

ACTING TOGETHER

2019 PROGRESS REPORT



AT A GLANCE

A **family-controlled** corporation founded in 1976

44 operating facilities

Approximately **9,000 employees**, the majority of which are based in Canada, the United States and Latin America

Listed on the Toronto Stock Exchange (TSX : TCL.A, TCL.B)
F2019 revenues: \$3.0B
F2019 net earnings: \$166.1M

INTRODUCTION

We cannot introduce this progress report without mentioning the beginning of the year 2020, marked by the outbreak of the COVID-19 pandemic. Over the past few months, we have taken on many challenges and have done everything possible to ensure the health and safety of our employees and the safe continuity of our operations that have been identified as essential or that support the essential services of our clients in the various geographies in which we operate.

From the outset, our crisis unit deployed a company-wide management and communication plan. We have reviewed the situation on a daily basis, followed government guidelines in the countries where we operate and adjusted our strategy and procedures accordingly. We have implemented responsible behaviours to provide a safe and secure environment in our facilities, including the addition of equipment to facilitate the maintenance of physical distancing, reinforced disinfection measures and telework for our employees.

We have witnessed our teams' commitment and the resilience of our organization in the face of this unprecedented situation. More than ever, our corporate culture and values remain a solid foundation that inspired

our actions and enabled us to approach this difficult period with confidence and determination.

At TC Transcontinental, a family-controlled corporation built with sustainability in mind, corporate social responsibility guides our business decisions and actions. While aiming for long-term profitable growth, we are proud to be a good corporate citizen recognized for our actions towards our employees, the environment and our communities. Since the implementation of our first environmental policy in 1993, we have continuously improved our processes and established our leadership in corporate social responsibility. This philosophy has been very important throughout our transformation over the past few years, as we have continued to grow our business in the packaging sector and have proactively adapted to the evolution of the printing industry and educational publishing, even more so in recent months.

With the launch in 2019 of our 2019-2021 Corporate Social Responsibility Plan, entitled *Acting Together*, TC Transcontinental has taken another step forward by committing to achieving a new set of specific and quantifiable objectives. In order to integrate our stakeholders' concerns, particularly environmental and social, this plan aims to reconcile our business activities with 11 meaningful objectives relating to our employees, our operations, our



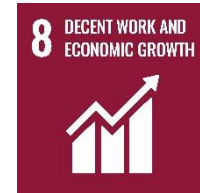
products and our communities. In this report, we will thereby describe our efforts, our concrete actions, our successes in 2019 and the work that remains to be done to achieve our targets in each of these areas. As we enter the second year of this three-year plan, we are proud to have made promising progress and we are pursuing our efforts with determination. We will, of course, adjust based on the evolution of the pandemic.

As part of good governance practices, our corporate social responsibility strategy and objectives are overseen by the Governance and Social Responsibility Committee of the Board of Directors. Following a long tradition of responsible management, these major orientations guide us in managing our talent, environmental objectives, strategic investments, community commitments and partnerships, as well as expansion plans and the value creation for our shareholders. In fact, the initiatives that have materialized over the past year respond to the issues raised by our stakeholders in the materiality analysis conducted in 2018 with our employees, suppliers, customers, investors and external interest groups.

As a leader in flexible packaging in North America, we want to play an active role in creating a circular economy for plastics in the regions where we operate. To that effect, TC Transcontinental is the first Canadian-based manufacturer to join the Ellen MacArthur Foundation's *New Plastics Economy Global Commitment*.

In addition, in early 2020, we announced the creation of a new Recycling Group within TC Transcontinental Packaging, marking another step towards the implementation of our circular economy strategy while continuing our research and development efforts to produce innovative and eco-responsible packaging. In the current context, the benefits of safe packaging are also particularly important.

SUSTAINABLE DEVELOPMENT GOALS



Finally, to emphasize our commitment as a corporate citizen, in 2020 we joined the United Nations *Global Compact*, a voluntary initiative through which signatory companies commit to aligning their approach to social responsibility with universal principles relating to human rights, labour standards and environmental protection. Of the international sustainable development goals defined by the *Global Compact*, seven are fully aligned with the targets of our three-year *Acting Together* plan and our policies. We will refer to them in this report. For TC Transcontinental, this endorsement of the United Nations goals confirms our commitment to corporate social responsibility and its integration into our operations and culture. It will resonate even more after COVID-19.

"Our corporate social responsibility objectives enable us to focus on the sustainability challenges that matter most to our strategy and to our stakeholders. We are committed to achieve further progress while continuing our transformation and by demonstrating how our business practices can have a positive impact on people and planet."

