



Delivering on our commitment

Sustainability Report 2011

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CAUTIONARY NOTICE

This report may contain certain forward-looking statements concerning the future performance of the Corporation. Such statements, based on the current expectations of management, inherently involve numerous risks and uncertainties, both general and specific. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors, many of which are beyond the Corporation's control. The risks, uncertainties and other factors that could influence actual results are described in the latest annual Management's Discussion and Analysis and in the 2011 Annual Information Form.

REPORT CARD

Table 1 – Report Card

		2011	2010	Change 2011/2010		
People	Employees:	9,724	10,581	↓	-8%	²
	By country					
	Canada	9,350	9,450	↓	-1%	
	United States	374	336	↑	11%	
	Mexico	0	795	↓	-100%	
	By gender					
	Women	4,063	not reported	-	-	
	Men	5,661	not reported	-	-	
	Employee wages and benefits (in millions)	\$658.8	\$666.8	↓	-1%	¹
	Benefits plan obligations (in millions)	\$398.8	\$394.7	↑	1%	²
	% Employees covered by formal joint manager-worker Health and Safety committees	100%	100%	↔	0%	
	% Employees covered by collective bargaining agreements	22.2%	20.4%	↑	9%	²
	% Employees covered by the pension plan	67%	76%	↓	-13%	²
	Talent Development					
	Investment in employee training courses (including salaries and related supplies) (in millions)	\$3.18	\$3.75	↓	-15%	²
	Management positions filled through internal promotions	80%	85%	↓	-6%	
	% Managers receiving regular performance and career development reviews	100%	100%	↔	0%	T
	% Employees receiving regular performance and career development reviews (non-unionized)	100%	not reported	-	-	
	Lost Workday Case Incident Rate:					
Frequency rate (see calculation in People section)	0.88	0.94	↓	-6%	T ¹	
Severity rate (see calculation in People section)	24.81	31.99	↓	-22%	T ¹	
Community investment (donations, sponsorships, goods and services) - (in millions)	\$4.5	\$5.1	↓	-10%		
Environment	Building owned (in ft ²)	3,114,000 or 40 properties	4,144,631 or 50 properties	↓	-25%	¹
	Building leased (in ft ²)	2,266,000 or 129 properties	2,234,299 or 127 properties	↑	1%	¹
	Raw Materials					
	Paper purchased (excluding paper provided by customers) (in tonnes)	518,000	548,000	↓	-5%	²
	Ink purchased (in tonnes)	14,000	15,800	↓	-11%	¹
	Energy Use					
	Energy from fossil fuels (natural gas, propane and diesel) (in MWh)	252,600	267,900	↓	-6%	¹
	Energy from electricity purchased (in MWh)	275,800	302,900	↓	-9%	¹
	% Renewable energy	30.0%	30.1%	↓	0%	¹
	Emissions					
	Greenhouse gases (GHG) - Scope 1 and 2 from printing operations (in tonnes)	114,800	127,000	↓	-10%	¹
	Volatile organic compounds (VOC) (in tonnes)	440	524	↓	-16%	T ¹
	Recycling					
	Cash and in-kind contribution to public recycling programs	\$653,000	\$474,000	↑	38%	¹
	% Waste (paper, press plates, cardboard, plastic, etc.) recycled by printing operations	94.5%	94.0%	↑	1%	¹
	Management System					
	Significant spills	0	0	↔	-	¹
Fines for environmental damage or non-compliance (in USD)	\$10,000	\$0	↑	-	¹	
Prosperity	Revenues (in millions)	\$2,043.6	\$2,028.3	↑	1%	
	Operating costs (includes selling, general and administrative expenses and excludes severance costs as well as wages and benefits) - (in millions)	\$1,028.4	\$1,004.1	↑	2%	
	Revenues from new streams (in millions)	\$193.7	\$183.0	↑	6%	T
	Return on net assets (RONA)	8.7%	8.0%	↑	9%	T
	Payments to providers of capital					
	Dividends on participating shares (in millions)	\$39.7	\$28.3	↑	40%	
	Dividends on preferred shares (in millions)	\$6.8	\$7.0	↓	-4%	
	Interest paid (in millions)	\$30.4	\$39.2	↓	-22%	
	Taxes paid (in millions)	\$19.2	\$33.4	↓	-43%	
	Earnings before interest, tax, depreciation and amortization (EBITDA) - (in millions)	\$373.0	\$373.2	↓	0%	
	Net indebtedness ratio ⁽³⁾	1.44x	1.87x	↓	-23%	T
	Total Assets (in millions)	\$2,453.6	\$2,594.7	↓	-5%	
	Total Capitalization (in millions)	\$1,621.5	\$1,959.9	↓	-17%	
	Equity (in millions)	\$1,329.0	\$1,247.0	↑	7%	
	Long-term Debt (in millions)	\$292.5	\$712.9	↓	-59%	

T: Target

¹: Includes Mexico in 2010 and 2011.

²: Includes Mexico in 2010 only.

³: Includes securitization. Adjusted for 2011 only.



MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

I am proud to present our third annual Sustainability Report. It is satisfying to see continued improvements from both our well-established programs such as workplace health, safety and wellness, as well as from newer initiatives such as greenhouse gas emissions reductions. Our internal procedures for collecting and analyzing data have also improved, giving us a better picture of the three key aspects of sustainable development: people, prosperity and the environment. At TC Transcontinental, we are firmly committed to sustainable development, and we will continue to integrate its concepts into our activities by engaging our stakeholders, supporting innovation and reporting our results.

An industry in transformation

TC Transcontinental is in transformation and adapting as the market dynamics change. Over the past several years, the new media have altered consumer behaviours and the needs of businesses. The proliferation of communication platforms has resulted in more fragmented audiences, which means that marketing programs to attract, reach and retain target consumers have become more complex. This has in fact given TC Transcontinental the opportunity to become a more sustainable corporation. We are expanding our product and service offering by seizing business opportunities in digital and interactive fields, while keeping the capabilities of our best printing assets. We are also becoming more versatile and efficient by concentrating on our most productive assets. The Corporation is investing in new equipment and reducing its environmental impacts. Lastly, we are attracting and retaining highly talented people in both our traditional operations and in our new services while we continue to maintain a strong financial position.

We are now developing our services based on the principle of marketing activation, wherein we create and implement marketing programs tailored to the needs of our customers. We also acquired new technology solutions, notably in the mobile segment. We have expanded our range by launching new websites and acquiring new media publications: the Groupe Le Canada Français, *Avantage Consommateurs de l'Est du Québec inc.*, *Le Nord*, in Saint-Jérôme, and the *Nouvelles Hebdo* community paper of Dolbeau-Mistassini. In addition, we sold our Mexican operations so that we could focus on our printing network in Canada, and we will grow our print revenues with the acquisition of Quad/Graphics Canada Inc. We continue to improve our capacity utilization rate at our LEED-certified printing plant that we recently built in California, which is where we print the *San Francisco Chronicle*. We consolidated some of our printing operations and, over the past few years, invested more than \$700 million in new equipment. At the same time, we reduced our debt level. Our solid financial foundation allows us to look to the future with confidence.

The commercial strategy of TC Transcontinental has always been to focus on the common interests of its employees, customers and shareholders. This year we officially added a fourth pillar to that group: the community, meaning all the communities to whom we offer our services and in which we operate. We also took a fresh look at our management philosophy and company values to make sure that they reflect where we are now. Our values express the qualities and behaviours to which we aspire and define the way we want to do business. They are vital to our sustainable development and now emphasize innovation, teamwork, respect and performance.

Another highlight is that there are now more women in senior management positions at TC Transcontinental; the figures have increased from 18% in 2010 to 22% in 2011. We also announced that effective February 16, 2012, Isabelle Marcoux was appointed Chair of the Board of Directors, following the decision of our founder, Rémi Marcoux, to step down from this position while still remaining on the Board. Our Board of Directors is now composed of 27% women, which *Corporate Knights* considered worthy of mention in its Diversity Index of November 2011.

In closing, I would like to sincerely thank all the members of our Sustainable Development Steering Committee for the magnificent job they've done over the past year. I would also like to warmly thank all the employees who have contributed to our sustainability efforts. I am grateful also to the many stakeholders who have taken the time to send us their feedback and thus have helped us move forward.

François Olivier
President and Chief Executive Officer

PROFILE

TC Transcontinental creates marketing products and services that allow businesses to attract, reach and retain their target customers. The Corporation is the largest printer in Canada and the fourth-largest in North America. As the leading publisher of consumer magazines and French-language educational resources, and of community newspapers in Quebec and the Atlantic provinces, we are also one of Canada's top media groups. TC Transcontinental is also the leading door-to-door distributor of advertising material in Canada through its Publisac network in Quebec and Targeo in the rest of Canada. Thanks to a wide digital network of more than 1,000 websites, the Corporation reaches over 13.7 million unique visitors per month in Canada. TC Transcontinental also offers interactive marketing products and services that use new communication platforms supported by marketing strategy and planning services, database analytics, premedia, e-flyers, email marketing, custom communications and mobile solutions.

As of October 31st, 2011, Transcontinental Inc., known by the brands TC Transcontinental, TC Media and TC Transcontinental Printing, has approximately 11,000 employees in Canada and the United States, and reported revenues of C\$2.0 billion in 2011. 87% of total revenues came from Canadian operations, while the other 13% came from operation in the United States or the country's imports from Canada.

Transcontinental Inc. (TSX : TCL.A, TCL.B, TCL.PR.D) is a public¹ company listed on the Toronto Stock Exchange and its head office is located in Montreal, Québec. As at October 31st, 2011, its largest shareholder is Capinabel Inc. Capinabel Inc. holds 13,209,840 or 87.19% of outstanding Class B shares and 154,400 or 0.23% of outstanding Class A shares. In total, Capinabel Inc. holds 16.49% of outstanding shares. Jarislowsky, Fraser Limited holds 8,230,272 or 12.49% of outstanding Class A shares and 76,200 or 0.50% of outstanding Class B shares. Jarislowsky total holding represent 10.25% of outstanding shares.

STRATEGY

TC Transcontinental's ultimate goal is to ensure its growth and profitability while promoting the common interests of its employees, customers, shareholders and communities, the four pillars of the organization. The strategy is based on several fundamental principles: to be the leader in the markets served, to have a disciplined approach to acquisitions and financial management, and to foster a culture of innovation and customer satisfaction.

