



ANNUAL INFORMATION FORM

January 27, 2022
Fiscal Year Ended October 31, 2021

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Note: In this Annual Information Form, all dollar figures are in Canadian dollars, unless otherwise specified. All the information contained in this Annual Information Form is up to date as of October 31, 2021, unless otherwise specified.

Item 1 - Corporate Structure

1.1 Incorporation of the Corporation

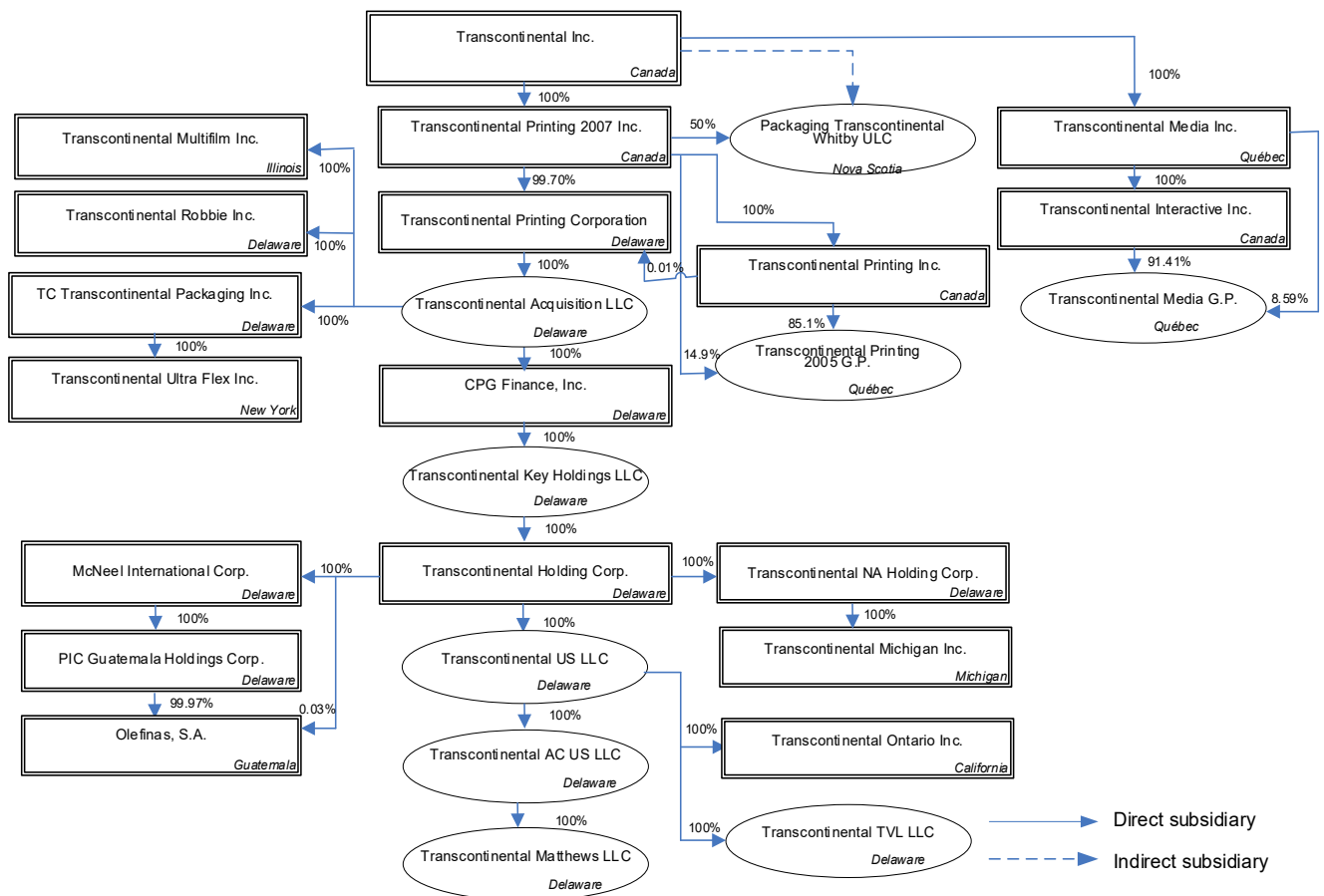
Transcontinental Inc. (the "Corporation") was incorporated under the *Canada Business Corporations Act* by Certificate of Incorporation dated March 3, 1978. A Restated Certificate of Incorporation was issued on October 7, 1988, containing amendments pertaining to the name of the Corporation, the number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

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

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

1.2 Intercorporate Relationships

The Corporation's principal direct or indirect subsidiaries as of October 31, 2021 as well as their jurisdiction of creation are shown on the following corporate chart:



The Corporation has other subsidiaries, but they have not been included in the chart because each represented less than 10% of our total consolidated assets and less than 10% of our total consolidated operating revenues as of October 31, 2021, and these other subsidiaries, together, represented less than 20% of our total consolidated assets and less than 20% of our total consolidated operating revenues as of October 31, 2021. All of the shares or units of such subsidiaries are held directly or indirectly by the Corporation.

Item 2 - Our Business

2.1 Profile

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

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

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has approximately 8,000 employees, the majority of which are based in Canada, the United States and Latin America. TC Transcontinental had revenues of more than C\$2.6 billion for the fiscal year ended October 31, 2021. For more information, visit our website at www.tc.tc.

Packaging Sector

TC Transcontinental Packaging, the Packaging Sector of TC Transcontinental, is a leader in flexible packaging with operations mostly in the United States, as well as in Canada, Guatemala, Mexico, Ecuador, the United Kingdom, New Zealand and China with about 3,900 employees as of the date hereof. Its platform is comprised of one premedia studio and 28 production plants, as of the date hereof, specializing in recycling, extrusion, lamination, printing and converting.

TC Transcontinental Packaging offers a variety of flexible packaging products, including rollstock, labels, die cut lids, shrink films, bags and pouches, and advanced coatings. This sector services a variety of markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, home and personal care, industrial, consumer products and medical.

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 about 3,700 employees and possesses a network of 13 state-of-the-art plants.

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

Media Sector

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

2.2 Description of the Operations

The following table sets forth the revenues and the percentage of revenues by operating sector of TC Transcontinental for the fiscal years ended October 31, 2021 and October 25, 2020.

| (in millions of dollars except for percentages) | Fiscal Years Ended in 2021 and 2020 | | | |
|---|-------------------------------------|----------|-----------|----------|
| | 2021 (\$) | 2021 (%) | 2020 (\$) | 2020 (%) |
| Packaging Sector | 1,449.7 | 54.8 | 1,418.7 | 55.1 |
| Printing Sector | 1,132.6 | 42.9 | 1,098.1 | 42.7 |
| Other ⁽¹⁾ | 61.1 | 2.3 | 57.2 | 2.2 |
| Total | 2,643.4 | 100.0 | 2,574.0 | 100.0 |

(1) Includes revenues of the Media Sector.

A) Packaging Sector













Products and Services

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

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

TC Transcontinental Packaging's products consist of those that we develop internally, and market to our customers, and those that we develop in cooperation with our customers to meet their specific product needs, including sustainable films that are recycle ready, incorporate post-consumer recycled materials or are compostable. In fact, our products are highly specific to our customers' individual requirements and, as such, we are closely involved with our customers in bringing innovative solutions and developing sustainable products to support their sustainability commitments. These efforts enhance the integration of TC Transcontinental Packaging's business with its customers' operations and position us as a business partner.