— Magali Depras, TC Transcontinental's Chief Strategy Officer



Isabelle Marcoux
Chair of the Board

We are releasing our Corporate Social Responsibility Progress Report at a time of unprecedented disruption and uncertainty for our communities. What we are experiencing during this COVID-19 pandemic will leave an indelible mark not only on history, but also on us; on TC Transcontinental and on all our employees.

Today, more than ever, our corporate values of teamwork, performance, respect and innovation are at the heart of everything we do. I am extremely proud of the resilience, courage and sense of duty shown by our leaders and employees in these difficult times.

Our social and environmental commitment remains the compass that guides our activities and inspires our decisions. In fact, TC Transcontinental has joined the signatories of the United Nations *Global Compact*. By adhering to the fundamental principles of this pact and integrating several of them into the heart of our strategies, policies and procedures, we are not only fulfilling our responsibilities as a good corporate citizen, but also strengthening our foundations for long-term success.

We are convinced that financial performance and responsible practices go hand in hand. Our progress report demonstrates our commitment and results with respect to ensuring the health, safety and well-being of our employees, increasing diversity within our teams, providing our clients with innovative and sustainable solutions, reducing our carbon footprint, developing our partnerships and giving back to our communities. Together, we will overcome the health and economic crisis and continue our efforts to create a more sustainable world for all and for our future generations.



François Olivier
President and Chief Executive Officer

In 2019, we launched our three-year corporate social responsibility plan, *Acting Together*, which includes 11 ambitious goals for our employees, operations, products and communities.

Despite the pandemic, we have not paused in our efforts to achieve our goals. Over the past year, our teams have been engaged in major projects around the four axes of our plan and the results achieved are extremely encouraging. Thanks to everyone's efforts, we improved our performance in the areas of health and safety, talent development and gender diversity, and we continued our activities to reduce the carbon footprint of our manufacturing operations. As we look back, we are proud of what we have accomplished!

In terms of innovation, we have initiated various collaborative projects across our value chain and increased our investments in research and development, including the launch of our new line of sustainable packaging products, *vieVERTe*, that offers our clients a range of solutions to meet their needs.

We have also established a new Recycling Group within our Packaging sector that will help us achieve our goals as a signatory of the Ellen MacArthur Foundation's *New Plastics Economy Global Commitment* by recovering plastic waste and reintegrating it into our products.

The COVID-19 pandemic that has hit us reminds us of the importance of acting together responsibly and doing our part as a good corporate citizen. We are committed to continuing our efforts and working with all our stakeholders to improve the economic, social and environmental conditions of the world in which we live.



OUR PEOPLE

Our employees are the primary reason for our success. We strive to provide them a safe, diverse and inclusive work environment and we encourage their professional development. As such, we are proud of the progress we have made which will contribute to the achievement of our long-term goals.

TARGET 1 Maintain a safe and healthy work environment

The health and safety of our employees is a top priority, especially in our manufacturing environment. We are constantly seeking to do better by ensuring a healthy and safe environment that is conducive to their well-being. These priorities are also aligned with the United Nations Sustainable Development Goal 8, which aims to "protect labor rights and promote safe and secure working environments".

Maintain a safe and healthy work environment ¹	2021 target	2019 results	2018
Reduce the total incident rate (incidents per 200,000 worked hours) by 15% for our Printing and Packaging sectors	2.33	2.50	2.74

In 2019, the total frequency rate (incidents per 200,000 hours worked) in our Printing and Packaging sectors decreased by approximately 9% compared to the prior period. In order to increase our efforts and improve our performance, several initiatives have been put in place:

- New Health and Safety structure with a dedicated manager reporting directly to the President of each sector.
- Expanded team of eight health, safety and wellness advisors to oversee our plants and administrative offices.
- Training of executives and managers on subjects related to regulations and the engagement of their responsibility.
- Implementation of *Health and Safety Absolutes* at each of our sites with a series of training sessions dedicated to our operators.
- Complete audit of risks, implementation of preventive measures and definition of new performance indicators.

In 2019 we have also put forward several programs to reduce the frequency of incidents and support our employees:

- A new program entitled *Everyone home, safe and healthy every day* was launched, including a new vision for workplace health, safety and wellness that focuses on empowering everyone, employees and managers, throughout the company. A Wellness Month and several mental health campaigns were also implemented to better equip our employees.
- TC Transcontinental's *Health, Safety and Community Partners* program is designed to reward excellence in occupational health and safety at all our sites, with a cash donation to a charity from each qualifying site. For the year 2019, 19 sites qualified (4 sites in the Printing Sector and 15 in the Packaging Sector), with no lost-time incidents. A total donation of \$28,000 was made through this program.

¹ Data is reported on a calendar year basis.