Having said this, TC Transcontinental's mission is to help its customers identify, reach and retain their target consumers. We do so by offering printing products and services, media content, media vehicles and many new online platforms, which our customers are increasingly choosing for their marketing campaigns. We will continue to develop and adjust to new customer realities in order to help them maximize the return on their marketing dollar. Our vision is to remain Canada's leader in a number of its niches, but also to carve out a leading position as a provider of marketing products and services.

TC Transcontinental's transformation continues as it guides the customer's marketing activation process, drawing on both its traditional and its interactive and digital products and services. Our approach is two-pronged: 1) leverage our existing operations and 2) develop new avenues in interactive and digital marketing solutions. Consequently, in addition to conducting our existing operations more effectively, we are ramping up the development of new avenues on new digital platforms. TC Transcontinental is also gradually shifting from a more general offering to one that is more differentiated, innovative and tailored to each client, activated through all of its print and digital products and services. We believe that this will maximize our growth potential over the medium and long-term.

In short, TC Transcontinental plans to leverage its unique marketing products and services to accelerate development of its new integrated services for advertisers. Our solid foundation built up over time by its existing operations, our niche strategy and our positioning in new emerging marketing and media trends will allow us to take advantage of opportunities that will arise in the medium and long term. Implementation of these new services should accelerate in the next few years.

¹ See the [Management Proxy Circular](#) for more details.

However, certain challenges must be overcome to ensure the Corporation maximizes the integration and development of its new activities. The focus must be on developing interactive marketing strategies for customers, while further integrating existing products and services. Given the sweeping changes in the print and publishing industries, TC Transcontinental aims to achieve an integrated approach that allows it to respond to the evolving needs of its customers as well as new consumer behaviours.

In order to accelerate the implementation of the marketing activation offering across the Corporation, a new operating structure was introduced effective November 1st, 2011. The purpose of the new structure is to group all digital and interactive marketing solutions in order to ramp up the integration of TC Transcontinental's marketing activation offering.

TC TRANSCONTINENTAL PRINTING

TC Transcontinental is the largest printer in Canada and the fourth-largest in North America. We mainly print recurring high volume printed materials for large retailers and publishers and we also produce personalized marketing products. The Printing Sector has over 5,600 employees and represents 65% of consolidated revenues and 74% of the adjusted operating profit. It is characterized by a national network of 29 printing plants across Canada including some in the United States. Over the past several years, we invested over \$700 million in our printing network rendering it essentially state-of-the-art. Over 50% of the print business is under multi-year contracts.

Figure 1 – Printing Network as at October 31st, 2011



TC Transcontinental prints products in five specific niches:



Retail flyers represent 34% of Printing revenues with the majority of revenues generated from customers representing large food retailers and drug stores. This business is characterized by contracts typically ranging from three to five years.

Newspapers represent 22% of Printing revenues with the four largest customers being Gesca, *The Globe and Mail*, Hearst and TC Media with the printing of our own community newspapers. The outsourcing business is characterized by contracts typically ranging from 15 to 18 years.

Magazines represent 18% of Printing revenues with the two largest customers being Transcontinental's Media (TC Media) sector as well as Rogers. This business is characterized by contracts typically ranging from three to five years.

Marketing products represent 16% of Printing revenues with products including direct mail, marketing brochures, annual reports and point-of-purchase products, among others. This business typically does not have any long-term contracts.

Books represent 10% of Printing revenues, most of it generated by educational books and “trade” books. This business typically does not have any long-term contracts.

TC MEDIA

TC Media is one of Canada’s top Media groups. We mainly produce content for three communities of interest namely, local, women and business and we deploy this content on different platforms such as, magazines, newspapers and digital. We also create and manage content for our clients on different platforms. Until October 31st, 2011, the Media and Interactive sectors operated independently but in order to become more agile at meeting the multiplatform marketing communication needs of our customers, we merged them starting November 1st, 2011.

The Media sector has over 3,300 employees and represents 29% of consolidated revenues and 26% of the adjusted operating profit while the Interactive sector has over 700 employees and represents 6% of consolidated revenues. Our Media sector reaches over 20.8 million consumers in Canada through its various platforms. It also publishes educational books principally for the Quebec market. Our Interactive sector provides marketing services and solutions by unifying strategy, content and multi-channel delivery systems. Over the past several years, we have invested in the development of our digital media properties and interactive solutions.

Our Media and Interactive content and delivery solutions can be summarized as follows:



households in the rest of Canada through our Targeo division.

Community Daily and Weekly Newspapers represent 36% of Media revenues. We publish about 180 community newspapers in Quebec, the Atlantic Provinces and in Saskatchewan and reach over 3.5 million readers every week.

Magazines represent 25% of Media revenues. With more than 30 titles reaching over 11 million readers a month in English and French our titles are leaders in their respective markets and give advertisers access to top quality communities of interest: fashion, beauty and lifestyle; food & cooking, health & wellness; home & garden; senior living; West of Canada; sports; and business & finance.

Distribution represents 23% of Media revenues. We deliver to 3.4 million households in Quebec, primarily through Publisac, and to 9.3 million

Digital Properties represent 8% of Media revenues. We have websites for all our publications as well as web only brands. We reach over 13.7 million unique monthly visitors through a combination of our own digital network and the networks we represents.

Educational Book Publishing represents 8% of media revenues. We publish over 2,400 authors and our books are used in over 5,000 educational institutions.

Content Solutions Content creation and content management represent 57% of Interactive revenues. We create custom content for leading corporations including visual, text and video.

Digital / Interactive Marketing Services One-to-one marketing, digital promotions, mobile and digital printing represent 43% of Interactive revenues. We develop emails, e-flyers, mobile programs and technologies and a full range of personalized direct mail services.

MARKET PRESENCE

Prior to November 1st, 2011, the Corporation operated through three sectors: the Printing Sector, the Media Sector and the Interactive Sector. Since this report relates to November 1, 2010 to October 31, 2011, information is presented in the three-sector structure when appropriate.

Table 2 – 2011 Revenues by Group

PRINTING			MEDIA			INTERACTIVE		
	2011 Revenues (in million)	Share of Consolidated Revenues 65%		2011 Revenues (in million)	Share of Consolidated Revenues 29%		2011 Revenues (in million)	Share of Consolidated Revenues 6%
	\$1,401			\$612			\$125	
Retail Group	\$474	22%	Local Solutions Group	\$360	17%	Content Solutions	\$71	3%
Magazine, Book & Catalogue Group	\$388	18%	Business and Consumer Solutions Group	\$156	7%	Digital / Interactive Marketing Services	\$54	3%
Newspaper Group	\$310	15%	Educational Book Publishing Group	\$50	2%			
Marketing Products Group	\$228	11%	New Media and Digital Solutions Group	\$46	2%			

Note: Excludes intersegment and other activities which represent (\$ 95M) in 2011.

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

OUR SUSTAINABILITY JOURNEY

TC Transcontinental's sustainability journey started almost 20 years ago when we adopted our Environmental Policy. Since, we have continuously worked to improve our social, environmental and financial performance, and all that under the umbrella of good governance. We have made public our accomplishments by releasing in 2009 our first Sustainability Report, in line with the Global Reporting Initiative (GRI) standards. The Sustainable Development Steering Committee, formed that same year, was a step further into our commitment to sustainable development as one of its roles is to lead the organization in the next steps of its sustainability journey.

Table 3 – Our Sustainability Journey

Milestones	
1993	<ul style="list-style-type: none"> • Environmental Policy
2000	<ul style="list-style-type: none"> • Code of Ethics
2002	<ul style="list-style-type: none"> • Corporate Disclosure Policy
2005	<ul style="list-style-type: none"> • Whistleblowing Policy • Insider Trading Policy
2007	<ul style="list-style-type: none"> • Paper Purchasing Policy
2008	<ul style="list-style-type: none"> • Senior Manager Sustainability Awareness-raising Workshops • Energy Policy • Global Energy Management Program
2009	<ul style="list-style-type: none"> • Sustainable Development Steering Committee • Inaugural Sustainability Report – Global Reporting Initiative (GRI) Level C
2010	<ul style="list-style-type: none"> • Corporate Social Media Policy • Formalization of Stakeholder Engagement • Sustainability Objectives and Targets • Sustainability Report - GRI Level B (fully reporting on 28 indicators and providing details for 7 others)
2011	<ul style="list-style-type: none"> • Progress on Sustainability Objectives and Targets, meeting some targets ahead of schedule • Sustainability Report - GRI Level B (fully reporting on 37 indicators and providing details for 13 others)

OUR SUSTAINABLE DEVELOPMENT TEAM

TC Transcontinental set up a Sustainable Development Steering Committee in 2009, made up of employees from across the organization and supported by ÉEM, a sustainable management consulting firm. The members of the Steering Committee vary from year to year but they continually represent a cross-section of the organization. Employees are selected from different parts of the operations for their company knowledge and technical expertise, and represent different levels of seniority. The Steering Committee meets six to eight times a year.



Back row, from left to right: Haig Poutchigian ; Denis Aubin; Gabriella Kovacs; Jean Denault ; Marc-Noël Ouellette; René Poirier; Marie-Hélène Bolduc ; Donald Simard; Patricia Robichaud; Brigitte Lépine; Stuart Lister, ÉEM inc.; Mathieu Hébert; Front row, from left to right : Stephanie Hamilton, ÉEM inc.; Karyne Bouchard; Zoraya Esplugas; Jennifer F. McCaughey; Benoit Caron

The role of the Sustainable Development Steering Committee is to:

- Inform, educate and engage employees, senior management and the Board on sustainability issues;
- Guide TC Transcontinental to the next steps in its sustainability journey;
- Develop and increase internal and external stakeholder awareness of sustainability;
- Ensure that TC Transcontinental acts and reports on its sustainability objectives;
- Oversee the production of the Sustainability Report;
- Be the reference for sustainable development in TC Transcontinental.



Jennifer F. McCaughey, CFA

*Senior Director, Investor Relations and Financial Communications
Chairperson, Sustainable Development Steering Committee*

We are always looking to improve our performance, so we invite you to provide us with your feedback on our Sustainability Report. We will report back on what you tell us, as well as what we have done as a result of the feedback received. You can contact us by email at ecodev@tc.tc

Thank you for contributing to our sustainable development journey.