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

| | | | | | |
|----------------------------------|--|--|---|---|---|
| Agriculture |  Banana tree bags & skirts |  Labels & twine |  Box liners |  Mulch films |  Greenhouse films |
| Beverage |  Multipack shrink films |  Integritite™ shrink films |  Integritite™ PCR collation shrink film | | |
| Snacks, Confection and Dry foods |  Twist wrap |  Bags and pouches |  Flow wrap |  Aluminium foil | |

| | | | | |
|-------------------|---|--|--|---|
| Dairy |  Folms and pouches |  Halo™ for natural sliced & chunk cheese |  Envio™ forming & non-forming films |  Foil lidding |
| Coffee & Tea |  Bags and pouches |  Compostable bags and lids |  Die cut lidding for single serve | |
| Consumer Products |  Sachets and pouches |  Flow wrap and overwrap | |  Shrink film |
| Meat & Poultry |  Nextrus™ Boneless vacuum shrink bags |  ClearShield™ Bone-in shrink bags |  Envio™ Forming & non-forming films |  Equipment AB490 |
| Pet Food |  Bags and pouches |  Chub films |  Multipack shrink films | |
| Advanced Coatings |  Z-flo (conductive films) |  Flexographic print blankets | |  Contract coating services (automotive protection film) |
| Medical |  Inspire® films (advanced wound care) |  Medical adhesives |  Blood test strips |  Labels |

Equipment and Manufacturing Processes

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

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

Recycling

In February 2020, a recycling group was created within TC Transcontinental Packaging. The creation of the recycling group aims to vertically integrate the recycling of plastics in our packaging production chain in Canada, the United

States and Latin America, thereby ensuring stable procurement of recycled resin. In June 2020, this group purchased equipment, such as a wash line and extruders, for converting flexible plastics recovered from commercial, industrial and agricultural sources and from sorting facilities into recycled plastic granules, which will be integrated into our production. In 2021, investments were made to improve our process and the quality of the post-consumer resin (PCR) we produce within our facility for our customers. We were also audited by an APR (Association of Plastic Recyclers) endorsed certifier and successfully achieved the Recycled Content and Recycling Program Certification. This PCR Certification Program increases accessibility to (and confidence in) certification across a diversity of PCR applications. Our customers can feel confident that the PCR we produce is legitimately PCR. This offering of sustainable packaging containing recycled plastic supports our goal of creating a circular economy for plastic.

Extrusion

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

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

We use our film extrusion capabilities for insourcing a portion of our film production.

Lamination

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

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

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

Printing

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

Converting

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

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

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

Advanced Coatings

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

Premedia

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

Principal Markets and Customers

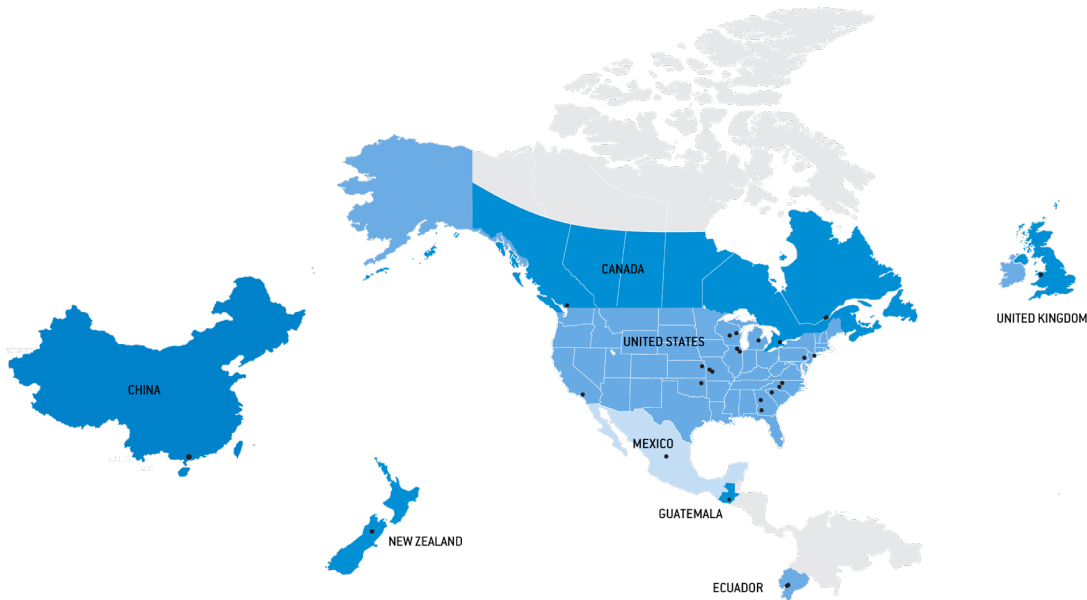
Our flexible packaging products and services serve an array of end markets, including dairy, coffee, meat and poultry, pet food, agriculture, beverage, home and personal care, industrial, consumer products and supermarkets. Through our advanced coatings segment, we also serve the medical, automotive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

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

We have entered into contracts with many of the major customers of our Packaging Sector. Such contracts have remaining terms varying between one to almost eight years and generally have price adjustment clauses based on volume, cost of raw materials, labour or the Chemical Data Index.

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

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



Logistics

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

Research and Development, Patents and Trademarks

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

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

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

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

Revenues by Geographic Regions

The following table sets forth the revenues and the percentage of revenues of our Packaging Sector based on their geographic distribution for the fiscal years ended October 31, 2021 and October 25, 2020.

| (in millions of dollars except for percentages) | Fiscal Years Ended in 2021 and 2020 | | | |
|---|-------------------------------------|----------|--------------------------|-------------------------|
| | 2021 (\$) | 2021 (%) | 2020 (\$) ⁽¹⁾ | 2020 (%) ⁽¹⁾ |
| Revenues generated from plants located in Canada | 148.2 | 10.2 | 115.2 | 8.1 |
| Revenues generated from plants located in the United States | 1,090.0 | 75.2 | 1,104.7 | 77.9 |
| Revenues generated from plants located outside Canada and the United States | 211.5 | 14.6 | 198.8 | 14.0 |
| Total | 1,449.7 | 100.0 | 1,418.7 | 100.0 |

(1) Certain prior year amounts have been reclassified for consistency with the current year presentation.

Competition

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

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

TC Transcontinental Packaging competes in certain market segments with several large firms in North America, including Amcor Ltd., Berry Plastics Group Inc., Sonoco Products Company, ProAmpac Intermediate, Inc., Winpak Ltd., Printpack, Inc., American Packaging Corporation, Bryce Corporation, Peel Plastic Products Ltd., Plastic Packaging Technologies, LLC, Sealed Air Corporation, Hood Packaging Corporation, Mondi plc, Schweitzer-Mauduit International, Inc., as well as several small converters.

We believe that our ability to serve customers requiring fast turnaround times and to deliver short run as well as long run orders differentiate us from other industry participants. Our wide range of flexible packaging solutions also enables us to rapidly respond to the needs of the market for a variety of applications. We believe that our in-house content creation premedia services distinguishes our Packaging Sector's service offering by enabling us to support our customers' brand strategies. We also believe that the vertical integration of recycling activities within our production chain sets us apart from our competition by procuring high-quality, consistent and stable post-consumer resin supply. Moreover, we believe that our research and development strategy further differentiates us in the industry and allows us to develop products that bring greater benefits to our communities and the environment.

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

The low density polyethylene post-commercial and post-consumer resin we produce has also been tested and certified by the Association of Plastics Recyclers (APR) and endorsed by SCS Global Services as 100% post-consumer recycled content. Also, our recycling facility based in Montréal, Québec, conforms to the SCS Recycling Program Standard for efficiently processing post-consumer waste material for landfill diversion. Our customers can rest assured that the post-consumer resin we produce and incorporate in our packaging products is legitimately post-consumer resin.