- The *Big Top* program recognizes business entities that have taken positive steps towards health, safety and wellness and allows for the sharing and dissemination of their best practices. A total of 65 projects were submitted in 2019 and six sites were awarded prizes: Transcontinental Saint-Hyacinthe, Transcontinental Guatemala, Transcontinental Lenexa, Transcontinental Capri, Premedia Québec and Transcontinental Ultra Flex.

We are committed to continuing our efforts in occupational health, safety and wellness and will continue to implement measures to ensure the identification and reduction of risks, the ongoing training of our employees and leaders and the updating of our policies and internal audit tools.

TARGET 2 Move towards a more balanced gender representation in leadership

Respect for diversity is of paramount importance at TC Transcontinental. Diversity is an imperative that leads to better performance, a healthier balance sheet, greater talent retention and a competitive advantage. Our gender diversity policy is systematically integrated into our recruitment, talent promotion and performance evaluation processes. Our vision is also aligned with the United Nations Sustainable Development Goal 5, which aims to "ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life".

Move towards a more balanced gender representation in leadership	2021 target	2019 results	2018
Ensure at least 30% of female representation on the Board of Directors	30%	39%	36%
Have at least 3 women on the Executive Management Committee	3	3	3
Reach 30% of women in executive and management positions	30%	25%	24%

In 2019, we exceeded our target by having 39% women on our Board of Directors, including the positions of Chair of the Board, Lead Director and Chair of the Human Resources and Compensation Committee. The latter, like the Audit Committee, is composed of equal representation. With three women on the Executive Committee - Chief Legal Officer, Chief Human Resources Officer and Chief Strategy Officer - we also met our target of three women on the company's management team.

With respect to our goal of reaching 30% of women in executive and management positions, progress has been made in our Printing and Packaging sectors as well as in our educational

publishing group. We continued our efforts by increasing the proportion of women in the company to 25% compared to 24% in the reference period. This increase reflects the recruitment and promotion of a number of women in the company.

In 2019, we renewed our Gender Diversity Steering Committee, supported by the Chair of the Board and senior management, and including representatives, both male and female, from each of our sectors. The committee members share a passion for advancing the representation of women across the company and have proposed a number of initiatives to further accelerate progress toward our goals.

More than ever before, our businesses are integrating gender diversity into their talent management practices and have established the responsibility of managers in promoting this diversity, with targets now included in their individual objectives and in the variable compensation based on the achievement of these objectives. By the end of 2019, three women have been appointed to the management team of our Packaging sector. In our Printing sector, a mentoring program has been created to support the development of senior managers, both men and women: one of the objectives of this program is to ensure gender diversity within the talent succession path. Our educational publishing group has implemented work-life balance initiatives and has also increased the representation of women as vice-president and managers.

In order to continue raising awareness of our commitment and objectives throughout the organization, we also implemented a new intranet platform on which we share communications on a regular basis and highlight the career path of women in the company as well as best practices. In addition, in 2019, the second edition of the *Women@TC* conference welcomed 120 women leaders from all of TC Transcontinental's sectors

and provided an opportunity to collectively reflect on future efforts to achieve our diversity objectives. Finally, we took part in McKinsey's *Women Matter* study published in June 2019, in which the policies of 110 major Canadian companies were analyzed. This report demonstrates our commitment and adherence to diversity best practices.

In keeping with our values, we are committed to ensuring that each and every one of our employees is treated with respect and dignity. This commitment is reflected in the policies and procedures put in place over the years to protect our employees and ensure a fair work environment. Thus, we rely, among other things, on our code of conduct, our equal employment opportunity policy and our policy on harassment and violence in the workplace. These practices are fully aligned with the United Nations Sustainable Development Goal 10 to "ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard".



TARGET 3 Develop our talent

At TC Transcontinental, we want to attract, develop and retain the best talent. Employee development is an important part of our strategic plan and is essential to the success of the company.

Develop our talent	Annual target	2019 results	2018
Annual performance reviews to be completed for 100% of salaried employees	100%	100%	n/a

Annual performance reviews are part of the process of measuring individual results of each employee and enable the implementation of personal development actions. In 2019, we conducted an annual performance review for 100% of salaried employees, including business units acquired in 2018.

This year, we implemented a new electronic performance management system that allows us to track all salaried employees in real time using a simplified process. This new *Performance Excellence Process* encourages more frequent meetings and regular discussions on career development and the achievement of individual objectives.

In addition, our employees have access to several training and development programs based on practice, coaching and training. The objective is to develop our employees' potential in order to mobilize them and propel their performance, which will be reflected in our business results.