TARGETS AND PERFORMANCE

Last year, we set ourselves a number of short and medium term goals. We tried to set challenging yet achievable objectives and specific targets. We chose the targeted areas based on the importance of the issue to our stakeholders, the significance of the impacts and our ability to measure and control our performance. We also focused on areas that would create traction and encourage sustainability-thinking in other areas of the business. The following table presents our progress.

Table 4 – Progress Against our Ambitions

	Objectives		Targets	Target Date (end of fiscal year)	2010	2011		Progress
People	Develop to Attract and Retain Talent		Produce Development Plans for 100% of identified Executive and senior management succession candidates for this year	annual	100%	100%	(1) ●	We successfully met this target again this year. The target will be reset for 2012.
	Maintain and Enhance Employee Health, Safety and Wellness	Reduce the number of accidents and incidents	Keep Lost Time Accident Frequency Rate below 1.00		0.94	0.88	(1) ●	Progress on this target came principally from the Print sector, where we improved the implementation of the "Vigilance" prevention program.
			Improve Lost Time Accident Severity Rate to 20 by 2013	2013	31.99	24.81	(1) ●	Progress is related to the better implementation of our "Return to Work" program.
	Invest in Community Well-being	Support community cohesion	Through donations and sponsorships, support the critical areas of health, education, culture, and community development to achieve mutual objectives at level appropriate to the Corporation's performance		\$5.1 M	\$4.5 M	(2) n.a	In-kind donations of advertising space dropped slightly this year, due to timing and availability. Cash donations and sponsorships remained near constant. Overall donations kept pace with our earnings before tax (EBITDA).
Environment	Protect and Restore Ecosystems	Improve eco-paper purchases	Increase the relative quantity of Gold and Gold Plus papers purchased to 55%	2012	45%	55%	(1) ●	By the end of 2011, we reached our 2012 target, despite the set backs of 2009 when mills producing recycled paper closed. We will strive to solidify these gains and improve further in 2012.
			Decrease the relative quantity of Bronze papers purchased to 10%	2012	11%	6%	(1) ●	
		Improve the management of facility environmental aspects	Improve the printing facility Environmental Management System (EMS) implementation score to 75%	2012	39%	46%	(1) ●	While progress has been made at the facilities, improvements are still needed and will be achieved through the Manufacturing Efficiency Committee and our "Enterprise Risk Management" program.
		Reduce emissions of Volatile Organic Compounds (VOCs in tonnes)	Launch initiatives to examine low VOC (volatile organic compound) printing chemicals		524	440	(1) ●	In 2011, we tested more than 17 different products in seven facilities and judged them against defined criteria. Work is on-going.
		Reduce emissions of greenhouse gases relative to production (tonnes per \$1000 VA)	Reduce greenhouse gas (GHG) emissions by 15% relative to 2008	2012	-13%	-17%	(1) ●	We achieved the reduction targeted in advance of our target date as a result of our restructuring, shifting manufacturing to our newly equipped more efficient facilities and our energy efficiency initiatives. We also achieved a 29% reduction over 2008 in absolute emissions.
	Optimize the Use of Resources	Improve waste management	Implement a Waste Management Program at four printing facilities	2012	2	4	●	Four pilot projects have been successfully implemented. The pilots have provided key information on where to focus our waste reduction efforts. All printing facilities are now proceeding with waste reduction plans.
		Reduce energy use (baseline 2008, in % for kWh per \$1000 VA)	Reduce energy consumption by 15% in printing facilities relative to 2008	2012	-5.3%	-6.8%	(1) ●	Many energy saving initiatives have been undertaken for an investment of \$1.3 million in 2011. Our absolute energy consumption has dropped by over 20% since 2008.
			Reduce energy consumption by 10% in offices relative to 2008	2012	To be compiled in 2012		n.a	The inventory work is underway, but does not yet include some of our smaller facilities.
Prosperity	Preserve Company Value	Maintain a strong balance sheet	Maintain a net debt to EBITDA ratio around 1.5x	on-going	1.87x	1.44x	(3) ●	This ratio dropped significantly due to high free cash flow generated and the low level of capital expenditures in 2011.
		Maintain and enhance good governance	Maintain a balanced Board of Directors with at least 2/3 independent members	on-going	69%	67%	●	With the additions of Anna Martini (independent) and Nathalie Marcoux (non-independent) the ratio of independent members remains on target.
			Increase the number of women in senior management roles to 25% (Board of Directors, Executive Management Committee and Sector Management Teams)	on-going	18%	22%	●	Progress on this target came principally from changes on the Board of Directors, where the ratio of women increased from 18 to 27% as well as changes on the Executive Management Committee where the ratio went from 30 to 40%.
	Invest in Future Growth	Increase efficiency	Achieve a return on net assets (RONA) above the cost of capital	on-going	8.0%	8.7%	●	RONA increased in 2011 after the significant investments made in the past few years and low levels of capital expenditures in 2011.
		Invest in innovative products, services, platforms and processes	Increase the revenue that comes from Digital and Interactive activities to \$300 million	2013	\$183.0 M	\$193.7 M	(4) ●	New revenue streams have increased to 9.5% of the portfolio in 2011. In order to accelerate growth, we announced the merger of our Media and Interactive sectors as of November 2011.

(1) Includes information for Mexican facilities, although these were sold in September 2011.

(2) Restatement after improvements to tracking methods.

(3) Adjusted in 2011 to exclude the amount to be paid to Quad/Graphics Inc. following the acquisition of Quad/Graphics Canada Inc.

(4) Includes revenues of digital media, the Interactive sector and personalized direct mail program.

Legend

● 100% reached

● 75% reached

● 50% reached

● 25% reached

○ Not reached

n.a. Not applicable

STAKEHOLDER ENGAGEMENT

TC Transcontinental believes that systematically reaching out to stakeholders is a good way to improve its sustainability commitment. While our employees will always be the primary focus of stakeholder engagement efforts, comments received through pro-active external outreach also help our focus efforts. In 2010, the Corporation completed a stakeholder mapping exercise and reached out to a number of different stakeholder groups.

This year, TC Transcontinental built on this approach. We consulted with the same stakeholder groups, including employees, investors, customers, suppliers, industry associations and non-governmental environmental organizations, but consulted with a greater number of individual stakeholders in each group which are:

- Employees
- Investors: the Caisse de dépôt et placement du Québec, NEI Investments, British Columbia Investment Management Corporation;
- Suppliers: Grand & Toy, Xerox, Sun Chemical, Sappi, Resolute Forest Products (formerly Abitibi-Bowater);
- Customers: SAQ, Loblaw's, Aeroplan;
- Industry associations: Institut des communications graphiques du Québec, Association québécoise pour la maîtrise de l'énergie (AQME);
- Environmental non-governmental associations: Éco Entreprises Québec, Canopy;
- Other stakeholders who preferred to remain anonymous

TC Transcontinental consulted with stakeholders expected to use the report, those that we thought would be interested in providing their opinions and those that would have a significant vested interest in the subject matter. For example, we selected investors that were signatories to the Carbon Disclosure Project, suppliers that have the most impact on our environmental footprint and customers who deal with our three operating sectors. The Corporation also reached out to new stakeholders to get a fresh perspective.

Table 5 – Approaches to Stakeholder Engagement

STAKEHOLDERS	HOW WE ENGAGED	FREQUENCY
Employees	<ul style="list-style-type: none"> • Conducted an employee intranet survey on the 2010 Sustainability Report. • Provided training on Sustainable Development and environmental paper choices to sales teams. • Provided environmental tips through office green teams (Escouades Vertes) at various locations. 	<ul style="list-style-type: none"> • Annual • Ongoing • Ongoing
Shareholders / Investors	<ul style="list-style-type: none"> • Conducted an Internet survey on the 2010 Sustainability Report. • Conducted one-on-one interviews regarding the 2010 Sustainability Report. 	<ul style="list-style-type: none"> • Annual • Annual
Customers	<ul style="list-style-type: none"> • Developed articles on sustainability issues in newsletters for website and print distribution. • Conducted Internet surveys on the 2010 Sustainability Report with different customer groups. • Conducted one-on-one interviews regarding the 2010 Sustainability Report. 	<ul style="list-style-type: none"> • Ongoing • Annual • Annual
Suppliers	<ul style="list-style-type: none"> • Conducted one-on-one interviews regarding the 2010 Sustainability Report. 	<ul style="list-style-type: none"> • Annual
Industry Associations	<ul style="list-style-type: none"> • Conducted one-on-one interviews regarding the 2010 Sustainability Report. 	<ul style="list-style-type: none"> • Annual
Non-governmental environmental organizations	<ul style="list-style-type: none"> • Conducted one-on-one interviews regarding the 2010 Sustainability Report. 	<ul style="list-style-type: none"> • Annual
General public / readers	<ul style="list-style-type: none"> • Participated in mardi#dd on twitter (an initiative to share companies' commitment to sustainable development) • Published sustainable development updates (annual report, Sustainability Report, Sustainable development website, press releases). • Posted reader feedback loop for sustainable development on TC Transcontinental's website. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing

Table 6 – Stakeholders Feedback and Action Taken

CATEGORY	STAKEHOLDERS SUGGESTIONS	WHAT WE DID
Objectives and Targets	<ul style="list-style-type: none"> Should have more objectives that surpass imposed regulations. Should benchmark results with other printers. Should relate objective to client satisfaction. 	<ul style="list-style-type: none"> While some of our initiatives are designed around making sure we are compliant with legislation, many of our objectives and targets take us beyond simple legal compliance. For example, we have targets to reduce both energy consumption and greenhouse gas emissions, where there is currently no legal obligation to do so. Another example is our employee wellness program. We would like to benchmark our performance against other printers, but few provide equivalent information or operate on the same scale to be comparable. We have provided industry benchmarks for accident statistics in this report. We do monitor our building energy consumptions against industry averages, but the differing nature of our many printing facilities makes comparisons irrelevant. We have chosen to track these, year over year, instead to discern regressions or improvements. We do conduct client satisfaction assessments on our products, performance and reporting. It is true that not all our objectives relate directly to client satisfaction, but we feel that they do address the larger stakeholder issues. We invite stakeholders to point out where we are falling short.
Stakeholder Engagement	<ul style="list-style-type: none"> Should engage with more federal or national organizations. Should consider a few more pages to highlight specific success stories of individual plants. 	<ul style="list-style-type: none"> TC Transcontinental consulted with several additional non-governmental environmental associations this year, such as Éco Entreprises Québec, Canopy and la Table pour récupération hors-foyer, as well as our on-going participation in national industry associations. Since a large portion of our operations are in Québec, it is normal for our engagement to be predominantly with organisations within that province, but we strive to make sure that a cross-section of our stakeholders are consulted. The Corporation listed examples of initiatives that promote sustainability in the workplace in the section Social Responsibility in Action in 2010 and scattered throughout the 2009 report. Similar profiles are presented in the report this year. See sections pertaining to Community Cohesion, Energy, Greenhouse Gases, among others.
Governance	<ul style="list-style-type: none"> Should describe how compensation is linked to sustainability performance. 	<ul style="list-style-type: none"> The compensation packages, including bonus structure, for TC Transcontinental's Executive Chairman of the Board as well as the President and Chief Executive Officer and three other top executives are published annually in the Management Proxy Circular. The bonus structure is tied to financial performance that, by our definition of sustainability, also reflects the Corporation's social and environmental performance. Managers' bonus structure is also partially based on annual Performance & Individual Development Management (PID) reviews that focus on progress against business targets and objectives.
Reporting Approach / Format	<ul style="list-style-type: none"> Should plan to fully report on partials GRI grid and plan to move to A report. Should get 3rd party audit. Should add a general performance indicator and add further explanation on possible improvement. 	<ul style="list-style-type: none"> TC Transcontinental does not plan to move to a GRI Application Level A in the short term, but we are steadily improving the quality of our data reporting and plan to increase the number of indicators we report on fully. We are also preparing for the release of the new GRI Guidelines (G4). TC Transcontinental does not plan to submit this report to third party verification. A number of elements are already audited as part of other systems, i.e. financial information, environmental compliance, etc. We do submit the report to GRI for an application level check. We have not devised a general indicator for our overall Sustainability performance. We do present our Environmental Footprint year over year. In addition, to provide a snapshot, progress made towards our Objectives and Targets is described on one page this year. Please refer to Targets and Performance.

CATEGORY	STAKEHOLDERS FEEDBACK	WHAT WE DID	(Cont'd)
People	<ul style="list-style-type: none"> ● Should add some statistics on employee well-being: satisfaction, absenteeism and turnover. ● Should provide the amount of investment in training and education. ● Should provide description on how you will reach the goals on accidents. ● Should have context around data that are outliers or have changed significantly. ● Should have a quantitative for donation and examples of supported charitable organizations. ● Should have a policy on employee diversity. 	<ul style="list-style-type: none"> ● For the present, TC Transcontinental cannot provide statistics on absenteeism or employee turnover. For employee satisfaction, we have conducted surveys in the past; however, the data is no longer relevant. We are considering future survey in certain areas of our business. ● This amount has been provided in our prior reports. See the Report Card or the section Employee Training and Development. ● Actions to meet goals on accidents reduction is planned through the <i>Vigilance</i> program. See more details on the <i>Vigilance</i> program in the Accidents and Incidents section. ● Numerous statistics are provided in the Report Card as a snapshot of TC Transcontinental over the years. We try to provide adequate explanations in each section of the report on our results and any changes to the data. We will work on improving this every year. ● The section entitled Community Cohesion now gives numerous examples of donation and employee engagement initiatives and puts donation amounts into context by comparing them to pre-tax earnings (EBITDA). ● TC Transcontinental does not have a policy on employee diversity; however discussions have been initiated on this subject. 	
	<ul style="list-style-type: none"> ● Should provide alternatives for Publisac bags. ● Should provide more details on vegetable inks. ● Should provide a complete example on life cycle of a product (i.e. magazine or flyer). 	<ul style="list-style-type: none"> ● The alternative currently provided is the on-line version (Publisac.ca and Dealstreet.ca). It is also possible for households to choose not to receive the bag where a pictogram (issued by either TC Transcontinental or the municipality/town) is displayed on the mailbox. ● We have provided high-level explanation in the section Inks. The percentage of vegetable oil used in the ink composition is related to the type of printing process and is limited when fast drying application is necessary. ● We have looked at life-cycle assessments for a few of our products and similar products in the industry, but find it difficult to present the results in a meaningful way. Most often, the printing part of the life cycle has fewer impacts than the paper-making or distribution, but this depends greatly on where the paper is purchased and how the product is distributed. So far, we have used the results to target reductions on the parts of the cycle with most impacts. We have also looked at the carbon cycle of some of our products and have devised a calculator to work out the greenhouse gas emissions related to a print project. Refinements are underway. ● We have briefly addressed the subject in the Greenhouse Gas section. 	
Environment	<ul style="list-style-type: none"> ● Should provide information on potential environmental taxes in the future. ● Should enhance disclosure about collaboration/ participation on sustainable forest management initiatives. ● Should scale the waste management program to a greater number of plants. ● Should provide information on the monetization of carbon credits. 	<ul style="list-style-type: none"> ● We have increased our disclosure in the Paper Purchasing and Biodiversity sections of this report. ● The waste management program has been initiated in a few plants in order to benchmark and track the waste management throughout the company. All TC Transcontinental plants will establish a waste management program in 2012 for the items that have not been addressed during 2011. ● To date, no carbon reductions have been monetized. In collaboration with several partners, we plan to do this in 2012 for specific projects undertaken between 2008 and 2011. 	
Prosperity	<ul style="list-style-type: none"> ● Should provide more information on investment related to sustainable development. ● Should provide the economic benefit of sustainability. 	<ul style="list-style-type: none"> ● These are both good suggestions, but since many aspects of sustainable development are embedded in our day-to-day business, we would find it difficult to draw a boundary. We do present, however, some figures on the economic benefits. For example, we quantified the energy savings that have been made (see Energy section). 	

RECOGNITIONS AND AWARDS



TC Transcontinental was a winner of the inaugural Ancient Forest Friendly™ Awards in the category of Conservation Supporter. Recipients are recognized for meaningful action to protect the world's forests and climate by improving the eco-performance of their paper purchasing, and advancing landmark conservation initiatives on the ground. TC Transcontinental was awarded the Conservation Supporter prize for advancing the protection of the world's remaining intact and endangered forests through landmark conservation initiatives such as the Boreal Forest Agreement and Great Bear Rainforest Agreement.



TC Transcontinental is listed on the Jantzi Social Index® (JSI®), a socially screened, market capitalization-weighted common stock index modeled on the S&P/TSX 60. The JSI® consists of 60 Canadian companies that pass a set of broadly-based environmental, social, and governance rating criteria which include community involvement, employee relations and the environment. TC Transcontinental has held its position on the Jantzi Social Index® since March 2004.



Isabelle Marcoux, was one of 30 corporate executives recognised in the 2010 Canada's Most Powerful Women: Top 100™ Awards, judged on her management role, vision and leadership, corporate performance and community service.



Corporate Knights magazine recognized TC Transcontinental for the eighth time as one of Canada's top 50 corporate citizens, as part of its annual rating of the social and environmental performance of Canadian companies.

Other Recognitions and Awards

TC Transcontinental Printing

Brian Reid, President of TC Transcontinental Printing, has been named "Canada's Most Influential Printer in 2010" by *PrintAction*, Canada's Graphic Communications Magazine.

The Gutenberg Gala honoured TC Transcontinental by awarding it a number of prizes, including the 2011 Grand Gutenberg, which went to the Printing Sector's Marketing Products Group for the 25th anniversary book of the *Cirque du Soleil*.

TC Transcontinental won five Excellence in Print awards at the awards ceremony of the Ontario Printing and Imaging Association.

TC Media

TC Media Wins Grafika Grand Prize.

TC Media Publications awarded several Gold and Silver awards at the 34th National Magazine Awards.

Vancouver Magazine and *Western Living* were recently honoured with multiple awards at one of the publishing industry's most prestigious events, the Western Magazine Awards.

PREMIUM magazine has won an excellence award for its overall graphic design at the annual competition organized by the Society for News Design (SND).

TC Media's 360° Solutions Wins Award at 2011 Prix Médias Gala.

Transcontinental Interactive wins big at the prestigious Magnum Opus Awards for 2011, capturing a total of 30 top prizes.

Transcontinental Interactive ranked top Canadian email vendor by 2011 Red Pill Email Vendor Features & Functions Guides.



GOVERNANCE

To ensure that the business is properly managed based on the interests of our shareholders, employees, customers and communities, the organisation's four pillars; we have put in place a governance structure. We believe that it is solid and we continually work to improve it.

We have set two specific objectives related to our governance: the maintenance of balanced Board of Directors with at least 2/3 independent members, and seeing 25% senior management roles being held by women.

Board of Directors - Several changes to our Board of Directors were made or announced in 2011. First, Anna Martini and Nathalie Marcoux joined the Board, bringing the number of members from 13 to 15. Their nominations increased the number of women on the Board and ensured continued adherence to our target of maintaining two-thirds of our Directors to be independent members. Anna Martini is an independent member of the Board of the Corporation, as defined by National Policy 58-201 - *Corporate Governance Guidelines*, while Nathalie Marcoux is not. Board independence is therefore currently at 67%. Secondly, our Executive Chair of the Board, Transcontinental Inc. founder, Rémi Marcoux, decided to officially leave his position in favour of Isabelle Marcoux at the shareholders' meeting held on February 16, 2012, but he remains a member of the Board. Isabelle Marcoux has been Vice Chair of the Board of Directors of Transcontinental Inc. since 2007 as well as Vice President, Corporate Development since 2004, a role she relinquished with her new appointment.

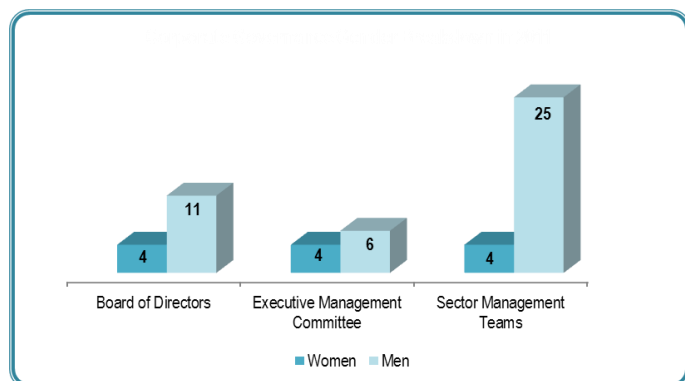
The role of Chair of the Board and that of the President and Chief Executive Officer are segregated. The Board of Directors meets regularly to review financial performance and strategic planning decisions. Additional oversight is provided through three standing committees made up of independent directors only: Corporate Governance, Human Resources and Compensation, and Audit Committees. Further information on the mandates of these committees can be found on the TC Transcontinental's website in the Corporate Governance section ([Current Board of Directors](#), [Mandate of the Board and Committees](#), [Role and Responsibility of the Corporate Governance Committee](#), [Management Proxy Circular](#)).