Seasonal Variations

Depending on the product category of our Packaging Sector, seasonal factors can contribute to changes in revenues and net income for a particular quarter. As such, some food packaging types are by their very nature more seasonal due to harvest cycles, weather conditions, holidays, religious celebrations or sporting events. For example, the increase in demand for bottled beverages during the warmer months has a positive impact on the shrink bundling business.

B) Printing Sector

Products and Services

TC Transcontinental Printing offers to its customers a complete line of specialized services for the production of printed material, from the beginning to the end of the graphical production line, including services related to retail and newspapers, magazines and books, marketing products, premedia and distribution.

Retail and Newspaper

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

As one of the largest printers of newspapers in Canada, we provide newspaper publishers with a unique range of print solutions. Newspapers are printed in four plants located in four provinces of Canada that are specialized in printing both newspapers and flyers. We print more than 175 newspapers across Canada, including 9 paid dailies.

In the midst of a difficult advertising market, we offer a unique newspaper printing outsourcing model. Our innovative solution helps newspaper publishers increase efficiency. We print, among others, the *Toronto Star* and *Hamilton Spectator* newspapers, for Metroland Media Group Ltd., *The Globe and Mail* newspaper, for The Globe and Mail Inc., and, *The Gazette*, *Calgary Herald* and *The Vancouver Sun* newspapers, for Postmedia Network Inc.

Magazine and Books

With three plants offering complete services for magazine printing located in Québec and Ontario, we print more than 300 magazines, making us among the largest magazine printers in Canada. We are among the largest printers of colour books in Canada. We also print catalogues and directories.

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

Marketing Products

We have developed a high-revenue potential in-store marketing niche, including the printing of promotional materials and the printing of point-of-purchase materials. We offer a variety of marketing solutions across Canada, including the creation of digital content and visuals, direct mail and direct marketing solutions, specialty packaging printing, printing and assembly of promotional signs and displays, in-store marketing solutions and full store design-build services.

The broader in-store marketing segment is of interest to us because it is often characterized by recurring contracts with major retailers with whom we currently do business.

Our products and services include plastic and metal fabrication, millwork and fixturing, print and graphics, decor as well as the conception, design and building of the full range of indoor and outdoor signage, displays, fixtures and furniture for retail spaces whether made from paper, cardboard, plastic, wood or metal.

We also print corporate materials to support our customers with their marketing, business and consumer directed advertising material including banners, annual reports, identity brochures, presentation folders and company calendars. Our printing capabilities allow us to offer high-fidelity colour, unique folds and special finishes as well as panoramic large format printing.

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

Premedia

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

Distribution

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

Through our Targeo division, a Canada-wide distribution brokerage service, we also offer national retailers the possibility to reduce their management fees by outsourcing the coordination of their flyer program across Canada. In this regard, we have a database and commercial relationships with more than 600 distribution partners in the territories that are not directly served by *Publisac*. This represents approximately more than 13 million households that are served by Targeo.

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

Equipment and Manufacturing Processes

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

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

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

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

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

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

With our state-of-the-art plants and best practices across our printing platform, we believe that we are well positioned to remain a leader in the printing industry.

Principal Markets and Customers

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

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

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

During the 2021 fiscal year, we renewed several multi-year agreements with major customers of our Printing Sector for a total valued at over \$250 million per year. No single customer accounted for more than 15% of our Printing Sector's revenues during the last two fiscal years.

Revenues by Type of Customers

The following table sets forth the revenues and the percentage of revenues of our Printing Sector based on the type of customers for the fiscal years ended October 31, 2021 and October 25, 2020.

| (in millions of dollars except for percentages) | Fiscal Years Ended in 2021 and 2020 | | | |
|--|--|-----------------|------------------|-----------------|
| | 2021 (\$) | 2021 (%) | 2020 (\$) | 2020 (%) |
| Retailer-related services | 597.6 | 52.8 | 624.6 | 56.9 |
| Marketing products | 260.5 | 23.0 | 208.8 | 19.0 |
| Magazines and books | 181.9 | 16.0 | 167.3 | 15.2 |
| Newspapers | 92.6 | 8.2 | 97.4 | 8.9 |
| Total | 1,132.6 | 100.0 | 1,098.1 | 100.0 |

Competition

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

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

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

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

We distribute each week in Québec most local newspapers and flyers of major national, regional and local retailers. Our distribution services compete for the distribution of advertising materials and other products with direct mail services and some other distribution companies, as well as Canada Post. Moreover, the City of Mirabel, Québec, modified in 2019 its regulation to prohibit the distribution of printed advertising materials unless the owner or occupant posts a sticker indicating that they accept to receive printed advertising materials (opt-in). In Québec, local newspapers are generally distributed through our distribution services with printed advertising materials. In addition, the regulation establishes a different system for Canada Post. We are seeking to have the regulation declared null and void on the grounds that it infringes the right to freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and the Québec Charter of Human Rights and Freedoms and the right to information protected by the Québec Charter, and that it is discriminatory and abusive. Other municipalities could potentially adopt similar regulations. We intend to challenge any regulations in that regard that would be adopted elsewhere. Should we fail to get such changes to regulations declared null and void, it could have an impact on our business model and, consequently, our net earnings. We are also working together with government bodies to demonstrate the potential effect of such regulations on the value chain as a whole, jobs, citizens, local newspapers and the Corporation.

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

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

Seasonal Variations

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

C) Media Sector

Products and Services

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

TC Media Books

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

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

TC Media Books holds the rights to close to 12,000 educational book titles in its catalogue, which are used in the majority of French-language educational institutions in Québec and in the rest of Canada. We also hold the rights to around 950 book titles destined to Canadian consumers, consisting of supplemental educational materials (Les Éditions Caractère), general interest books (Les Éditions Transcontinental) and specialized medical books (Edisem). Also, we have the distribution rights in Canada to around 70,000 titles of third-party publishers, mainly French, and we operate our distribution through Somabec Ltd., a company acquired in 2018.

Groupe Constructo

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

Groupe Constructo is a partner of CGI Inc. for the operation of the SEAO, Québec's electronic tendering system which allows suppliers to bid on Québec governmental contracts.

Principal Markets and Customers

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

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

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

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

Competition

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

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

Seasonal Variations

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

2.3 Raw Materials and Energy Prices

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

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

Fluctuations in the price of oil, natural gas, ethane, which are necessary for the manufacturing of ink, resin and plastic film, have a direct impact on the prices of these products. Fluctuations in the price of oil also have an impact on gasoline prices. Any increase thereto would negatively affect our distribution activities. We continue our efforts towards finding new ways to reduce our energy costs.

In addition, agreements with our customers generally contain escalation clauses that index selling prices to fluctuations in raw material costs.

2.4 Economic Cycles

TC Transcontinental's activities are exposed to economic cycles and difficult market conditions as a significant portion of its printing revenues depends, directly or indirectly, on spending by advertisers. Global economic conditions, changes in consumers' buying habits and significant structural changes, in particular the consolidation in some industries and the adoption of digital platforms, also affect the operations of TC Transcontinental's main customers, which could have an adverse impact on the products it offers. TC Transcontinental operates in many countries, and the economic risks specific to each country may have an impact on results of operations. In addition, the COVID-19 pandemic could cause economic disruptions in many countries, in particular those where TC Transcontinental operates. Future economic disruptions could exert pressure on TC Transcontinental's investment activities, its customers as well as product demand by its customers. These items would have an adverse impact on TC Transcontinental's net earnings.

