

Transcontinental Inc. (the "Corporation") is a corporation with values founded on sound corporate governance. The mission of its Board of Directors (the "Board") is to ensure that senior management of the Corporation acts in a manner that not only protects these values but the compliance therewith, thus ensuring that the Corporation is managed in the best interests of the "Three Pillars" of the business, namely its employees, its customers and its shareholders.

1. BOARD OF DIRECTORS

1.1 Selection and Number of Directors

Based on the Corporation's articles, the Board can be composed of a minimum of three (3) and of a maximum of fifteen (15) directors. The Corporate Governance Committee has been assigned the role of selecting director nominees and it believes that a Board composed of a minimum of eleven (11) directors is ideal to ensure sound management. All candidates proposed by the Corporate Governance Committee must be approved by the Board before being elected by the shareholders.

1.2 Term of the Mandate

Directors are elected annually at the Corporation's annual meeting. Directors are elected for a one (1) year term, subject to re-election by shareholders at the next annual meeting. Vacancies can be filled during the year.

1.3 Training

Upon taking office, each director receives a Director Handbook containing information on the Corporation and its policies. The Handbook, prepared by the Secretary of the Corporation, is updated regularly. It contains, among other things, a description of the mandates of the Board of Directors and of each of its committees, as well as various policies, including the Insider Trading Policy, the Corporate Disclosure Policy, the Whistle-Blowing Policy and the Code of Ethics applicable to directors, senior executives and employees of the Corporation. It also contains a summary of the directors' civil liability insurance policy.

During the year, certain Board meetings are held at the Corporation's operating sites to allow directors to meet with staff and have a better understanding of the Corporation's operations.

Presentations on general or specific topics are used for the ongoing training of directors. These training sessions allow directors to understand the operations of the Corporation and can be useful tools in giving them a better insight into the Corporation's overall strategic planning.

1.4 Qualification Criteria

The Corporate Governance Committee is responsible for recruiting directors with competencies and skills that complement those already existing at the Board. Directors are recruited for their values, their knowledge and their experience as well as their availability to devote sufficient time to the affairs of the Corporation.

1.5 Essential Qualities of a Director

The Corporate Governance Committee has been entrusted with the mission of recruiting directors who are committed to meeting the highest level of professional standards, who have a track record of integrity and rigour and are independent of management. They are also expected to have sound judgement to make timely decisions and to demonstrate their commitment by their active and dedicated participation at each meeting and their personal attendance.

1.6 Executive Chairman of the Board

The role and responsibilities of the Executive Chairman of the Board are defined by the Board.

The principal role of the Executive Chairman of the Board is to ensure that the Corporation carries out its responsibilities efficiently and it has a clear understanding of the limits between the responsibilities of the Board and those of management and respects them. The Executive Chairman of the Board chairs Board meetings and the annual shareholders meeting and, if convenient, can attend meetings of the committees of the Board as an invited guest. He sets the agenda for Board meetings in cooperation with the President and Chief Executive Officer and the Secretary of the Board and ensures that the strategic orientation is defined and communicated to the Board for its approval and that all material issues are dealt with by the Board during the year. The Executive Chairman of the Board is not only responsible for ensuring that the Corporation implements sound management practices, but he must also see to it that they are continuously improved upon.

1.7 Lead Director

The role and responsibilities of the Lead Director are defined by the Board.

The primary role of the Lead Director is to ensure that Board members can function independently from management and therefore allow them to meet to ensure that the concerns of independent directors are known to the Executive Chairman of the Board.

1.8 President and Chief Executive Officer

The role and responsibilities of the President and Chief Executive Officer are defined by the Board.

The President and Chief Executive Officer, a member of the Board, is subject to the authority of the Board. He is ultimately responsible for managing the business to maximize the return on invested capital for shareholders and for ensuring the profitability of the business as well as the proper functioning of its operations and its sustained growth. He is responsible for developing and implementing the corporate strategy approved by the Board. He identifies the short, mid and long-term objectives of the Corporation and ensures that policies and action plans are put in place to attain these goals. He recruits, develops and mobilizes competent and productive management teams and ensures that the dealings between the teams are transparent and constructive. He assumes the direct leadership of his management team by approving all hirings and promotions, as well as salary conditions, and obtains the approval of the Board regarding such measures, if applicable. He is responsible for developing and maintaining good relations with employees as well as with external and internal customers of the Corporation, the financial community, shareholders, the general public and governments. As a guardian of the Corporation's values, he also ensures that these values are disseminated throughout the organization and to all employees.

1.9 Shareholdings

Based on recommendations made by the Corporate Governance Committee, the Board has approved the principle whereby each director (other than a director who are also an executive of the Corporation) must own, within three years following his appointment to the Board, the equivalent of three (3) times his annual basic compensation in shares or deferred share units.

1.10 Retirement Age

The Board has not fixed a mandatory retirement age for directors.