Executive Management Committee - As at October 31st, 2011, the Corporation's day-to-day management is the responsibility of a ten-person Executive Management Committee, led by President and Chief Executive Officer, François Olivier, supported by the three Sector Management Teams in Print, Media and Interactive. On November 1st, 2011, the Media and Interactive sectors were combined.

Women in Senior Management Roles

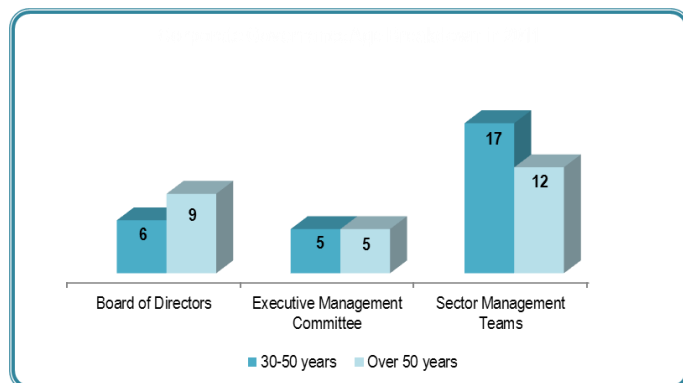
We are working to increase the number of women in senior management roles to better reflect our business environment and the general population, as well as to capture a diversity of views and styles that will benefit our business outlook. Our target for the short term is to increase the number of women in senior management roles to 25% assuming people with the appropriate skills and competencies are available. For the longer term, our current approach to nurturing talent will ensure a more balanced team.

Figure 2 – Corporate Governance Gender Breakdown in 2011



For this objective, we have defined senior management as the Board of Directors, the Executive Management Committee and the three Sector Management Teams. Changes made in 2011 mean that the proportion of women on the Board of Directors is now 27%, while on the Executive Management Committee, it is 40%. Overall, the proportion of women in senior management is now 22% up from 18% in 2010.

Figure 3 – Corporate Governance Age Breakdown in 2011



While there is no target related to age, we report that, overall, about half of the individuals at the senior management level are aged between 30 and 50, while the other half are over 50.

Code of Ethics and Corporate Policies

The TC Transcontinental [Code of Ethics](#) is a guiding document for all employees. It is widely distributed and establishes rules with respect to integrity, confidentiality, conduct and conflicts of interest. The document's clear guidelines for the highest standard of ethical behaviour apply at all levels of the Corporation, each and every day. TC Transcontinental has also developed policies relating to [Insider Trading](#), [Whistle-blowing](#), [Corporate Disclosure](#) and [Social Media](#). They can be found on the Corporation's website in the [Corporate Governance](#) section.

Risk Management

TC Transcontinental has an *Enterprise Risk Management* program in place, implemented in collaboration with the Executive Management Committee. The Corporation's top risks have been identified and a reporting and review process has been established. The Board of Director's Audit Committee regularly receives a Risk Management presentation.

Favouring Local Hiring

The Corporation's facilities in Canada and in the United States are almost exclusively staffed locally, including management positions. In the United States, there are only five expatriates currently working at our printing plant in Fremont, California. This facility operates with a flat organizational structure, and as such, a management-to-worker ratio is not applicable. In our Interactive sector, one of our managers was an expatriate in the United States.

Diversity and Equal Opportunity

TC Transcontinental is committed to developing the talent and leadership skills of its employees. One of the many positive outcomes of our talent management approach will be a more balanced distribution on the Sector Management Teams and Executive Management Committee over time.

Dual Class Shares

Transcontinental Inc. has Class A subordinate voting shares which entitle holders to one vote per share and Class B shares which entitle holders to 20 votes per share. Under this share structure, Transcontinental Inc. founder and Executive Chairman of the Board, Rémi Marcoux, owns 16.49% of the equity and 71.62% of voting rights. While certain stakeholders may question this structure, we feel that it favours long-term planning and is in line with the interests of all shareholders. In fact, there have been a number of studies that have concluded that there are benefits to family-controlled companies, namely, from The Institute for Governance of Public and Private Organizations (2006) as well as from Miller and Le Breton-Miller (2006).

The Corporation also has Preferred shares, which entitle holders to fixed cumulative preferential cash dividends.



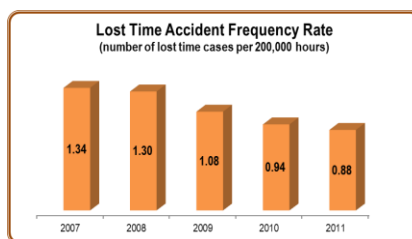
PEOPLE

TC Transcontinental strives to be a great place to work for its employees by providing a safe, stimulating and inclusive environment. Professional development, succession planning and the support of employee-driven innovation are the foundation of the Corporation's talent attraction and retention strategy as these enable us to continue to provide products and services of value to our customers.

Our management philosophy and corporate values are at the core of who we are. They set out the behaviours and qualities to which we collectively aspire. They shape how we do business among our employees and also externally with our customers and stakeholders. We especially strive to make a positive difference in the communities where we operate by investing in local causes and organizations through donations and sponsorships. As a socially responsible and environmental conscious business partner, we also encourage sustainability initiatives to be undertaken by our employees throughout the organization.

Key Numbers

9,724 Employees	42% Women
9,350 Canada	374 United States



Performance and career development reviews	2011
Management	100%
Non-unionized employees	100%
Management positions filled through internal promotions	80%

Average facility conformance level to the standards of TC Transcontinental's *Vigilance* prevention program in 2011: 82.7%

Strategic Objectives

- [Maintain and Enhance Employee Health, Safety and Wellness](#)
- [Develop to Attract and Retain Talent](#)
- [Invest in Community Well-Being](#)

Noteworthy in 2011

- We revisited our management philosophy and corporate values to make sure that they reflect our evolution over time. Vital to our sustainability development, our values now centre around Innovation, Teamwork, Respect and Performance.
- We launched our Innovation Challenge tournament, directed at all our employees and managers. It was a resounding success with over 1500 participants.
- Our accident and incident statistics continue to improve under our *Vigilance* program.

Additional Information

- [Labour Practices and Human Rights](#)
- [Society](#)
- [Product Responsibility](#)

Accidents and Incidents

Employee health and safety is a core value at TC Transcontinental. Maintaining a safe and healthy work environment is our first priority.

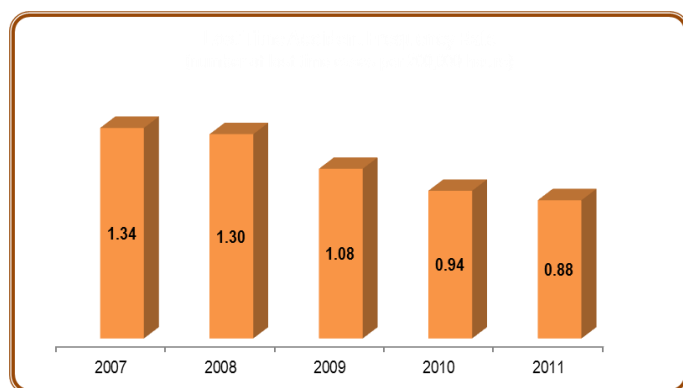
TC Transcontinental's Health, Safety and Wellness (HSW) Department manages the Corporation's efforts in this area through the *Vigilance* program, supported at the facility level by local HSW Committees. The *Vigilance* program is the umbrella for all of TC Transcontinental's HSW activities and initiatives. It is a corporation-wide prevention program based on international standards that encompasses policies, procedures, standards, legislated programs and best practices in health, safety and wellness.

The TC Transcontinental Health, Safety and Wellness policy states that all incidents, damages and accidents must be declared immediately after their occurrence. All incidents are reported in the First Aid Register of the business unit. The incidents are compiled and analyzed by the Health, Safety and Wellness committee of each business unit. The committee then ensures that corrective measures are identified and implemented to eliminate or control risks. A report of the incidents and accidents is presented to the Management Committee of the business unit.

Targets and Performance

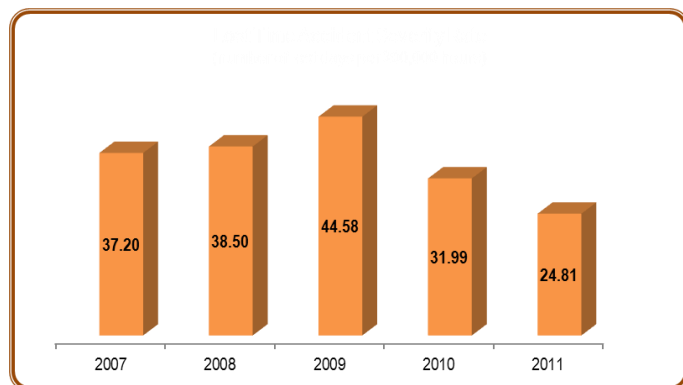
TC Transcontinental is committed to the health, safety, wellness and professional development of its employees and puts significant resources into these efforts. Zero accidents is always the goal along with a healthy, engaged workforce.

Figure 4 – Lost Time Accident Frequency Rate
(number of lost time cases per 200,000 hours)



In 2011, the accident frequency rate² was 0.88 accidents per 200,000 worked hours compared to 0.94 in 2010. Our objective is to keep the frequency rate below 1.00 accidents per 200,000 hours worked. The decrease reflects improvements in the Printing Sector where the number of accidents decreased to 52 from 72 in the previous year. We associate the improvement with the better implementation of accident prevention under the *Vigilance* program. This was confirmed by the HSW audits conducted this year which resulted in an average score of 82.7%, compared to 80% in 2010.