In order to prepare the next generation of leaders, a new initiative *Leading and Growing Together* was launched in 2019. A first cohort of 28 employees has joined this program aimed at developing potential and collaboration across all sectors and functions represented. Six months after the launch, the statistics are already promising, with 30% of the group promoted to positions of greater responsibility. We have started to work on adapting this program to our international context so that it can be deployed even more widely.

Finally, the leadership development process was also maintained through 360-degree assessments, psychometric tests and interviews with experts. Adapted development plans are then developed, and a follow-up is put in place.

With the implementation of these initiatives, we continue our efforts to support the development of our employees to ensure their growth and advancement within the company and to ensure continuity and transmission to the next generations of leaders.





OUR OPERATIONS

As a manufacturing company, we continually strive to find ways to reduce the impact of our operations on the environment. By combining the expertise of our employees, our state-of-the-art equipment and our culture of continuous improvement, we manufacture quality products and services and promote the efficient use of resources.

TARGET 4 Reduce our greenhouse gas emissions

Climate change is one of the most important environmental issues of our time. It is caused by an increase in the concentration of greenhouse gases in the atmosphere, mainly attributed to human activities. As a good corporate citizen, TC Transcontinental is committed to reducing greenhouse gas emissions associated with its operations, reduce its energy expenses and increase the use of sustainable energy sources. Our strategy to reduce and optimize our energy consumption is aligned with the United Nations Sustainable Development Goal 7 to “increase substantially the share of renewable energy in the global energy mix and double the global rate of improvement in energy efficiency”.

Reduce our greenhouse gas emissions	2021 target	2019 results	2018
Reduce our greenhouse gas emissions by 5% (in tonnes of CO ₂ e) ¹	189,984	200,578	199,984

Our printing and packaging plants use electricity and fossil fuels to operate their production equipment and to heat, ventilate and cool buildings. Each year, electricity, natural gas and propane consumption data from our business units is used to calculate our Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from the generation of purchased energy) emissions.

Our printing and packaging lamination processes generate volatile organic compounds (VOCs), particularly during ink drying, lamination and equipment cleaning. Greenhouse gas emissions resulting from this combustion are also included in our Scope 1 calculations. In order to comply with regulatory

obligations in the jurisdictions where we operate, many of our facilities are equipped with efficient oxidizers that destroy a significant portion of the VOCs.

In 2019, TC Transcontinental's absolute greenhouse gas emissions increased by 0.3% compared to 2018. This is mainly due to growth in our Packaging sector. Our efforts in energy efficiency have largely mitigated the increase in emissions stemming from several major projects, such as the addition of printing capacity at Transcontinental Flexipak and Transcontinental Transmag in 2019, and the installation of a regenerative thermal oxidizer at Transcontinental Flexstar. The latter has actually enabled us to reduce our volatile

¹ Refers to absolute emissions from Scope 1 and Scope 2.

organic compound (VOC) emissions by 200 tonnes over the past year.

In order to take into account the growth in our production, we will now also measure our greenhouse gas emissions intensity based on the volume of finished products, which we will communicate in our 2020 progress report. This additional indicator will allow us to better interpret the correlation between the growth of our activities and our energy consumption.

In order to reduce energy consumption in line with our objectives, additional energy efficiency projects have been identified. These initiatives are particularly focused on the areas of lighting, control and monitoring of heating, ventilation and air conditioning systems, replacement of obsolete equipment, and optimization of production equipment.

Various heat recovery projects have been implemented in several of our printing plants. Thanks to the installation of an exchanger at the outlet of the thermal oxidizer, plants equipped with it now use the recovered warmth to heat their buildings and supply preheated air to the press dryers, thereby considerably reducing their natural gas consumption.

Furthermore, in our Packaging sector, several projects are under development to reduce our energy consumption. Because of their similar manufacturing processes, we are making sure to identify good practices at TC Transcontinental Printing that can be implemented in our Packaging sector. These initiatives are in addition to projects aimed at identifying more renewable sources of electricity in certain areas where we operate in order to achieve our target of reducing greenhouse gas emissions by 2021.

TARGET 5 Optimize waste management

Our sustainable development approach involves sound management of waste. We favour reduction at source, reuse, recycling and recovery, and we consider waste disposal as a last resort. Our approach is also aligned with the United Nations Sustainable Development Goal 12 aimed at "substantially reducing waste generation through prevention, reduction, recycling and reuse".

Optimize waste management	2021 target	2019 results	2018
Aim for zero non-hazardous waste to landfill in our operating business units	100%	90%	n/a

In 2019, TC Transcontinental achieved a 90% diversion rate for its non-hazardous operational waste, approaching its goal of completely eliminating it from their landfilling. The Printing sector stood out by recycling 97% of the waste generated, most of it from the recycling, reuse or recovery of paper.