2.5 Environmental and Social Responsibility

Compliance with Applicable Environmental Legal Requirements

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

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

Environmental Risk Management

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

Environmental Policy

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

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

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

Paper Purchasing Policy

Our Paper Purchasing Policy stipulates, among other things, that recycled or certified papers be used for our printing and for our own publishing operations. As part of our commitment to continuous improvement, we have reiterated our commitment to working together with our customers to significantly diminish the environmental and social impacts associated with our paper procurement.

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

Circular Approach to Plastics

TC Transcontinental shares the Ellen MacArthur Foundation's common vision of a circular economy for plastic, where plastic never becomes waste. Therefore, in March 2019, we became the first Canadian-based manufacturer to join the New Plastics Economy Global Commitment. We have committed, by 2025, for 100% of our plastic packaging to be reusable, recyclable or compostable, in addition to achieving a 10% use of post-consumer recycled content on average, by weight, across all plastics in our product basket. The creation of the recycling group within TC Transcontinental Packaging in February 2020 and the acquisition in June 2020 of equipment used for converting plastic waste will contribute to the achievement of that goal by ensuring stable procurement of quality recycled resin.

As a good corporate citizen, TC Transcontinental also understands its role in promoting good recycling practices and we commit to collaborating towards increasing reuse, recycling and composting rates for plastic in the communities where we operate. To that effect, we joined five other leaders in Canada's food, beverage and packaging sector to create the Circular Plastics Taskforce ("CPT"), with the goal of developing a circular economy for plastics in Canada. The CPT seeks to provide concrete solutions to the challenges currently facing the recycling industry in Québec and Canada, such as fostering the expansion of existing markets and the creation of new dynamic local and national markets for recycled plastics. In April 2021, the CPT completed the Phase I of its project and released a white paper named *Rethinking plastic packaging recycling: Solutions towards increased circularity in Quebec and Canada*. The second phase of the CPT's project will consist of large-scale pilot projects across the plastic recycling value chain in Canada and should be launched in Spring 2022.

Social Responsibility

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

During the 2021 fiscal year, we were named for the 18th year as one of Canada's 50 best corporate citizens, as well as being placed for the first time in the world's 100 most sustainable corporations, as determined by Corporate Knights. This ranking is established by measuring a broad range of environmental, social and governance indicators. For a number of years, we have tracked our fuel and electricity use and have calculated the associated greenhouse gas emissions, reporting our results to the Carbon Disclosure Project ("CDP") since 2006. In 2021, TC Transcontinental also reported for the ninth year to the CDP on forest risk commodities.

To emphasize our commitment as a good 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. In June 2021, we also tabled our 2020 Corporate Social Responsibility Progress Report, which presents headway made as per the 11 main objectives identified in our 2019-2021 Corporate Social Responsibility Plan, named *Acting Together*. Our 2020 Corporate Social Responsibility Progress Report and our 2019-2021 Corporate Social Responsibility Plan are both available on the Corporation's website (www.tc.tc).

2.6 Human Resources

As of October 31, 2021, the Corporation had 7,904 employees. The following table presents the breakdown of employees within our three operating sectors as of October 31, 2021, excluding employees located at the Corporation's head office and within its administrative services center.

| Description | Number of Employees |
|--------------------|----------------------------|
| Packaging Sector | 3,761 |
| Printing Sector | 3,637 |
| Media Sector | 230 |

As of October 31, 2021, 1,031 permanent employees of our Packaging Sector were represented by certified associations under eleven collective bargaining agreements. These agreements will expire on various dates through April 2026. A total of four collective bargaining agreements will be negotiated in 2022.

As of October 31, 2021, 928 permanent employees of our Printing Sector were represented by certified associations under 9 collective agreements. These agreements will expire on various dates through October 2023. There are presently two collective agreements representing 38 permanent employees of our Printing Sector that are under negotiation. Three collective agreements will expire in 2022. One collective agreement has ceased to exist in January 2021 due to the closure of a business unit.

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

2.7 Properties

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

2.8 Reorganizations

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

2.9 Strategic Acquisitions and Business Development

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

Packaging Sector

On November 1, 2021, TC Transcontinental Packaging acquired H.S. Crocker Company, Inc., a company specialised in manufacturing die cut lids for the food industry and labels for the pharmaceutical industry.

On June 15, 2020, TC Transcontinental Packaging acquired the assets of Enviroplast Inc., a company specialized in recycling flexible plastics in the province of Québec. The acquired equipment is used for converting plastic waste recovered from commercial, industrial and agricultural sources and from sorting facilities into recycled plastic granules.

On August 30, 2019, TC Transcontinental Packaging acquired a 60% interest in Industrial y Commercial Trilex C.A. ("Trilex"), a plastic packaging supplier located in Guayaquil, Ecuador. Trilex specializes in the production and sale of packaging materials and banana farm plastics for protection and pest control.

Printing Sector

On May 31, 2021, TC Transcontinental Printing acquired BGI Retail Inc., a company specialized in in-house design, engineering, manufacturing, installation and management of retail solutions and brand-defining consumer experiences, for both retailers and global brands across North America.

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

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

2.10 Significant Acquisition

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

2.11 Risk Factors

The risk factors related to the Corporation and its activities are described on pages 18 to 25 of our *Management's Discussion and Analysis* for the fiscal year ended October 31, 2021, which may be viewed under the Corporation's SEDAR profile (www.sedar.com). The material factors that could have an effect on the results of the Corporation include, but are not limited to, the impact of digital product development and adoption on printed products, the political and social environment as well as regulatory and legislative changes, in particular with regard to the environment and door-to-door distribution, changes in consumption habits related, in particular, to issues involving sustainable development and the use of certain products or services such as door-to-door distribution, the Corporation's ability to generate organic growth in highly competitive industries, the Corporation's ability to complete acquisitions in the packaging industry and properly integrate them, the inability to maintain or improve operational efficiency and avoid disruptions that could affect its ability to meet deadlines, raw materials, transportation and energy consumption costs, availability of raw materials, cybersecurity and data protection, recruiting and retaining qualified personnel in certain geographic areas and industry sectors, risk of inflation, structural changes in the industries in which the Corporation operates, change in consumption habits or loss of a major customer, the safety and quality of its packaging products used in the food industry, the protection of its intellectual property rights, the economic situation in the world, bad debts from certain customers, import and export controls, the exchange rate, interest rates, availability of capital at a reasonable rate, the impact of major market fluctuations on pension plan solvency, taxation, customer consolidation, the impact of the COVID-19 pandemic on its operations, facilities and financial results, changes in consumption habits from consumers and changes in the operations and financial position of the Corporation's customers due to the COVID-19 pandemic and the effectiveness of plans and measures implemented in response thereto.

As early as the beginning of March 2020, the Corporation actively deployed its company-wide crisis management and communication plan, which enabled it to ensure employee safety while ensuring service continuity for its customers. Since then, the Corporation has been closely monitoring the developments of the COVID-19 pandemic and government recommendations and is acting quickly by adapting security measures as required. Despite the progress of the vaccination campaign, the pandemic continues to disrupt many sectors of the global economy. In the Packaging Sector, which represents more than half of the Corporation's revenues, the vast majority of our operations support the retail supply chain for food and everyday consumer goods, a sector that continues to experience strong demand. In the Printing Sector, revenues are still negatively impacted, even though volume continues to gradually recover.

The heading "Risks and Uncertainties" under our *Management's Discussion and Analysis* for the fiscal year ended October 31, 2021 is incorporated herein by reference.