Figure 5 – Lost Time Accident Severity Rate
(number of lost days per 200,000 hours)



Our accident severity rate³ was 24.81 lost days per 200,000 worked hours compared to 32.01 in 2010. We strive to become an industry leader in health and safety performance and will continue to work toward reaching our target rate of less than 20 lost days per 200,000 worked hours by 2013. The improved performance this year was mostly seen in the Printing Sector where the accident severity rate dropped by 34% following the improved implementation of our *Return to Work* program.

² (number of lost time cases x 200,000 hours) / total worked hours

³ (number of lost days x 200,000 hours) / total worked hours

Table 7 – Number of Lost Time Accidents

Number of Lost Time Accidents	
2011	80
2010	93
2009	125

Table 8 – Lost Time Accident Frequency and Severity Rates by Region

2011	Lost Time Accident Frequency Rate (accidents per 200,000 worked hours)	Lost Time Accident Severity Rate (lost days per 200,000 worked hours)
By region		
Canada	0.83	22.63
United States	2.88	98.60
Mexico	0.26	3.78

The higher accident rates in the United States are associated with the immaturity of the *Vigilance* prevention programs at some of our US sites. Whereas the average level of implementation is 87.2% across all regions, in the US, it is 53%. Operations in the United States include recent acquisitions and new facilities where our programs have not yet been fully implemented. Improvements over 2010 have already been made and will be pursued in 2012.

Please note that, exceptionally in this report, these statistics are for the calendar year, not the fiscal year, to be consistent with government reporting.

Benchmarking Against the Industry

Overall, TC Transcontinental's health and safety performance in 2011 remained well above the industry average. We measure this by looking at the insurance assessment rate established by Worker's Compensation Boards in each province, based on each business unit's record. TC Transcontinental's average assessment rate for all Canadian business units (all classifications) was \$1.16, which is 16% lower than the industry average of \$1.38. Also worth noting is the average rate for TC Transcontinental's Quebec-based business units (\$1.00) which is 32% lower than the provincial industry average (\$1.47).

Table 9 – Insurance Assessment Rates

		TC Transcontinental	Industry	TC Transcontinental vs. Industry
Insurance Assessment Rate for Canadian Business Units	2011	\$1.16	\$1.38	16% below
	2010	\$1.11	\$1.40	21% below
Insurance Assessment Rate for Quebec Business Units	2011	\$1.00	\$1.47	32% below
	2010	\$0.95	\$1.55	39% below

As assessment-setting systems in the United States are different, data is not available in terms of rates. However, we can track the incurred costs of the business units. In 2011, these costs represent 1.01% of insurable payroll, down from 1.17% in 2010.

Monitoring Improvements

Finally, TC Transcontinental verifies the level of implementation of the corrective measures through the audit program, based on international standards, with results communicated to the Audit Committee of the Executive Management Committee on an annual basis. This year, we conducted 21 audits and reported an average conformance level to TC Transcontinental's *Vigilance* program of 82.7%, up from 80% in 2010. For legislated programs, the average score is 96.7%. The improvement is principally the result of efforts in the Printing Sector where risks have been brought under better control. The score for that sector improved by 7.1%.

Employee Wellness

Investing in the wellness of our employees means actively supporting healthy lifestyle choices and work/life balance as well as continually working to eliminate accidents and injuries. This commitment to wellness is instilled in employees from day one, and reinforced with corporate initiatives and awareness-raising programs that keep health, safety and wellness top-of-mind and allow employees to make better choices outside of work.

The *Vigilance* program promotes wellness through targeted awareness initiatives that take place throughout the year in all TC Transcontinental business units. Training and/or information sessions, information pamphlets and posters, contests and participation prizes were offered in the following areas:

January: Tobacco-free Month Challenge
March: Aim for 3 out of 3 Challenge
May: North American Occupational Safety and Health Week
October: Fire Prevention Week
October to December: Seasonal Flu Vaccination

In addition, with the support of the HSW Department, each business unit is required to develop a targeted action plan to address its workplace-specific issues. The audit process of the HSW Department ensures the continued monitoring of each business unit's performance.

Following changes to Occupational Health and Safety legislation, we updated our Harassment Prevention Policy to formalise the inclusion of the notion of violence. The new Harassment and Violence Prevention Policy was presented to all our human resources professionals and training was provided. A poster, a pamphlet and train-the-trainer modules for managers and employees were provided to all business units. All new employees are asked to acknowledge and sign the updated policy.

Risk-control programs have also been implemented to educate employees and to prevent serious diseases, such as hearing loss, musculoskeletal disorders, cardiovascular problems and other health related disorders.

In addition to our in-house prevention programs, all Canadian employees have access to an Employee Assistance Program that provides education tools and counselling to our employees and their families.

Product Responsibility

Health and Safety Impacts of Products and Services

TC Transcontinental makes every effort to ensure that its printing, media and interactive marketing products and services are safe for consumers, including children. We sample and test our products to ensure they are safe, and obtain relevant certifications as required. TC Transcontinental also works with suppliers to reduce the use of controlled substances in the printing process.

New rules under the Consumer Product Safety Improvement Act (CPSIA) came into effect on August 14, 2009. The new rules address the concentration of lead and phthalates (chemicals used to soften plastic) in products intended for use by children under the age of 12 in the United States. The rules require manufacturers to demonstrate that lead or phthalates are not present in the product at concentrations above the allowable amount. Certifications by third-party laboratories are required in most cases. The following letters confirm the absence of these substances in TC Transcontinental's products, although a recent amendment now exempts ordinary books from this requirement.

- [Letter concerning CPSIA](#)
- [Letter concerning Registration, Evaluation, Authorization and Restriction of Chemicals \(REACH\)](#)

Practices Related to Customer Satisfaction, Including Results of Surveys

TC Transcontinental Printing regularly conducts surveys to evaluate customer satisfaction and to continue to provide the best quality, service and solutions available. In 2011, we sent over seven surveys to gather quantitative and qualitative customer satisfaction data. Overall, good satisfaction scores were reported.

On the TC Media side, a CROP phone survey, done in 2010, of Publisac customers confirmed that:

- 95% of respondents stated that they look at the Publisac contents and of those, 93% do so weekly; and,
- 82% of respondents stated that they recycle the Publisac after consulting it, while 13% put it to an alternate use.

We respect the wishes of consumers who have expressed the desire not to receive the Publisac and do not deliver it to households where a pictogram (issued by either TC Transcontinental or the municipality/town) is displayed on the mailbox.

Adherence to Marketing Standards

TC Transcontinental is subject to a number of laws and voluntary standards pertaining to advertising standards and consumer privacy. These include:

- the CAN-SPAM Act that sets the rules for commercial email, establishes requirements for commercial messages, gives recipients the right to opt-out, and spells out penalties for violations;
- the Personal Information Protection and Electronic Documents Act that governs how private sector organizations collect, use and disclose personal information in the course of commercial business;
- the Canadian Marketing Association's Code of Ethics, specifically its Internet privacy policy;
- the Canadian Code of Advertising Standards that sets out criteria for truthful, fair and accurate advertising; and,
- the standards of the Flyer Distribution Standards Association.

The President of TC Media, Natalie Larivière, is a member of the Board of Directors of Advertising Standards Canada and the Vice President, National Digital Solutions, Dominique-Sébastien Forest, has been elected Chair of the Board of Directors of the Interactive Advertising Bureau of Canada.

In the past year, there were no material incidents of non-compliance with respect to advertising, promotion and sponsorship regulations and voluntary codes.

Substantiated Complaints Regarding Privacy Breaches

TC Transcontinental discovered that a mismatch of one mailing content occurred in the course of the assembly process at one of our facilities. We initiated an immediate investigation and review of internal procedures to ensure that such an event would not reoccur. It was rapidly confirmed to be an isolated incident. New internal measures have since been implemented, which include additional technical and organizational security measures, to ensure adequate protection of personal information against accidental disclosure.

Taking Responsibility for all Stages of a Product's Lifecycle

We recognize that we need to consider the environmental impacts at all stages of a product's lifecycle - in the selection of our raw materials, in our production process, in the use of the product by a consumer and in what happens to the product after its use.

We demonstrate to paper producers that there is a demand for recycled paper through our Paper Purchasing Policy that places recycled paper at the top of the hierarchy of [environmental papers](#). This allows paper recovery companies to find outlets for their sorted materials.

Many of our products can be diverted from landfill through recycling so we participate in the design, implementation and promotion of programs available to our consumers:

1) Support for Municipal Curbside Recycling

Other programs take the form of government agreements, such as the contributions made in Ontario and Quebec to municipalities to fund curbside recycling. TC Transcontinental is a contributor to:

- Éco Entreprises Québec, the industry association responsible for co-funding curbside recycling of packaging and printed matter in Quebec, including the Publisac bag;
- RecycleMédias, the industry association responsible for co-funding recycling of Quebec publications. TC Transcontinental currently chairs this association. Advertising space is given to the promotion of recycling programs; and,
- Stewardship Ontario, the industry association responsible for funding recycling in Ontario.

Overall, TC Transcontinental has contributed \$653,000 to such programs in 2011.

2) New, Certified Recyclable Bags

Working with Éco Entreprises Québec and Recyc-Québec, TC Transcontinental decided to shift from using oxo-biodegradable bags for Publisac to recyclable plastic bags certified under the "Bureau de Normalisation du Québec" (BNQ)'s new standard 3869-911, finalized in September 2010.

The certification ensures that the mix of plastics and additives used in the manufacture of the bag are compatible with recycling processes. The change will take place over the next year as suppliers obtain certification. The recommendation came after Recyc-Québec studies showed the benefits of moving the bags up the 3RVE hierarchy and a new willingness of consumers to take advantage of recycling programs. Our 2010 CROP survey showed that 82% of recipients recycle their Publisac, while a further 13% use it for another purpose in the home.



Please recycle your Publisac!

Please place the paper content in your recycling bin, and collect plastic bags together. Please do not place the paper content back in the bag, as this impedes rapid sorting at the recycling centre. Thank you!

TALENT MANAGEMENT

Employee Training and Development

At TC Transcontinental, we recognize that our employees are the driving force behind our success and one of the key pillars along with our customers, shareholders and community that enable our business to grow and evolve successfully.