With a 78% recovery rate in our Packaging sector, there is still work to be done, especially for multilayer products that are currently not recyclable. There are few recovery solutions for laminated plastics when they are made of different materials.

Nevertheless, some of this waste is diverted from landfill through waste-to-energy processes. Where technically feasible, we reuse our own extrusion trims by recycling them into quality post-industrial resins that are then reintegrated

into our products. We actively participate in the search for the best recovery options to ensure a circular economy for plastics.



On *Earth Day*, April 22, 2019, TC Transcontinental relaunched the *Green Teams* program throughout its network. As part of this initiative, all business units have set up teams that work to raise awareness among their colleagues, encourage best practices and seek concrete solutions to make their workplaces more environmentally friendly. Many of the

initiatives launched by our Green Teams have already had a positive impact and several local initiatives have been carried out to reduce waste generation:

- Transcontinental Transmag has developed an ecocentre concept at the plant, where employees can drop off recyclable items such as batteries, fluorescent tubes and plastic wrap. This innovative idea has been shared within our network of plants in Québec for future implementation.
- Our Transcontinental Menasha plant stands out for its operational waste management. In fact, a clear segregation procedure for the different types of plastic ensures that recyclable films are effectively recycled, while non-recyclable plastics are sent for energy recovery, giving them a second life. Recently, the plant also extended this program to photopolymer plates used in the printing process, diverting even more materials from landfill.
- Transcontinental Saint-Hyacinthe has implemented a recycling program for disposable earplugs. Containers for their recovery have been placed in strategic locations such as locker rooms, cafeteria and at exit doors. Thanks to this simple and economical project, earplugs are collected, separated and then reprocessed by extrusion and granulation to be moulded into new products made of recycled plastic.
- Several business entities throughout our network have implemented initiatives to reduce the environmental impact in their cafeterias. Single-use items have been replaced by reusable dishes and utensils and recycling systems have been implemented to ensure more efficient separation of materials.



TARGET 6 Ensure food safety and quality

We are one of the important components of the supply chain for food packaging, which plays an essential role in protecting food from external contamination and ensuring greater safety for consumers, two attributes that are proving to be of the utmost importance in the context of the current crisis. We take food safety practices very seriously and adopt the highest food safety standards to meet our customers' requirements.

Ensure food safety and quality	2021 target	2019 results	2018
Obtain a GFSI-recognized (Global Food Safety Initiative) food safety certification for all our direct-food contact packaging facilities	100%	76%	76%

In 2019, 13 of our 17 plants producing direct-food contact packaging had food safety certification recognized by the Global Food Safety Initiative (GFSI). Three of the remaining four plants are certified to AIB and ISO standards, also recognized for food safety. However, we aim to achieve GFSI certification for all our facilities by 2021 for the purpose of harmonisation. Through independent audits, all these certifications ensure that our operations comply with the most stringent food safety standards.

More specifically, personnel working in a certified packaging plant, including any visitors, must follow strict hygiene policies, procedures and protocols to limit the risk of contamination. Our teams focus on the five main food safety measures: Good Manufacturing Practices (GMP), traffic patterns, infrastructure, equipment design and disinfection.

In addition, rigorous inspections of our work environments are carried out every month, including production and storage areas and all of our equipment. We conduct monthly audits focused on food safety and have a system in place to ensure the traceability of production batches. These procedures allow us to maintain an adequate environment and guarantee our customers a safe and high quality packaging production.

The COVID-19 crisis has clearly brought to the forefront consumers' concerns about the health and safety of the products they consume. Plastic packaging addresses these concerns and plays a vital role throughout the supply chain by contributing to food safety and extending food shelf life.





OUR PRODUCTS

In all of our businesses, we strive to create products that reflect our commitments to sustainable development. This translates into packaging and printed products that combine safety, performance, quality, innovation and environmental awareness. We aim to take a circular approach at every stage of our product design, from sourcing raw materials to managing their end-of-life.

TARGET 7 Promote the use of sustainable materials

As Canada's largest printer, publisher of educational books and a leader in flexible packaging in North America, TC Transcontinental buys a significant amount of paper and plastic each year. This reality allows us to approach our procurement as an opportunity to play an active role in creating a circular economy for plastics and to positively influence forest management practices.

Responsible procurement is perfectly aligned with our vision and our social and environmental strategy. It was identified as an important element by our stakeholders during the materiality analysis carried out prior to our three-year plan *Acting Together*. At the end of 2019, we started an evaluation process of our main suppliers in our Printing and Packaging sectors through the EcoVadis platform. Our goal is to integrate environmental, social and ethical criteria into our purchasing processes, in addition to traditional performance measures. We are pleased to see that the majority of our suppliers have participated in this assessment. Their responses will allow us to highlight best practices, identify areas for improvement and progress together towards our sustainable development goals.