Item 3 - Highlights of the Last Three Fiscal Years

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

2021

Operations

- On September 28, 2021, TC Transcontinental Packaging announced the significant expansion of its Transcontinental Ontario, California facility, fully commercial and ready for operation as of September 2021. The expansion of the Transcontinental Ontario facility notably enhances the shrink & extrusion films group capabilities and capacity, providing a coast-to-coast, cost-effective, and efficient solution for its customers and the market and contributing to an improved environmental footprint by reducing distribution miles; and

- On September 27, 2021, TC Transcontinental Packaging announced the establishment of its ASTRA Center, the Art, Science, and Technology Research and Applications Center, based in Menasha, Wisconsin. This 12,200 square-foot facility will allow TC Transcontinental Packaging to innovate and identify sustainable solutions for its customers. It has four different research and development labs which enables brand owners and retailers to benefit from a deep expertise in compostable, recyclable, and recycled content packaging, increased speed to market from concept to commercialization, optimized solutions for performance and cost, and turnkey packaging solutions.

Changes to the Board of Directors and Management

- Appointment of Mr. Peter Brues as President and Chief Executive Officer of the Corporation
- Appointment of Mr. Nelson Gentiletti to the Corporation's Board of Directors; and
- Retirement of Mr. François Olivier as President and Chief Executive Officer of the Corporation.

2020

Operations

- On September 24, 2020, TC Transcontinental Printing announced that it was phasing down the printing activities of its Transcontinental LGM – Coronet plant, located in Winnipeg, Manitoba, in anticipation of the complete closure of the plant on January 31, 2021. Operations were gradually transferred, mainly to the Transcontinental RBW Graphics plant in Ontario and, to a lesser extent, to the Transcontinental Calgary plant in Alberta, to ensure a smooth transition for customers and maintain service quality;
- On June 17, 2020, TC Transcontinental Printing announced, following the June 12, 2020 decision by the Coopérative nationale de l'information indépendante to permanently stop publishing its newspapers during the week, the definitive closure of the printing plants Transcontinental de la Capitale (Québec City) and Transcontinental Qualimax (Gatineau), both located in the province of Québec;
- On January 22, 2020, TC Transcontinental Printing completed the closure of its Transcontinental Prince Edward Island plant located in Borden-Carleton; and
- On January 17, 2020, TC Transcontinental Packaging completed the sale of its paper and woven polypropylene packaging operations to Hood Packaging Corporation for a price of US\$180 million (approximately C\$235.3 million) subject to working capital adjustments. These operations generated approximately US\$215 million (approximately C\$286 million) in revenues for fiscal year ended October 27, 2019. The completion of this transaction enabled the Corporation to reduce its net indebtedness ratio to approximately 2.0x.

Changes to the Board of Directors and Management

- Appointment of Mr. Eric Morisset as Chief Corporate Development Officer of the Corporation.

2019

Operations

- On December 22, 2019, TC Transcontinental Printing completed the closure of its Transcontinental Brampton plant in order to optimize its retail printing platform in Canada. The gradual reduction of TC Transcontinental Printing's activities at Transcontinental Brampton was announced on May 8, 2019;
- On November 21, 2019, TC Transcontinental Printing announced that, as a result of Free Daily News Group Inc.'s decision to stop publishing The StarMetro Halifax as of December 20, 2019, it will gradually cease coldset printing activities at its Transcontinental Halifax plant;
- On September 19, 2019, TC Media announced the sale of the majority of its specialty media assets and event planning activities to two corporations, namely to Contex Group Inc., an event planning and media company recently founded and headed by Mr. Pierre Marcoux, and to Newcom Media Inc., a Canadian company dedicated

to specialty publishing and event planning. Contex Group Inc. acquired Les Affaires, Les Affaires Plus, Les Événements Les Affaires, Acquisition.biz, Benefits Canada, Avantages, Canadian Investment Review, Canadian Institutional Investment Network as well as Contech, and Newcom Media Inc. acquired Finance et Investissement, Investment Executive, Advisor's Edge and Conseiller; and

- On September 5, 2019, TC Transcontinental Printing sold its Fremont, California building to The Hearst Corporation ("Hearst") for a price of US\$75 million. The printing operations of the Fremont facility had already been transferred to Hearst in April 2018.

Changes to the Board of Directors and Management

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

Item 4 - Capital Structure of the Corporation

4.1 General Description of the Capital Structure

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

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

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

Class B Shares:

Voting Rights:

The Class B Shares entitle their holders to 20 votes per share.

Dividends:

The Class B Shares entitle their holders to receive, *pari passu* with the holders of Class A Subordinate Voting Shares, any and all dividends declared by the Corporation, subject to the rights of holders of Preferred Shares.

Conversion:

The Class B Shares can, at any time, be converted into Class A Subordinate Voting Shares on the basis of one for one.

Dissolution:

The holders of Class B Shares are entitled, *pari passu* with the holders of Class A Subordinate Voting Shares, to share the remaining assets of the Corporation following its dissolution.

4.2 Ratings

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

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

Corporate Rating

Standard & Poor's Ratings Services

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

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

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

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

DBRS Limited

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

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

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

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

4.3 Normal Course Issuer Bid

On September 29, 2021, the Corporation announced that it received approval from the Toronto Stock Exchange to renew its normal course issuer bid plan in order to purchase for cancellation, between October 1, 2021 and September 30, 2022, up to 1,000,000 of its Class A Subordinate Voting Shares, representing approximately 1.37% of the 73,111,944 issued and outstanding Class A Subordinate Voting Shares and up to 190,300 of its Class B Shares, representing approximately 1.37% of the 13,913,226 issued and outstanding Class B Shares as of September 17, 2021.

In connection with the program, the Corporation established an automatic securities purchase plan to provide standard instructions regarding how the Corporation's shares are to be repurchased under the program. Accordingly, the Corporation may repurchase its shares under the automatic plan on any trading day during the program, including during self-imposed trading blackout periods. The automatic plan will commence and should terminate together with the program. It constitutes an "automatic plan" for purposes of applicable Canadian securities legislation and has been reviewed by the Toronto Stock Exchange.

The Corporation had been authorized to redeem for cancellation on the open market or, subject to the approval of any securities authority, by private agreements, between October 1, 2020 and September 30, 2021 up to 1,000,000 of its Class A Subordinate Voting Shares, representing approximately 1.37% of its 73,049,344 issued and outstanding Class A Subordinate Voting Shares and up to 191,320 of its Class B Shares, representing approximately 1.37% of its 13,975,826 issued and outstanding Class B Shares as of September 18, 2020.

During the fiscal year ended October 31, 2021, the Corporation redeemed for cancellation 200 of its Class A Subordinate Voting Shares at a weighted average price of \$18.39 for a total cash consideration of \$3,678 and did not redeem any of its Class B Shares pursuant to the normal course issuer bids.

During the fiscal year ended October 25, 2020, the Corporation redeemed for cancellation 450,450 of its Class A Subordinate Voting Shares at a weighted average price of \$15.70 for a total cash consideration of \$7.1 million and did not redeem any of its Class B Shares pursuant to the normal course issuer bids.

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

A discussion and analysis by management of the financial condition and results of operations for the fiscal year ended October 31, 2021 is presented in our *Management's Discussion and Analysis* for the fiscal year ended October 31, 2021, which is incorporated herein by reference. To complement such *Management's Discussion and Analysis*, reference is made to the *Consolidated Financial Statements* for the fiscal years ended October 31, 2021 and October 25, 2020 and the *Notes to the Consolidated Financial Statements*, which *Consolidated Financial Statements* and *Notes* are incorporated herein by reference.

4.5 Market for Securities

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

The following tables present the monthly price variations as well as the volume of operations with respect to the Class A Subordinate Voting Shares and the Class B Shares on the Toronto Stock Exchange for the fiscal year ended October 31, 2021.