In order to support the professional growth of our employees and ensure that they are prepared to face industry challenges and support our company's transformation, TC Transcontinental has implemented a range of talent management initiatives that, in 2011, included:

Performance & Individual Development Management (PID) - We encourage our managers and employees, at a minimum of twice a year, to review their progress in terms of performance against established business targets and objectives, and to identify and work on their development needs. In fact, a portion of the managerial bonus structure is contingent on the completion of these reviews.

Succession Management - Through our Leadership Review process, we place the emphasis on supporting and accelerating the development of our employees as well as on identifying our succession pipeline. Leadership Reviews are performed on an annual basis across the organization with a minimum of one follow-up meeting during the year.

Development & Training - We are committed to the development of our employees and finding new ways of providing professional opportunities that support career growth and performance. This investment in TC Transcontinental's key asset, our people, positions us for continued long-term success. Here are some examples of the development opportunities/trainings we offer our employees:

Table 10 – Examples of Development Opportunities and Training Offered to our Employees

Categories	Examples
Effective Leadership	Two day training program aimed at developing our manager's basic management skills such as communication, decision-making, empowerment, delegation and coaching.
Accountability & Candour Training	One day training session aimed at developing collaboration and accountability among team members.
Transformation Training Platform	On-line training tool available to employees that includes a catalogue of over 400 courses covering a wide array of work skills.
Codevelopment Groups	Training approach that focuses on the interaction among participants in order to develop their management skills and achieve/resolve a common business objective.
360 Feedback	Feedback process that provides employees the opportunity to build a picture of their skills as a leader, their impact on others and the areas they need to develop.
T.R.A.IN (Talent Reinforcement through Active Integration)	Development strategy aimed at positioning the ownership and responsibility of professional development on identified successors whom benefit from access to a 70-20-10 development plan, a follow-up on development progress, and exposure to career opportunities.
Supervisors Development Options Tool	General tool that provides managers and employees information and tips on ways to develop individuals in front-line leadership roles.
Innovation Challenge	Common approach to funnel innovative ideas and develop our people's innovation skills.
Engagement training	Aimed at developing the understanding among our managers of what employee engagement is, its advantages, and the leadership practices that enhance it.

Target and Performance

In support of our objective to develop, to attract and to retain talent, we set ourselves an on-going target to Produce Development Plans for 100% of identified Executive and Senior management succession candidates in 2011. As in 2010, we successfully completed the development plans and are working on identifying succession candidates who will benefit from development plans in 2012.

One of the many positive outcomes of the Corporation's efforts in the area of professional development and mentoring has been a more balanced gender and age distribution on the Sector Management Teams and Executive Management Committee over time. In 2011, we have increased female representation at the Executive Senior level and on the Board of Directors, bringing the number of women in senior management roles to 22%. Our goal for the short-term is 25%. Please see [Governance](#) section for more detail.

Our other achievements for 2011 include:

- Number of managers who have completed Performance and Individual Development Reviews: Over 1,100
- Percentage of managers receiving regular performance and career development reviews: 100%
- Percentage of employees receiving regular performance and career development reviews⁴: 100%
- Management positions filled through internal promotions: 80%
- Investment in training (courses, supplies, salaries and travel): \$3.2 million

Employment Conditions

Management Approach, Organizational Values & Competencies

In 2011, TC Transcontinental updated its **management philosophy, values and competencies** to reflect our evolution as an organization and set out the behaviours and qualities we encourage our employees to exemplify, the type of culture we nourish and the way we do business.

As stated in our **management philosophy** we value Innovation, Teamwork, Respect and Performance. We create a workplace that offers exciting challenges, promotes collaboration, trust and creativity. We develop people's potential and ensure their professional growth by working in partnership with them. We empower our people and reward performance by delivering results and embracing **our values**.

Figure 6 – Our Values

OUR VALUES

INNOVATION

1. We challenge the status quo and continuously improve our way of doing things to deliver innovative solutions to our customers.
2. We venture into new areas of opportunity.
3. We have the courage and judgment that risk taking requires.
4. We take initiative and learn from every experience.

TEAMWORK

1. We work collaboratively with our partners across organizational boundaries to offer relevant and integrated solutions to our customers.
2. We take responsibility for our own contributions as well as for the team's results.
3. We create a stimulating environment that fosters expertise sharing and development.
4. The success of our customers drives what we do.

RESPECT

1. We have honest and respectful behaviours that foster open communication.
2. We are straightforward and real issues are solved with real actions.
3. We accept that ideas can and should be challenged to be improved.
4. We care for the communities where we do business and are known as a respectful and trusted partner.

PERFORMANCE

1. We strive to be among the best in our industry.
2. Our culture of personal accountability and pride in what we do is embraced by all of our employees.
3. Our customers know they can depend on us to deliver on their needs.
4. We are always looking for new ways to create value for our customers, employees and shareholders.

We have four **core competencies**: Leadership, Building Expertise, Critical Thinking and Delivering Results. We expect everybody to play a leadership role. Continuous learning and knowledge sharing are what allow us to succeed and create value for **our pillars**: customers, employees, shareholders and community.

Finally, we rely on a light structure and processes that enable us to be proactive, flexible and deliver results. We believe in sharing information and nurturing frank and open dialogue, internally as well as with our customers and partners. We are a responsible and active player in the communities where we do business.



Innovation Challenge

In 2011, we launched our Innovation Challenge tournament. Directed at all our employees and managers, the purpose of the tournament is to develop a common approach to funnel innovative employee ideas that will lead to the creation of new products, services and solutions, as well as the development of new markets and improved operations. With coaching on basic innovation principles and a new shared language, more than 1,500 employees and 170 teams participated in the tournament. Management's role was critical in the support to their employees and in the nurturing of creativity. The most exceptional ideas are being assessed and advanced as quickly as possible, in some cases, ready for commercialization as early as 2012.

⁴ 22.2% of TC Transcontinental employees are unionized and therefore do not participate in performance and career development programs.

Guidelines we Respect

TC Transcontinental acknowledges the United Nations' Universal Declaration of Human Rights, as well as the International Labour Organization's tripartite declaration of principles concerning multinational enterprises and social policy. The Corporation's labour practices are in accordance with these international standards. TC Transcontinental facilities in Canada and the United States adhere to the labour laws of each respective country, including minimum-age requirements for employees.

The Corporation's [Code of Ethics](#) is a guiding document for all employees. It is widely distributed and establishes rules with respect to integrity, confidentiality, conduct and conflicts of interest. The document's clear guidelines for the highest standard of ethical behaviour apply at all levels of the Corporation, each and every day.

Occupational Health and Safety is led by the Corporation's [Health, Safety and Wellness](#) (HSW) department, with the support of HSW committees at the facility level. *Vigilance* is the umbrella program for wellness activities, policies and best practices; every year it rolls out a myriad of educational tools to employees.

Organisational Responsibility

Transcontinental Inc. 15-person Board of Directors, two-thirds of whom are independent, is ultimately responsible for all corporate compliance matters. Labour matters across all business sectors are the responsibility of Transcontinental Inc. Corporate Vice-President of Human Resources, who is a member of the Executive Management Committee.

Procedures Related to Training and Awareness

The 34 members of TC Transcontinental's Sector Management Teams are provided regular information and training regarding regulatory and corporate policy changes in the areas of labour/management relations and occupational health and safety.

Monitoring

Employment issues are reviewed on a regular basis through a number of sector management review channels.

Regional Distribution and Key Figures on Employee Conditions

Figure 7 – Number of Employees by Region in 2011

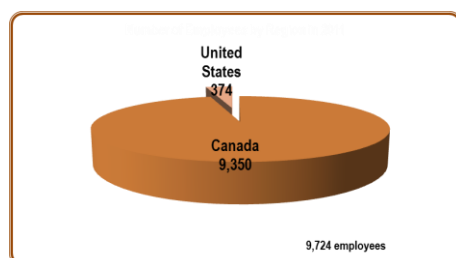


Figure 8 – Employee Breakdown by Gender in Canada

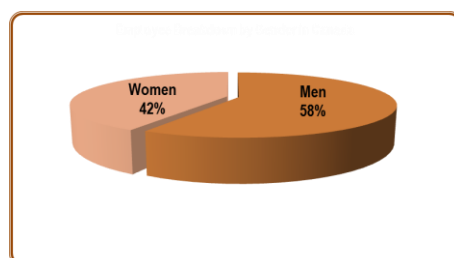


Figure 9 – Employee Breakdown by Gender in the United States

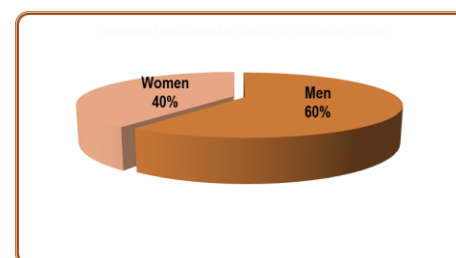


Table 11 – Employees Conditions

	2011
Employee wages and benefits (in millions) ⁵	\$658.8
Benefits plan obligations (in millions)	\$398.8
Employees covered by pension plans	66.5%
Employees covered by collective agreements	22.2%
Workforce represented in formal health and safety committees	100%

For the composition of governance bodies and the breakdown of employees by diversity indicator, see the [Governance section](#).

⁵ Includes wages from our Mexican operations, which were sold in September 2011.

INVEST IN COMMUNITY WELL-BEING

Community Cohesion

Donations and Sponsorship Policy

In 2011, TC Transcontinental worked on a draft of a Donations and Sponsorship Policy to facilitate and track corporate giving and to direct support to activities that reflect the Corporation's values in chosen areas. Those areas include:

- Education and Community
- Health and Well-being
- Arts and Culture
- Support for Youth
- Amateur Sports

The common link among the activities supported by the Corporation is their relevance to the communities in which TC Transcontinental does business and where our employees live and work. The policy will be officially introduced in 2012.

Corporate Donations

Donations of cash, goods and services, as well as sponsorships equalled \$4.5 million in 2011. In-kind donations of advertising space dropped slightly this year, due to timing and availability of space in our publications, while cash donations and sponsorships remained near constant. Overall donations kept pace with our Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).