Promote the use of sustainable materials	Annual target	2019 results	2018
100% of our paper purchases to come from third-party certified or recycled sources	100%	99%	96%

In 2007, TC Transcontinental published its first paper purchasing policy, whose scope was expanded in 2012. Its implementation has shown excellent results. In fact, the proportion of paper purchased that is FSC®, SFI® or PEFC certified or contains 100% recycled content reached 99% in 2019, up from 67% in 2012. Our in-house produced educational books are printed on 100% certified papers. We also hold FSC®, SFI® and PEFC chain-of-custody certifications, which allow us to track fibres directly from their origin all the way to our printed product.

Our practices are in line with the United Nations Sustainable Development Goal 15, which aims to "promote the

implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally".

In that sense, for several years now, TC Transcontinental has been working with the non-governmental organization Canopy to encourage governments and the forest industry to support and promote the protection of old and endangered forests. In fact, TC Transcontinental's leadership was recognized in 2019 when Canopy named us in fourth position in their *Blueline Report* ranking of North America's most sustainable printers. Based on 41 criteria, this ranking

comprehensively evaluates printers' commitments to forest conservation, fibre sourcing, transparent disclosure and sustainable development practices.

With respect to plastics, TC Transcontinental shares the Ellen MacArthur Foundation's common vision of a circular economy,

stating that plastic should never become waste. We are proud to be the first Canadian-based manufacturer to have joined the New Plastics Economy Global Commitment, and among others committed to achieving 10% post-consumer recycled content on average by weight across all plastic packaging in our product portfolio by 2025.

Promote the use of sustainable materials	2025 target	2019 results	2018
By 2025, achieve a 10% use of post-consumer recycled content on average by weight across all plastic packaging in our product portfolio	10%	0.21%	0%

In 2019, we started this process, with only 0.21% of our annual plastic purchases coming from post-consumer sources, mainly for the production of the new Publisac¹ made from 100% recycled plastic. Launched in the fall of 2019, the new Publisac, developed in-house, produced entirely from plastic waste and still 100% recyclable, is one of the first milestones in the creation of a circular plastic economy in Québec. The expertise acquired during this collective achievement by our in-house teams in research and development, sustainable development, procurement, distribution and packaging will

serve as a foundation for the development of other innovative projects with our clients in the months and years to come.

In addition, the announcement earlier this year of the creation of a Recycling group within TC Transcontinental Packaging will help us achieve our goal of increasing post-consumer recycled content in our product line. This group will start purchasing equipment in 2020 to convert flexible plastics recovered from sorting facilities and other commercial, industrial and agricultural sources into recycled resin, thereby ensuring a stable, quality supply for our own packaging operations.



¹ TC Transcontinental's distribution system for flyers and local newspapers in Québec

TARGET 8 Design for end-of-life

TC Transcontinental Packaging offers a wide range of flexible plastic products and serves a variety of industries. The packaging we make plays an essential role – it contains the product, protects it and makes it easier to transport while extending its shelf life. Packaging is one of the key solutions for reducing food waste and contributes to the achievement of the United Nations Sustainable Development Goal 12, which aims to "reduce per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains". However, there is still work to be done to ensure that certain types of plastic packaging are managed effectively at end-of-life, and we want to be part of the solution.

Design for end-of-life	2025 target	2019 results	2018
By 2025, 100% of our plastic packaging to be reusable, recyclable or compostable	100%	38%	34%

In 2019, 38% of the packaging we produced was reusable, compostable or recyclable. This includes BPI-certified packaging for industrial composting, our single-resin products such as polyethylene shrink wrap films, and our new model of 100% recyclable, multilayer barrier stand-up pouch, one of the first-in-market.

This innovative packaging distinguished itself in 2019 by winning the Gold Award in the Sustainable Development category at the 2019 Flexible Packaging Achievement Awards, as well as all the awards in the Sustainable Packaging category at the Packaging Association of Canada's 2019 Leadership Awards. In 2018, TC Transcontinental Packaging

also won Gold in the Sustainable Development category at the annual Flexible Packaging Achievement Awards for its compostable peanut bag.

In addition, in 2019, TC Packaging launched the vieVERTe sustainable product portfolio, which includes its compostable and recyclable product line, as well as applications containing post-consumer resins. vieVERTe sustainable products offer all the benefits of flexible packaging, including barriers, durability, performance, shelf stability and visual appeal, while providing a responsible end-of-life solution. This line will be enhanced as our research and development teams continue to develop new innovative eco-friendly products.