Class A Subordinate Voting Shares – TCL.A

| Month | High (\$) | Low (\$) | Volume |
|------------------------|------------------|-----------------|-------------------|
| October 26 to 31, 2020 | 16.78 | 15.47 | 954,133 |
| November 2020 | 19.48 | 15.53 | 5,031,005 |
| December 2020 | 22.93 | 18.75 | 7,014,991 |
| January 2021 | 21.88 | 20.07 | 4,911,937 |
| February 2021 | 22.10 | 20.15 | 4,280,428 |
| March 2021 | 24.71 | 20.63 | 7,291,931 |
| April 2021 | 24.24 | 22.11 | 3,125,198 |
| May 2021 | 24.24 | 22.22 | 2,816,270 |
| June 2021 | 26.37 | 21.60 | 4,262,243 |
| July 2021 | 24.82 | 22.27 | 2,685,326 |
| August 2021 | 26.45 | 23.96 | 2,314,411 |
| September 2021 | 24.58 | 20.11 | 5,128,251 |
| October 2021 | 20.26 | 18.27 | 4,759,192 |
| Total | | | 54,575,316 |

Class B Shares – TCL.B

| Month | High (\$) | Low (\$) | Volume |
|------------------------|------------------|-----------------|----------------|
| October 26 to 31, 2020 | 17.12 | 15.55 | 21,175 |
| November 2020 | 19.98 | 15.89 | 18,737 |
| December 2020 | 23.75 | 18.88 | 16,865 |
| January 2021 | 21.60 | 20.29 | 5,587 |
| February 2021 | 22.08 | 20.20 | 11,216 |
| March 2021 | 24.50 | 21.23 | 9,780 |
| April 2021 | 24.01 | 22.55 | 4,120 |
| May 2021 | 23.75 | 22.43 | 2,017 |
| June 2021 | 25.36 | 21.95 | 17,119 |
| July 2021 | 24.50 | 23.00 | 11,925 |
| August 2021 | 26.37 | 24.11 | 5,222 |
| September 2021 | 24.42 | 20.45 | 53,831 |
| October 2021 | 20.26 | 19.00 | 13,560 |
| Total | | | 191,154 |

Item 5 - Our Dividend Policy

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

The following table presents a summary of the cash dividends per share declared and paid by the Corporation to all holders of its Class A Subordinate Voting Shares and Class B Shares for fiscal years ended October 31, 2021, October 25, 2020 and October 27, 2019:

| Fiscal Years Ended in 2021, 2020 and 2019 | |
|---|---------|
| 2021 | \$0.90 |
| 2020 | \$0.895 |
| 2019 | \$0.87 |

On December 9, 2021, the Board of Directors of the Corporation declared a quarterly dividend of \$0.225 per share to all holders of the Corporation's Class A Subordinate Voting Shares and Class B Shares. This dividend was paid on January 18, 2022 to all shareholders of record as of the close of business on January 5, 2022.

Item 6 - Directors and Officers

The names of our directors, their city of residence, their principal occupation, the year when they became directors, the number of voting Shares (Class A Subordinate Voting Shares and Class B Shares) of the Corporation that the directors owned beneficially or over which they exercised control or direction, as well as the number of share units held by the directors pursuant to the Deferred Share Unit Plan of the Corporation (or, in the case of directors who are also employees of the Corporation, the number of vested deferred share units granted pursuant to the Share Unit Plan of Transcontinental Inc. applicable to the Chair of the Board or for executives), as of October 31, 2021, are indicated below.

| Name | Principal Occupation | Director Since | Number of Class A Subordinate Voting Shares | Number of Class B Shares | Number of Deferred Share Units |
|--|--|----------------|---|--------------------------|--------------------------------|
| Peter Brues Westmount, Québec | Corporate Director ⁽¹⁾ | 2018 | 18,350 | - | 25,485 |
| Jacynthe Côté Candiac, Québec | ◆ ❖ Corporate Director | 2016 | 3,000 | - | 39,243 |
| Nelson Gentiletti Kirkland, Québec | Corporate Director | 2021 | 5,000 | - | 2,333 |
| Yves Leduc Westmount, Québec | ■ Chief Executive Officer of Velan Inc., a manufacturer of industrial valves | 2017 | 4,900 | - | 24,929 |
| Isabelle Marcoux, C.M. ⁽³⁾⁽⁴⁾ Montréal, Québec | Chair of the Board of Transcontinental Inc. | 2005 | 4,000 | 1,000 | 7,556 |
| Nathalie Marcoux ⁽⁴⁾ Town of Mount Royal, Québec | Vice President, Finance of Capinabel Inc., a private management company | 2011 | - | - | 29,935 |
| Pierre Marcoux ⁽⁴⁾ Town of Mount Royal, Québec | President of Contex Group Inc., an event planning and media company | 2005 | 5,000 | 1,000 | - |
| Rémi Marcoux, C.M., O.Q., FCPA, FCA ⁽⁴⁾ Montréal, Québec | Founder and Director of Transcontinental Inc. | 1976 | 102,044 | 12,562,840 | - |

| Name | Principal Occupation | Director Since | Number of Class A Subordinate Voting Shares | Number of Class B Shares | Number of Deferred Share Units |
|--|---|----------------|---|--------------------------|--------------------------------|
| Anna Martini, FCPA, FCA Montréal, Québec | ●❖ Executive Vice President and Chief Financial Officer of Groupe CH, which operates Club de hockey Canadien, Bell Centre, Place Bell, Spectra and evenko, a company in the sports and entertainment industries | 2011 | 3,750 | - | 73,461 |
| François Olivier ⁽⁵⁾ Montréal, Québec | President and Chief Executive Officer of Transcontinental Inc. | 2008 | 159,662 | - | 234,928 |
| Mario Plourde Kingsley Falls, Québec | ■ President and Chief Executive Officer of Cascades Inc., a company which manufactures, converts and markets packaging and tissue products | 2015 | 9,900 | - | 39,718 |
| Jean Raymond Montréal, Québec | ❖ Vice-Chairman, Managing Director and Head of CIBC Capital Markets – Québec, CIBC World Markets Inc., a business offering products and services aimed at capital markets, securities, brokerage and asset management | 2017 | 10,000 | - | 28,663 |
| François R. Roy Montréal, Québec | ● Corporate Director | 2008 | 5,000 | - | 20,446 |
| Annie Thabet ⁽⁶⁾ Nun's Island (Verdun), Québec | ■● Corporate Director and Partner of Celtis Capital Inc., a firm specialized in transactional services in relation to mergers and acquisitions, divestitures and corporate finance, as well as asset management | 2015 | 14,280 | - | 23,799 |

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

- (1) Mr. Peter Brues was named President and Chief Executive Officer of Transcontinental Inc. as of December 10, 2021.
- (2) On December 1, 2021, Mr. Yves Leduc was named special advisor to the Chair of the Board of Velan Inc. until January 12, 2022.
- (3) The 4,000 Class A Subordinate Voting Shares are held by Isabelle Marcoux Holding Inc., a holding company controlled by Ms. Isabelle Marcoux.
- (4) The 102,044 Class A Subordinate Voting Shares and the 12,562,840 Class B Shares are held by Capinabel Inc. All of the outstanding shares of Capinabel Inc. are held by Mr. Rémi Marcoux, Ms. Nathalie Marcoux, Ms. Isabelle Marcoux, Mr. Pierre Marcoux, corporations they control and trusts they are the beneficiaries of. Capinabel Inc. is controlled by Mr. Rémi Marcoux. As of January 11, 2022, the shares held by Capinabel Inc. represent 71.57% of the voting rights attached to all outstanding shares of the Corporation. Capinabel Inc. has entered into a monetization transaction with a Canadian chartered bank relating to 3,950,000 Class B Shares. The monetization transaction may be repaid in cash or through the transfer of Class A Subordinate Voting Shares. If the monetization transaction had been repaid on January 11, 2022 through the transfer of Class A Subordinate Voting Shares, the shares held by Capinabel Inc. would represent 62.41% of the voting rights attached to all outstanding shares of the Corporation as of January 11, 2022.
- (5) M. Olivier ceased to be director and President and Chief Executive Officer of Transcontinental Inc. as of December 9, 2021. He retired on December 15, 2021.
- (6) Of the 14,280 Class A Subordinate Voting Shares, 3,700 Class A Subordinate Voting Shares are held by AT Capital Inc., a corporation controlled by Ms. Annie Thabet.

