or any act that is criminal or unethical.

**Theft:** An offence under the *Criminal Code* of Canada. It is the act of stealing, taking or removing corporate or personal property, including intellectual property, monetary or other physical goods, without appropriate authorization.

**Third party** Any person / entity having a direct or indirect business relationship with the Corporation, including:

- Directors;
- Customers;
- Suppliers; and
- Consultants.

### 3. ROLES AND RESPONSABILITIES

**Director of Internal Audit** (In the event he/she is targeted by the allegations, the CLO will assume these responsibilities.)

- Perform a preliminary examination of the facts to determine whether the nature of the alleged irregularity requires further investigation and submit to the Chair of the Board the findings and recommendations;
- Investigate a targeted act;
- Inform the Chair of the Board of the targeted act;
- Coordinate the investigation;
- Take the necessary measures to prevent theft, alteration or destruction of relevant documents or evidence;
- Report the findings of the investigation;
- Issue recommendations on what actions are to be taken by management following the investigation and what controls are to be implemented to prevent the recurrence of the targeted act; and
- Report to the external auditors all pertinent information related to the investigation.

**Manager or supervisor**

- When a possible irregularity is suspected or if notified of by an employee, a third party or any other entity, a manager or supervisor shall:
  - o Not discuss the allegations with anyone;
  - o Not take any action against the person or persons targeted by the allegations;
  - o Not undertake any investigative procedures or other type of actions that could arouse suspicion of the targeted person or persons; and
  - o Immediately notify the Director of Internal Audit or CLO (if the Director of Internal Audit is targeted by the allegations).

Once the allegations have been reported to the Director of Internal Audit, the manager or supervisor does not discuss the allegations with anyone and does not take any actions unless authorized by the Director of Internal Audit or the Chair of the Board; and

- Is responsible to implement the recommendations issued by internal audit once the investigation is complete.

### **Investigation Team members**

- Conduct the investigation.

### **Complainant/witness**

- **As soon as he/she suspects a targeted act:**
  - o The employee shall notify Transcontinental through the whistleblowing line or by contacting a manager, the Director of Internal Audit or CLO (if the Director of Internal Audit is targeted by the allegations), and
  - o A third party shall notify Transcontinental through the whistleblowing line or by contacting an employee of the Corporation, the Director of Internal Audit or CLO (if the Director of Internal Audit is targeted by the allegations).

## **4. PROTECTION OF COMPLAINANT**

4.1 This Policy and procedure protect the complainant against any form of reprisal with respect to any submitted complaints, provided that it or the testimony is:

- 4.1.1 Submitted in good faith, consistent with Transcontinental's values, in particular respect of others. Therefore, it must be without malice and without false allegations;
- 4.1.2 Based on the witness or the complainant's reasonable belief that the conduct or the issue targeted by the complaint constitutes or may constitute a targeted act, and
- 4.1.3 Does not result in any personal gain or advantage for the complainant.

4.2 This means that Transcontinental as well as its directors, officers, managers and employees shall not terminate/fire, threaten, harass, discipline, withhold or suspend the salary and/or benefits, demote, transfer or take other punitive action against an employee who, in good faith, reports any concerns, lodges a complaint or reports a wrongdoing and/or provides information or collaborates in an investigation or legal proceedings.

4.3 Transcontinental must consider any form of reprisal taken against a complainant or witness as a serious violation of the Policy, that is subject to disciplinary action up to and including dismissal. This protection and the limit of this protection extend to any person who provides information related to an investigation, including an internal investigation.

## **5. CONFIDENTIALITY**

5.1 Each complaint or concern will be treated confidentially. The anonymity of the author of the complaint will be, if desired, preserved.

5.2 The Chair of the Board, the Director of Internal Audit and all persons designated by them and/or persons informed of irregularities must, throughout the investigation regarding the alleged irregularities, take great care to:

- 5.2.1 Not make any false accusations and ensure that the suspected individuals do not learn that an investigation is in progress.

5.2.2 Ensure confidentiality of all the details and findings.

5.3 Only members of the investigation team have the right to discuss among themselves the details of the allegations and investigation. No other person shall discuss the allegations unless they have been authorized by the Chair of the Board or the Director of Internal Audit.

5.4 The Chair of the Board and the Director of Internal Audit, after consultation with the CLO, may disclose certain specific aspects of the investigation to potential witnesses, if their disclosure allows the investigation to move forward. However, at no time, can any details be disclosed that can allow the complainant or witness to be identified.

## **6. IRREGULARITY REPORTING PROCESS**

### **6.1 Employees and managers**

6.1.1 Any employee who is aware or has reason to suspect that a targeted act has occurred or has been committed must immediately notify Transcontinental through the whistleblowing line or by contacting a manager or the Director of internal audit or the CLO (if the Director of Internal Audit is targeted by the allegations).