TARGET 9 Focus on product research and development

We know that innovation is key to achieving our ambitious targets for sustainable packaging. This is why we are committed to investing at least 1% of our Packaging sector's annual revenues in research and development (R&D) by 2021. This target is in line with the United Nations Sustainable Development Goal 9, which states how important it is to "enhance scientific research and upgrade the technological capabilities of industry sectors, including encouraging innovation and substantially increasing the number of research and development workers".

Focus on product research and development	Annual target	2019 results	2018
Invest at least 1% of our Packaging Sector's annual revenues in research and development	1%	0.55%	n/a

The acceleration of our expansion in the packaging sector following the transformational acquisition of Coveris Americas has led to the deployment of a new innovation strategy in 2019. Indeed, our commitment to the circular economy and the ambitious objectives we have set ourselves required a strengthening of our research and development capabilities. With the arrival of new leadership and a renewed innovation strategy, we have been able to drive additional investments in R&D and to launch several research and development initiatives meeting the needs of our markets for eco-responsible products. Numerous projects are underway to address the technical challenges associated with the development of products that are compostable, recyclable or made from recycled resins.

Issues related to end-of-life packaging affect our entire value chain, and the contribution of our customers and suppliers is essential to our design process. This collaborative vision ensures not only the commercial viability of our products, but

also our ability to stay ahead of market demands and cements our leadership position. The many awards received by TC Transcontinental Packaging for its innovative and sustainable packaging demonstrate the success of this strategy.



"We are making great strides towards our circular economy vision and our sustainable products strategy. Our teams are collaborating closely with our customers and our supply chain partners to develop new packaging solutions combining optimal performance and value as well as improved end-of-life management so that plastics never become waste."

– Alex Hayden, Senior Vice President, R&D,
Innovation and Sustainability, TC Transcontinental Packaging



OUR COMMUNITIES

As defined in our three-year 2019-2021 plan, our support for communities is an integral part of our corporate vision. We are proudly committed to making a difference every day where our employees live and work, close to our customers and partners.

TARGET 10 Invest in our communities

Invest in our communities	Cumulative target	2019 results	2018
Over 3 years, donate \$5M in financial contributions, goods and services to organizations, projects and programs that support the communities in which we operate	\$5M	\$2.1M	n/a

TC Transcontinental has a long-standing commitment to philanthropy: each year, the Corporation and its employees support many causes that focus on education, health and the environment. In 2019, TC Transcontinental gave more than \$2.1 million in monetary donations or in the form of products and services to 200 organizations, projects and programs that support the communities in which we operate.

Centraide of Greater Montreal is one of the organizations that has been particularly close to our hearts for almost 35 years. Since the beginning of our commitment, we have donated a cumulative amount of more than \$7 million. Our unwavering commitment to this organization continued in 2019, when we raised more than \$435,000, an all-time record for the Corporation!

TARGET 11 Foster employee engagement

Foster employee engagement	Annual target	2019 results	2018
All business units to participate annually in at least one initiative making a positive impact in their community	100%	100%	n/a

In 2019, all of our business units participated in at least one initiative that had a positive impact in their communities. These local actions, carried out by engaged employees, demonstrate the extent to which TC Transcontinental's values are disseminated concretely by our employees in our operations. Here are some inspiring examples:

- The Transcontinental RBW team in Owen Sound organized a fundraising campaign in 2019 to benefit the local women's shelter, The Women's Centre Grey Bruce. Basic necessities, including clothing and toys for the women and children at the shelter, were collected and delivered for Thanksgiving. Due to the success of this first edition, the collection will now become an annual event.

- This year, our employees at Transcontinental Saint-Hyacinthe took part for the first time in the collection of *La grande guignolée des médias*. At the end of this memorable day and thanks to other activities organized at the plant, a total of \$2,832 was donated to *La Moisson Maskoutaine*, which coordinates the redistribution of food to several organizations in the region that help people in need.



- On Earth Day, April 22, our Transcontinental Aurora team organized a cleanup near the plant. More than 40 bags of garbage were recovered, improving the environment and the community. Transcontinental Aurora employees also supported several causes in their community, including the Breakfast Club and the Tim Hortons Foundation Camps.
- During the holiday season, Transcontinental Spartanburg and our TC Transcontinental Packaging office in Greenville collaborated with the Salvation Army on the Angel Tree program. Each year, this program provides assistance to local families in need. In 2019, 100 children aged 0 to 12 received Christmas gifts from our employees.

As we write this report, the commitment of our teams is particularly exceptional given the context of the COVID-19 pandemic. The initiatives that we will publish in our 2020 Progress Report will demonstrate their generosity and ingenuity.