2. BOARD MANDATE

The principal mandate of the Board is to represent the interests of all shareholders. For this purpose, the Board has established committees composed of independent directors to ensure that the Corporation operates through a financial system that is ethical and of superior quality and takes into account its employees, customers, suppliers and shareholders. The principal responsibilities of the Board are the following:

- (i) Ensure that the Corporation is governed so as to maintain its financial integrity in compliance with the policies approved by the Board;
- (ii) Appoint the President and Chief Executive Officer, determine his role and responsibilities and ensure that a succession plan is put in place;

MANDATE OF THE BOARD OF DIRECTORS

- (iii) Ensure, to the extent possible, that the President and Chief Executive Officer and other members of senior management are honest and are creating a culture of integrity throughout the organization;
- (iv) Adopt a strategic planning process, participate in the process and approve the strategic plans and priorities identified by senior management; review the strategic plan on an annual basis in light of the risks and business opportunities of the Corporation and approve the implementation program developed by senior management;
- (v) Ensure the implementation of an adequate system to identify risks, evaluate the major risks to which the Corporation is exposed and ensure that the Corporation has the appropriate systems to manage these risks. Ensure the quality and integrity of financial systems following the implementation of internal control systems;
- (vi) Review and approve the Corporation's annual budget, including the capital expenditure budget. Approve major acquisitions and dispositions as well as material transactions outside the ordinary course of business;
- (vii) Review the organizational structure, succession plans and training and performance levels of senior executives;
- (viii) Ensure that the right people are in the right place and that senior management members are adequately remunerated;
- (ix) Ensure the adoption of the Corporation's principal policies regarding security, conflicts of interest and relations with customers and suppliers. Ensure the adoption of a Code of Ethics applicable to all employees without distinction, including senior executives and directors and ensure its enforcement. Only the Board is authorized to consent to any departure from the Code of Ethics by a director or members of senior management;
- (x) Monitor communications between the Corporation, shareholders and the general public and ensure the effectiveness of the Corporation's communications policy. Monitor the adoption of the financial disclosure process and ensure that all financial information is disclosed on a timely basis, as well as in an accurate and comprehensive manner. Set up measures to gather feedback from interested parties through direct communication channels between these parties and independent directors;
- (xi) Develop the Corporation's vision with respect to corporate governance, in particular develop a set of principles and guidelines regarding corporate governance and ensure that the Corporate Governance Committee addresses any governance related issues;
- (xii) Implement an assessment process for the Board, its members and its committees and carry out these assessments on a regular basis;

- (xiii) Review regularly the mandate of the Board and of the various Board committees. Appoint the Chairman of the Board and of each committee as well as the committee members;
- (xiv) Ensure that the competencies of Board members complement one another in order to stimulate discussion and contribute new ideas, thus encouraging management to excel;
- (xv) Provide an orientation and education program for Board members and ensure that all new directors have access to a full education program. Provide all these directors with access to ongoing education programs in order that they may maintain or enhance their competencies and skills as directors. Ensure that the levels of knowledge and understanding of the Corporation's directors are continuously updated through an adequate program consisting of visits to operating sites and of reports and presentations on business-related topics;
- (xvi) Ensure that the information given to Board members is as complete and as accurate as possible;
- (xvii) Ensure that directors have sufficient time to read the documentation prepared for Board meetings and committee meetings;
- (xviii) Ensure that directors remain independent of senior management;
- (xix) Ensure that an *"in camera"* session is held at the end of each Board meeting or at any other time deemed appropriate by the Lead Director and at which members of management are not in attendance; and
- (xx) Appoint a Lead Director whose primary responsibility should consist in ensuring the independence of the Board from senior management.

3. QUALITIES AND PERSONAL ATTRIBUTES OF DIRECTORS

The Corporation expects its directors to have the following qualities and attributes:

3.1 Integrity

The Corporation expects its directors to demonstrate the highest level of integrity. The Corporation also expects its directors to demonstrate sound business acumen and that their deliberations and decisions will reflect this integrity. The Corporation expects its directors to assume responsibility for their decisions.

3.2 Adequate Preparation

In order to be able to provide sound advice, directors must carefully prepare for each Board meeting and ask pertinent questions to senior management so as to be in a position to understand or challenge the assumptions underlying management's recommendations regarding the projects or decisions submitted to the Board for its approval. The Board should benefit from the personal experience of each director as well as from his general knowledge and financial competency.

3.3 Ability to Communicate

Directors should be able to communicate well with other Board members while being receptive to their opinions and input. They must also be good listeners and capable of addressing sensitive issues so as to encourage free and open discussions.

4. CONDUCT OF BOARD MEETINGS

The Executive Chairman of the Board and the Secretary of the Corporation are responsible for setting the agenda for each Board meeting in collaboration with senior management members. Reasonable efforts are made to ensure that the documentation is made available to Board members several days before a meeting.

The dates of Board meetings are determined sufficiently in advance to ensure that Board members are available. The Board has statutory meetings to approve the annual and quarterly financial statements and the budgets and, if required, to approve any major acquisition or disposition or any material transaction outside the Corporation's ordinary course of business.

Board members attend meetings in person. They may also attend by teleconference. At Board meetings, members of senior management are sometimes invited to make presentations on topics related to their sector of activity, thus providing Board members with an opportunity to enhance their knowledge of the Corporation's activities.

5. CODE OF ETHICS

The Corporation has adopted a Code of Ethics which applies to all employees of the Corporation, without exception. A copy of the Code of Ethics is given to each employee at the time of his hiring and whenever changes are made thereto. Directors, managers and professionals employed by the Corporation must confirm that they have received and have read the Code of Ethics and that they agree to comply with it. Managers of the Corporation, in cooperation with the human resources and legal affairs departments, must see to it that all employees receive a copy of the Code of Ethics and that adequate measures are taken to ensure that they fully understand its content and its scope.