6.1.2 If the employee has reason to believe that his/her own supervisor might be involved, he/she must immediately notify the Director of Internal Audit or the CLO (if the Director of Internal Audit is targeted by the allegations).

6.1.3 In the event that the employee does not wish to reveal his/her identity, he/she can use the whistleblowing line.

6.1.4 Once the complaint has been received by Transcontinental, the employee must no longer discuss the allegations unless authorized to do so by the Chair of the Board or the Director of Internal Audit.

6.1.5 When an employee informs a manager or a supervisor of any allegations of irregularity or if the manager or supervisor has reason to suspect that an irregularity occurred, he/she must immediately notify the Director of Internal Audit or the CLO (if the Director of Internal Audit is targeted by the allegations).

6.1.6 The manager or supervisor shall not attempt to investigate himself the alleged irregularity.

6.1.7 Once the complaint has been received by the Director of Internal Audit, the employee and the manager or supervisor shall not discuss the allegations with anyone unless specifically requested by the Director on Internal Audit.

6.1.8 Employees who knowingly formulate false allegations and do not act in good faith are subject to disciplinary action up to and including dismissal.

### **6.2 Third Party**

6.2.1 Any third party aware or who has reason to suspect that a targeted act has occurred or has been committed shall notify Transcontinental immediately by contacting the Director of Internal Audit or the CLO (if the Director of Audit internal is targeted by the allegations) or by using the whistleblowing line.

### 6.3 Director of Internal Audit

- 6.3.1 When informed of an alleged irregularity, the Director of Internal Audit must inform the Chair of the Board.
- 6.3.2 If the alleged irregularity is important and if he/she cannot reach the Chair of the Board within the next twenty-four hours, he/she must inform the CEO or the CFO.
- 6.3.3 Following a preliminary examination of the facts and after determining if the nature of the alleged irregularity requires further investigation, the Director of Internal Audit must forward his findings and recommendations to the Chair of the Board as to whether to proceed with an investigation or to close the file. In the event that an investigation is to be conducted, the Chair of the Board and the Director of Internal Audit will determine who shall be informed of the allegations and agree on the procedure to be followed.
- 6.3.4 In the event that they determine the potential financial losses can exceed \$300,000 or that the allegations can have a significant negative impact on Transcontinental's reputation, the Chair of the Audit Committee is immediately informed of the allegations.
- 6.3.5 During the course of the investigation, the Director of Internal Audit periodically informs and updates the Chair of the Board (as well as the persons authorized by him/her) of the progress and the findings to date.
- 6.3.6 Once the investigation is completed, the Director of Internal Audit reports his/her findings to the Chair of the Audit Committee, the Chair of the Board, the CEO, the CFO, the CLO, the applicable sector's President as well as to any other persons indicated by the Chair of the Board.

## 7. INVESTIGATION PROCESS

### 7.1 Resources and protocol

- 7.1.1 The Director of Internal Audit must coordinate the investigation through the use of appropriate investigative resources.

### 7.2 Safety of evidence

- 7.2.1 As soon as he/she is informed of a targeted act, the Director of Internal Audit must take immediate measures to prevent theft, alteration or destruction of evidence and relevant records and documents.
- 7.2.2 These measures include, but are not limited to, the removal of targeted documents and their storage in a secure location, restricting access to locations where the records and documents are kept and prohibiting the access to these records and documents by the person(s) targeted by the alleged irregularities.
- 7.2.3 These records and documents must be placed in a secure location until the Director of Internal Audit has consulted them to start the investigation.

### 7.3 Access to evidence and witnesses

- 7.3.1 Members of the investigation team have:



- 7.3.1.1 Access to all employees,
- 7.3.1.2 Access to all relevant Corporation systems, emails, records and documents, including any confidential or personal information, and
- 7.3.1.3 The power to review, copy, and/or remove the content of the Corporation's files, desks or filing, in whole or in part, without having the obligation to notify anyone who has or could be responsible for their custody and without having the obligation to obtain the consent from that person, as long as such measures are within the scope of the investigation.

#### 7.4 Documentation

- 7.4.1 After completing the investigation, the Director of Internal Audit sends a confidential internal memo to the Chair of the Audit Committee and forwards a copy of it to the Chair of the Board, the CEO, the CFO, the applicable sector's President, the CLO and any other persons indicated by the Chair of the Board.
- 7.4.2 The Chair of the Board will then decide whether to notify the members of the Board of Directors.
- 7.4.3 The confidential internal memo contains details of the allegations, the investigation's findings and the recommendations on actions to be taken by management and on internal controls (to prevent the recurrence of the fraud).
- 7.4.4 If the confidential internal memo concludes that the allegations were legitimate, it is also forwarded to the police, however, only after obtaining the approval from the Chair of the Board.