- As part of a team-building event, Transcontinental Lenexa organized a community meal to benefit Ronald McDonald House Charities. A group of employees helped prepare and serve dinner to approximately 20 families staying at The Wiley House, one of the Ronald McDonald Houses in Kansas City.
- As part of the Day of Caring organized by the Tulsa Area United Way, Transcontinental Tulsa employees took part in a community service project at Morton Comprehensive Health Services, a centre that provides quality family medicine services to low-income and homeless clients. The plant provided labour and materials to paint two exam rooms, a hallway, a rest room and the Morton Services lobby, as well as to rebuild five courtyard benches.



- TC Media Books supports the development of the technology platform and book writing of the Champions for Life Foundation. This foundation is interested in physical literacy and is financially supported by the Canadian Children's Foundation, among others. By organizing a book drive, TC Media Books also supports the Literacy Foundation's Gift of Reading program, to which TC Transcontinental donated \$35,000 in 2019.

CONCLUSION

The past year saw significant progress in achieving our 11 corporate social responsibility objectives through the implementation of our sustainable development strategy.

The health and safety of our employees is a top priority and we have redoubled our efforts to reduce our incidence frequency rate. We have also made progress in gender diversity, increasing the representation of women in our management teams and maintaining their proportion on the Executive Committee and Board of Directors. Finally, we deployed new development and performance management programs to better support our employees in their career advancement.

As a good corporate citizen, we are aware of environmental issues. We plan to incorporate the elements required by the SASB and TCFD standards into our annual disclosures. We are also committed to improving our energy efficiency and waste recovery. Our vision of a circular economy has also inspired our actions, including responsible procurement, recycling

of materials and the design of sustainable products. Innovation is key to achieving our objectives, and we are proud to have established a leading research and development platform that enables us to bring to market packaging that meets our customers' needs for innovative, sustainable and safe products.

Finally, this past year has demonstrated how much the support to communities is an integral part of our corporate vision, both through our philanthropic activities and through the initiatives of our employees. The COVID-19 crisis will have a profound impact on our economies and communities. It makes us reflect on how to rebuild the world we want to leave to future generations. The next decade will be one of action, and TC Transcontinental wanted to reaffirm its long-term commitment by joining the United Nations 2030 objectives. More than ever, we can proudly say that social responsibility and sustainable development are at the heart of our strategy and actions. This is what *Acting Together* is all about!

PARTNERSHIPS

Solving the challenges of sustainability requires action across the value chain and collaboration between all stakeholders. We are very proud of the relationships we have built over the years with our esteemed partners, some of which are found below. As we progress on our corporate social responsibility journey, we will continue developing strategic partnerships in order to keep #ActingTogether towards a more sustainable future.



Protecting Canada's forests
Ranked 4th in Canopy's 2019 Blueline Report



Disclosure of information regarding our objectives and results



Among Centraide's Top 50 Campaigns



16 years among the Best 50 Corporate Citizens in Canada. Ranked 8th in 2019



Member of the Quebec Business Council on the Environment



Member of the Canadian Plastics Industry Association



EcoVadis rates the sustainability performance of our suppliers



Signatory of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment



Member of the Flexible Packaging Association



Co-founding member of the Circular Plastics Taskforce



Included in the Top 50 of the Jantzi® Social Index in Canada



Member of PAC Packaging Consortium



Member of the Sustainable Packaging Coalition



Signatory of the United Nations Global Compact

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Shareholders, Investors and Analysts

For further financial information or to order supplementary documentation about the Corporation, please contact the Investor Relations Department or visit the "Investors" section of TC Transcontinental's website at www.tc.tc

Additional Information

Ce rapport est aussi disponible dans la section « À propos > Responsabilité sociale » du site Web de la Société.

This report is also available in English in the "About Us > Social Responsibility" section of the Corporation's website.

Este Plan de Responsabilidad Social Empresarial 2019-2021 está disponible en español en nuestra página web bajo el título "Quiénes somos > Responsabilidad Social".

FORWARD-LOOKING STATEMENT

This 2019 Corporate Social Responsibility Progress Report may contain forward-looking statements or objectives which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. The Corporation cautions against undue reliance on such statements or objectives since actual results or events may differ materially from the expectations expressed or implied in them.

The main risks, uncertainties and other factors that could influence actual results are described in the most recent annual and quarterly Management's Discussion and Analysis ("MD&A") and in the latest *Annual Information Form* filed by the Corporation and which are available on its website at www.tc.tc.

Note to readers: TC Transcontinental's 2019 Corporate Social Responsibility Progress Report covers the period from November 1, 2018 to October 31, 2019. In this document, unless otherwise indicated, the term "dollar", as well as the symbol "\$" designate Canadian dollars.