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

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

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

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

- Mr. Peter Brues is President and Chief Executive Officer of the Corporation since December 10, 2021. Previously, he was a corporate director from 2015 to 2021 and spent more than 20 years at Amcor Ltd., a leading packaging company principally in food, beverage, pharmaceutical, medical device and personal care products. Notably, from 2010 to 2015, he was President of Amcor Flexibles, Europe & Americas. Previously, he assumed various responsibilities, including President, Amcor Flexibles Healthcare, President, Amcor Flexibles, Americas and Vice-President of Operations of Amcor Flexibles Europe A/S. He started his career at KPMG Peat Marwick Thorne (now known as KPMG LLP), a chartered accounting firm.
- Ms. Frédérique Deniger is Vice President, Internal Audit of the Corporation since January 6, 2020. From 2017 to 2019, she was Director, Risk Management and Internal Audit for Alimentation Couche-Tard Inc., a company operating convenience and road transportation fuel retail stores. From 2013 to 2017, she served successively as Director and Controller, Internal Audit of CST Brands, Inc., a U.S. convenience store chain acquired by Alimentation Couche-Tard Inc. in 2017. Previously, from 2003 to 2013, she held various internal audit positions at Saputo Inc., a company specialized in the dairy industry, where she was namely responsible for operational audits. Ms. Deniger started her career with Raymond Chabot Grant Thornton, a chartered accounting firm, in 2000.

- Ms. Magali Depras is Chief Strategy and CSR Officer of the Corporation since December 1, 2020. Previously, she was Chief Strategy Officer of the Corporation since November 19, 2018. From 2017 to 2018, she held the position of Vice President of Strategy at Nakisa Inc., a global leader in software enterprise business solutions, where she acted as advisor to the Chief Executive Officer to articulate the company's growth strategy. From 2011 to 2016, Ms. Depras worked for CSA Group (Canadian Standards Association), an independent, not-for-profit membership-based association and a global leader in certification and conformity services, where she held various positions, including Chief Operating Officer and President of Standards of CSA Group. Prior to that, she was Chief Commercial Officer at Br. Hartmann AS, a Danish company, specialized in the manufacturing and sale of molded fiber packaging for food and industrial products.
- Mr. Nelson Gentiletti is a corporate director. He was previously Chief Operating Officer and Chief Financial Officer of Loop Industries, Inc. a technology company listed on NASDAQ whose primary mission is to accelerate the shift to sustainable PET plastic and polyester fiber management from January 2019 until his retirement on February 28, 2021. From 2011 to 2018 he was Chief Financial and Development Officer of Transcontinental Inc. Previously, he was Chief Operating and Chief Financial Officer of Transat AT Inc., a tourism business.
- Mr. Yves Leduc is a corporate director. He was special advisor to the Chair of the Board of Velan Inc., a manufacturer of industrial valves, from December 1, 2021 to January 12, 2022. Previously, he was Chief Executive Officer of Velan Inc. since 2017. He was President and Chief Executive Officer of Velan Inc. from 2015 to 2017. He worked for almost 16 years at BRP Inc., an organization involved in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems, where, since 2006, he was Vice-President and General Manager, North America and, from 2004 to 2006, Vice President and General Manager of the engine division (Austria).
- Mr. Pierre Marcoux is President of Contex Group Inc., an event and media company with activities across Canada. Mr. Marcoux founded this business in September 2019. Previously, he was President of TC Media (the media sector operated by the Corporation with activities in specialized media in Canada, principally in the business, financial and construction sectors and a publisher for French-language educational resources in Canada), since January 2018. From 2012 to 2017, he was Senior Vice President, Business and Education of TC Media, and, from 2009 to 2012, was Senior Vice President Business and Consumer Solutions Group of TC Media, after having held various positions previously. From 1997 to 1999, he was a reporter for Bloomberg News, in Washington, D.C., then for the Hamilton Spectator, in Ontario.
- Ms. Lyne Martel is Chief Human Resources Officer of the Corporation since May 21, 2019. From 2015 to 2019, she held human resources positions at the Vice President level at SNC-Lavalin Group Inc., a company specialized in the field of engineering and construction, including Senior Vice President, Human Resources, Infrastructure and Canada as of 2018 and Senior Vice President, Human Resources, Infrastructure as of 2015. Previously, she held human resources positions at the Vice President level at Rio Tinto Alcan Inc., a metals and mining company, in Montréal, then in London where she worked for four years. From 1984 to 2009, she held various human resources management roles for Alcan Primary Metal Group, in Canada, and later for Asia Pacific.
- Ms. Anna Martini is Executive Vice President and Chief Financial Officer of Groupe CH, which operates Club de hockey Canadien, Bell Centre, Place Bell, Spectra and evenko, a company in the sports and entertainment industries, since 2017. From 2004 to 2017, she was President of Groupe Dynamite Inc., a specialty apparel global retailer. From 1985 to 2004, she worked at Deloitte & Touche LLP, a professional services firm, including as audit and advisory services partner since 1996. She was also the retail industry leader from 1996 to 2004.
- Mr. Thomas Morin is President of TC Transcontinental Packaging since July 1, 2019. From 2017 to 2019, he served as Vice President of South East Asia for Amcor Flexible Packaging Asia Pacific in Singapore, a company specialized in flexible packaging. Previously, he also held the position of Vice President of Strategy, Mergers and Acquisitions for Amcor Flexible Packaging Europe. From 2010 to 2015, following the Alcan Packaging acquisition by Amcor Ltd., he served as Vice President and General Manager of Fresh Products and Capsules for Amcor Flexible Packaging Europe, in Zurich. From 2007 to 2009, he was Vice President and General Manager, Dairy, for Alcan Flexible Packaging Europe, in Paris. He also worked at Pechiney Emballage Flexible Europe, a company specialized in flexible packaging in Europe, OTOR (known as DS Smith Packaging France since July 2010), a

European company specialized in industrial packaging, and Arthur Andersen, a chartered accounting firm, in France.

- Mr. Eric Morisset is Chief Corporate Development Officer of the Corporation since December 1, 2020. From 2018 to 2020, he was Chief Business and Corporate Development Officer, Entertainment Group at Le Cirque du Soleil, a company in the live entertainment industry. From 2006 to 2017, he worked at TD Bank, where between 2011 and 2017, he held the position of Vice-Chairman, Québec market, between 2006 and 2017, the position of Managing Director and Group Head, Québec Investment Banking, TD Securities and where, between 2013 and 2015, he also headed TD Securities' New York-based Paper, Packaging and Forest Products Group. From 1994 to 2006, he worked at CIBC Capital Markets where he acted as Managing Director, Global Investment Banking from 2002 to 2006.
- Mr. François Taschereau is Vice President, Corporate Communications and Public Affairs of the Corporation since January 13, 2020. Since 2014, he was working as a strategic communications consultant. Previously, between 1996 and 2014, he was notably Executive Vice-President, Weber Shandwick Canada, a global public relations agency, Senior Director, Communications of Hydro-Québec, a Québec owned organization generating, transmitting and distributing electricity, manager of the Montréal office of Daniel J. Edelman Holdings, Inc. (Edelman), another global public relations agency and Vice President, Corporate Communications of Bell Canada, a leader in Canada's telecommunications industry. He also worked for Optimum Public Relations at Cossette Communication Group Inc., a communications company, and at National Inc., a public relations agency. Mr. Taschereau also worked as a diplomat on the international scene for the Minister of Foreign Affairs of Canada, namely in Ottawa, Bogota, Madrid and New York, from 1982 to 1995.