#### 7.5 Closure of the investigation

- 7.5.1 Once the entire investigation is completed, including any legal proceedings, the Director of Internal Audit returns all records, documents and other evidence to the appropriate department.

#### 7.6 Audit Committee report

- 7.6.1 The Director of Internal Audit must promptly issue to the Audit Committee and the external auditors a report on any complaints that may have important consequences for the Corporation.
- 7.6.2 Each quarter, the Director of Internal Audit will produce a report to the Audit Committee and the external auditors on the management of this Policy, the number and nature of complaints received and the results of investigations performed for complaints received under this Policy.

## 8. DISCIPLINARY MEASURES AND RESTITUTION

- 8.1 If the alleged irregularity is confirmed by the investigation, disciplinary measures, including dismissal, will be imposed by the appropriate hierarchical level after proper approval by the CEO, the CFO, the applicable sector's President and/or the Chief Human Resources Officer (CHRO), all in accordance with Transcontinental human resources' policies.
- 8.2 Transcontinental makes all reasonable efforts, including obtaining restitution orders from the courts, in order to recover losses from offenders or any other appropriate source.

## 9. FINAL PAYMENT AND OTHER AMOUNTS

- 9.1 Before issuing the final pay to any person directly or indirectly involved in a targeted act, the Human Resources department must communicate with Legal Affairs and Internal Audit in order to determine if any amounts must be deducted / retained from the pay following an agreement with the person and / or to compensate for losses incurred by Transcontinental.
- 9.2 Any amount paid (other than the final pay) and / or any agreement with an employee directly or indirectly involved in a targeted act must be authorized beforehand by the Chief Human Resources Officer and by the Chair of the board.

## 10. MEDIA RELATIONS

- 10.1 Any employee contacted by the media about an investigation or any allegations of irregularity must direct reporters to the Chief Communications Officer (CCO).
- 10.2 No allegations of irregularities or investigation must be discussed with the media by anyone other than the Chief Communications Officer or the person he/she has designated, after consultation with the CLO or the Director of Internal Audit.
- 10.3 If a reporter contacts the Director of Internal Audit or CLO about an allegation of irregularities or investigation, the Director of Internal Audit, the CLO or the designated person must consult the Chief Communications Officer or the designated person, if necessary, before responding to any requests for information or for media interviews.

## 11. HOW TO FILE A COMPLAINT

As per the Policy, any complaint can be submitted to Transcontinental in the following manner:

### A) BY TELEPHONE (voice message)

Montreal area: (514) 954-0337

Canada and the US (toll free): 1-866-212-9588

**Please note that messages left in the mailbox will be taken by the Director of Internal Audit and the calling number cannot be identified (anonymous).**

### B) IN WRITING:

Transcontinental Inc.

1 Place Ville-Marie, Suite 3315

Montreal (Quebec) H3B 3N2

to the attention of:

Director of Internal Audit (Strictly Confidential)

or Chief Legal Officer and Corporate Secretary (Strictly Confidential)

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### **C) BY EMAIL**

**[whistleblowing@tc.tc](mailto:whistleblowing@tc.tc)**

**Please note that your email will be received by the Director of Internal Audit and your email address will be visible (will be seen by only him).**

### **D) BY CLICKING THE FOLLOWING LINK:**

**<http://tctranscontinental.com/en/contact/complaint>**

**Please note that if you use the form above, it will be received by the Director of Internal Audit however it will not be possible for your computer address (IP) to be identified (anonymous).**

Any complaint must contain relevant, accurate and sufficient information/details on, but not limited to, dates, locations, persons involved, witnesses, amounts, etc., in order to allow the investigation to proceed reasonably. To help formulate and file a complaint, the complainant may use the link mentioned above. If the complainant wishes to discuss with the Director of Internal Audit or the CLO, he/she must indicate it and identify himself when making a complaint and if the complainant deems appropriate, specify a telephone number where he/she can be contacted. If the complainant discloses his name, the person receiving the complaint will send back to the complainant a complaint acknowledgment which will allow him to perform a follow up on the complaint. Otherwise, if the complainant uses an anonymous method and does not disclose his name, he/she will not be able to receive any follow-up information on the complaint and, further, we will not be able to contact him if more information is required. **It is important to remember that all complaints are treated confidentially.**

If you are not satisfied with how your complaint was processed, the procedures followed or if you, in good faith, believe that the person who received your complaint was not diligent or did not proceed according to the rules prescribed by this policy, you may contact the Chair of Transcontinental's Audit Committee with the following email address:

**[audit.commited@tc.tc](mailto:audit.commited@tc.tc)**

The Chair of the Audit Committee has full authority to evaluate the merits of your complaint as well as to the approach taken by the managers responsible for receiving Transcontinental's complaints.