As of January 11, 2022, the directors and officers of the Corporation (other than Mr. Rémi Marcoux), as a group, beneficially owned, directly or indirectly, 146,491 Class A Subordinate Voting Shares and 2 000 Class B Shares of the Corporation, then representing approximately 0.20% and 0.01%, respectively, of the outstanding shares of each of such class.

To the best knowledge of the Corporation, no proposed director, as of January 11, 2022, or within 10 years before January 11, 2022: (a) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) is or has been subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) is or has been a director or executive officer of any company that, while that person was acting in such capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with or by creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Furthermore, to the knowledge of the Corporation, no proposed director of the Corporation has been as of January 11, 2022 subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Item 7 - Proceedings

In the normal course of business, the Corporation is involved in various legal proceedings. Legal proceedings resulting from the activities of our packaging, printing or media sector could have adverse effects both with respect to costs and

to our reputation. In order to manage this risk, we, in addition to having a civil liability insurance policy, often limit our potential responsibility with respect to damages under our customer and supplier contracts.

The City of Mirabel, Québec, modified in 2019 its regulation to prohibit the distribution of printed advertising materials unless the owner or occupant posts a sticker indicating that they accept to receive printed advertising materials (opt-in). In Québec, local newspapers are generally distributed by the Corporation with printed advertising materials. In addition, the regulation establishes a different system for Canada Post. The Corporation is seeking to have the regulation declared null and void on the main grounds that it infringes the right to freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms and the Québec Charter of Human Rights and Freedoms and the right to information protected by the Québec Charter, and that it is abusive and discriminatory. Other municipalities could potentially adopt similar regulations. The Corporation intends to challenge any regulations in that regard that would be adopted elsewhere. Should the Corporation fail to get such changes to regulations declared null and void, it could have an impact on our business model and, consequently, our net earnings. The Corporation is also working together with different government bodies to demonstrate the potential effect of such regulations on the value chain as a whole, jobs, citizens, local newspapers and the Corporation.

Item 8 - Material Contracts

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

Item 9 - Transfer Agent and Registrar

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

Item 10 - Information Regarding the Audit Committee

10.1 Charter of the Corporation's Audit Committee

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

10.2 Composition of the Audit Committee

The Corporation's Audit Committee is composed of the following three persons as of the date hereof:

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

10.3 Background and Related Experience

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

Ms. Anna Martini, FCPA, FCA

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

Mr. François R. Roy

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

Ms. Annie Thabet

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

10.4 Reliance on Certain Exemptions

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

10.5 Policies and Procedure Regarding Prior Approval

The Audit Committee has adopted rules regarding the scope of the services provided by the external auditors. Those rules prohibits the Corporation from hiring external auditors to provide certain non-audit services. Under certain exceptions, the policy provides that the Corporation may hire external auditors to provide non-audit services that are not prohibited, on condition that they are pre-approved by the Audit Committee.

10.6 Fees Relating to the Services of the External Auditors

The following table sets forth, by category, the fees incurred by the Corporation and payable to its external auditors KPMG LLP for the fiscal years ended October 31, 2021 and October 25, 2020.

| Category of Fees (in thousands of dollars) | 2021 (\$) | 2020 (\$) |
|---|------------------|------------------|
| Audit fees | 1,466.5 | 1,292.5 |
| Audit related fees | 68.0 | 175.9 |
| Tax compliance fees | 628.0 | 1,279.0 |
| Other tax fees | 455.9 | 554.1 |
| Other | - | 10.3 |
| Total | 2,618.4 | 3,311.8 |

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

Audit related fees include the total fees related to auditing services paid to the auditors, in particular for auditing the pension plans, due diligence services related to acquisitions, consulting services with respect to accounting and financial disclosure standards and special assurance services and specified procedures as required by regulatory or legislative requirements for which only an auditor can provide.

Tax compliance fees include services for the preparation of our tax returns, including tax credit requests related to scientific research and experimental development in Canada and the United States. For fiscal year 2020, tax compliance fees include exceptional fees for the preparation of reference years for the preparation of tax credit requests related to scientific research and experimental development in the United States. Other tax fees include services for tax planning related to domestic and international taxation.

Other fees include fees for products and services provided by the external auditors other than those included above.

Item 11 - Forward-Looking Statements

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since forward-looking statements include, among others, statements with respect to our medium-term objectives, our outlook, our strategies to achieve these objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "assumptions", "strategy", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "objective", the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Such forward-looking statements may also include observations concerning the Corporation's anticipated financial results and business outlooks and the economies in which it operates. The Corporation's future performance may also be affected by a number of factors, many of which are beyond its will or control. The main risks, uncertainties and factors that could influence actual results are described in this Annual Information Form as well as in the *Management's Discussion and Analysis* for the fiscal year ended October 31, 2021 under sections "Caution Regarding Forward-Looking Statements" (p.2) and "Risks and Uncertainties" (p. 18-25), which may be viewed under the Corporation's SEDAR profile (www.sedar.com).

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

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

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

Item 12 - Additional Information

Additional information, including remuneration of directors and officers, loans to officers, stock options, share units and interest of insiders in material transactions is, where applicable, contained in our Management Proxy Circular for our Annual General Meeting of Shareholders. Additional financial information is provided in the consolidated audited financial statements of the Corporation and *Management's Discussion and Analysis* for the fiscal year ended October 31, 2021. A copy of these documents may be obtained, free of charge, from our Corporate Secretary at 1 Place Ville Marie, Suite 3240, Montréal, Québec H3B 0G1. These documents can also be obtained under the Corporation's SEDAR profile (www.sedar.com) or on our website (www.tc.tc).

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

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

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

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

Schedule A Mandate of the Audit Committee

Main Responsibilities of the Committee

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

PURPOSE OF THE COMMITTEE

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

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

MEMBERS OF THE COMMITTEE

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

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

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

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

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

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

MEETINGS

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

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

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

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

RESSOURCES AND SUPPORT

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

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

RESPONSIBILITIES

It is the responsibility of the Corporation’s management to prepare the Corporation’s financial statements and the external auditor’s responsibility to render an opinion based on its audit. The Committee is responsible for overseeing the conduct of these activities by the Corporation’s management and the external auditor and the activities of the internal auditor in this regard. The external auditor is accountable to the Committee. The members of the Committee are not full-time employees of the Corporation and do not have any obligation to be nor act as accountants or professional auditors or specialists in the fields of accounting, audit or preparation of financial statements. It is not the role or responsibility of the Committee or its members to conduct field investigations or other types of investigations or to conduct reviews or follow accounting procedures. Unless expressly informed otherwise, a member of the Committee

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

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

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

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

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

2. In Relation to the External Auditor

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

3. In Relation to the Internal Auditor

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

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

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

5. In Relation to Legal and Regulatory Requirements

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

6. In Relation to Risk Management

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

7. Other Responsibilities

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

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

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

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