Figure 10 – Donation of Cash, Goods and Services (in millions)

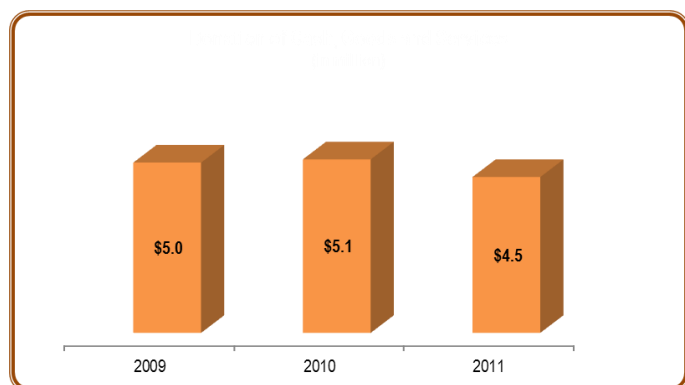
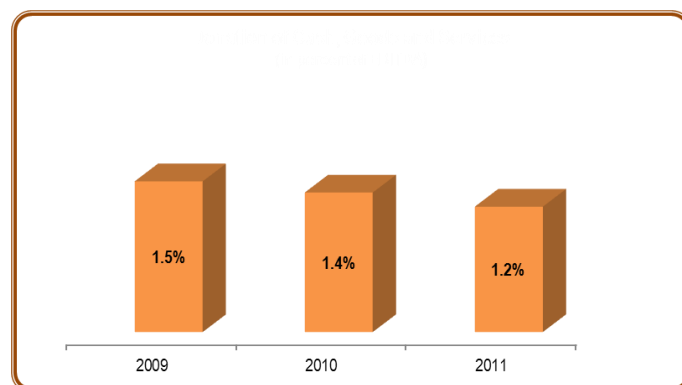


Figure 11 – Donations of Cash, Goods and Services (as a percentage of EBITDA)



Maison du développement durable

TC Transcontinental signed on as a donor partner for the construction of the Centre for Sustainable Development – *Maison du développement durable*, a green building demonstration project aiming for LEED (Leadership in Energy and Environmental Design) Platinum certification. The new office construction opened in Montreal's downtown Quartier des spectacles district in the fall of 2011 and now houses eight not-for-profit organizations and offers conference rooms and shared services for the sustainable development community. Its mission is to inspire everyone from property developers to the general public to embrace sustainability.

main sponsors of the Institut des communications graphiques de Montréal.

In the area of healthcare, TC Transcontinental supports a number of hospitals and research centres, including the Canadian Cancer Society, the Clinical Research Institute of Montreal, the Montreal Heart Institute, the Montreal General Hospital, the Montreal Sacré-Cœur Hospital, the Centre Hospitalier Pierre-Boucher, the Montreal Children's Hospital and the Sainte-Justine Children's Hospital.

In education, several Quebec universities benefit from various types of assistance from TC Transcontinental, including HEC Montréal, through the Chair in Arts Management, and the University of Sherbrooke. In Ontario, we support the School of Graphic Communications at Ryerson University in Toronto. TC Transcontinental was also one of the three

In terms of social, cultural and environmental support, TC Transcontinental has donated to Centraide of Greater Montreal, the International Centre for Conflict Resolution and Mediation, the ACTI-MENU Health Program (an organization that encourages people to quit smoking), Sun Youth and Portage, Les Impatients, a foundation for art therapy and outsider art in Quebec, the Montreal Symphony Orchestra, the Montreal Museum of Fine Arts, and several theatres, including Espace Go and Théâtre du Nouveau Monde.

Employee Engagement

In addition, we are proud of employee-led fundraising initiatives in the workplace. Many of our employees are also active volunteers in their communities, including President and CEO François Olivier, who has been on the Québec Centraide Steering Committee since 2008 and is currently serving as President of the Executive Committee for the organization's Communications Division. Here is a sample of the fundraising initiatives led by our employees:

Generous Support for United Way / Centraide

All across the country, the employees of TC Transcontinental have generously supported Centraide (United Way in Ontario). In the Greater Montreal area, for instance, employees raised more than \$230,000, while in the Toronto offices of TC Media, they raised \$24,000. As well, the company donated \$75,000 and joined with a number of other major Quebec businesses to support the Leaders Circle Fund, contributing an additional \$50,000.



Over \$16,000 for the GO Foundation

In addition to pedalling 1,000 kilometres, TC Media employees raised more than \$16,000 for the *Grand Défi Pierre Lavoie*, an event organized to fundraise for the GO Foundation in support of research into rare hereditary diseases and programs to promote a healthy active lifestyle for youth.

National Advertising Benevolent Society

In 2009, the TC Media Toronto team (Totem Brand Stories) partnered with the non-profit National Advertising Benevolent Society (NABS). In 2010, as NABS' designated agency, the team helped the organization re-launch its communications and digital activities by implementing a pro-volunteer strategy, efficient account management and creative and technology services. This year, the Toronto team helped upgrade the website.



TC Transcontinental Printing in Halifax and the CIBC Run for the Cure

Employees of our Halifax printing plant took part in the CIBC Run for the Cure, supporting research for breast cancer. The team ran 5 kilometres for this good cause and proudly raised about \$2,600.

Climbing Mt. Kilimanjaro for a good cause!

Stéphane Vinet, TC Media's Regional General Manager for Montreal and the South Shore, and a team of volunteers climbed Mount Kilimanjaro to raise money for the Gracia Foundation. Their extraordinary effort resulted in raising a total of \$150,000. The foundation helps improve the care and services provided in seven community health establishments in the Bordeaux-Cartierville-Saint-Laurent district in Montreal.

The Generosity of our Mississauga Office

TC Media and the employees in the Mississauga office proved their generosity on more than one occasion in 2011, organizing a food drive for the Daily Bread Food Bank, donating more than \$1,500 worth of toys and gift cards to the SickKids Hospital, and raising \$4,000 for the HBC Foundation, which supports a number of community programs.

Postmedia Raise-a-Reader

The *Cape Breton Post* in Sydney, Nova Scotia, is one of 27 newspapers across the country that takes part in the *Postmedia Raise-a-Reader* program every September, to raise money for literacy organizations. This year they raised \$10,000.



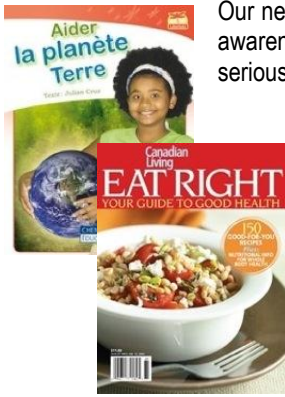
\$2,000 for Mia

When three-year-old Mia LeBlanc was diagnosed with leukemia, it didn't take long for Diane MacInnis, *Cape Breton Post* Newspapers in Education co-ordinator in Sydney, Nova Scotia, to organize a fundraiser to help with the expenses Mia's family would incur. Diane organized a yard sale and barbecue in 2010, and with the help of other staff raised over \$2,000 for Mia.

"Adopt-a-family"

This past December, the employees of Transcontinental Brampton held their 3rd annual Christmas Adopt-a-Family fundraiser. They raised a total of \$2,382.13 plus food and gift donations. They adopted one family and supplied gifts for all the children as well as a special box for mom. Inside they would find presents for them to wrap and put under the tree for their mom. Winter coats, hats and mitts with a gift card to buy boots, were also purchased and donated to the family for all 4 of the children. All additional money collected was donated in the form of grocery store gift cards to the local women's shelter.

PROVIDING EDUCATIONAL CONTENT IN OUR PUBLICATIONS



Our newspapers, magazines and websites reach a wide range of Canadians from coast to coast. The opportunity to raise awareness around sustainable development issues that touch the lives of families and business owners is one that we take seriously.

While we do not interfere with the independence of our editors or journalists, TC Transcontinental nevertheless encourages the publication of specialty issues, articles and magazines devoted to providing readers with interesting and useful perspectives on sustainability so that they can make informed decisions in their day to day lives.

For example, the websites voirvert.ca and visiondurable.com are geared towards a professional audience of home builders and entrepreneurs, while special editions of magazines such as *Coup de Pouce* or *Canadian Living* are focused on providing families with practical ways to save money while also contributing to society's collective sustainability efforts.

LEADING BY EXAMPLE IN THE INDUSTRY

As one of the largest paper purchasers in the Canadian market, TC Transcontinental's procurement decisions have a significant impact across the forestry and paper industry.

Our development and implementation of a Paper Purchasing Policy in 2007 has resulted in a progressive shift towards the use of sustainable forestry paper, with our rates of Gold and Gold Plus paper (made with recycled or certified fibre from well-managed forests) improving from 22% in 2008 to 55% in 2011. We expect this trend to continue in the years to come.

The release of our inaugural Sustainability Report in 2009 is additional proof of the responsibility we feel to lead by example in the printing, media and interactive industries. But annual sustainability reporting is only one component of our leadership in this area. We also dedicate significant resources towards raising sustainability awareness through the ongoing training of our front-line paper sales team, as well as by developing electronic newsletters and white papers to provide our paper customers with practical, useful information on sustainable development.

Participation in industry conferences and roundtables such as the "Colloque Éco-responsabilité" at the Institut des communications graphiques du Québec (ICGQ) is also part of the wider responsibility we assume towards putting our social, environmental and financial performance principles into practice, as is our participation on Sappi's Sustainability Customer Council.

Our efforts to improve our performance do not stop at our own doors. We understand and continue to act on the reality that the journey towards sustainability is necessarily shared across the private, public and non-governmental organizations (NGO) sectors.



ENVIRONMENT

TC Transcontinental's commitment to the environment has been core to our business since the publication of our Environmental Policy in 1993. The policy is bolstered by corporate requirements, the sharing of best practices and appropriate training to ensure implementation at printing facilities.

Responsibility for environmental performance is shared across the Corporation. The Vice President, Procurement and Technology, is responsible for the day-to-day management of environmental performance. However, the Board of Directors and Executive Management Committee are ultimately responsible for compliance to legislation and corporate policies.

Issues at the facility level are the responsibility of Plant Managers, who report to the corporate Environment Coordinator, as well as to the Sector Management Team. A quarterly report on activities is also produced for senior management and is shared with the Legal Department, the Audit Committee and the Chief Financial and Development Officer.

The Environment Coordinator works within the Procurement and Real Estate team, and reports to the Director, MRO Procurement, Energy and Environment.

Performance at our printing facilities is monitored on a monthly and annual basis. In 2009, we introduced a technology-based system to track our key environmental performance indicators, such as waste, greenhouse gases and spills. This system provides us with the information we need to set performance improvement objectives and targets for 2011 and beyond.

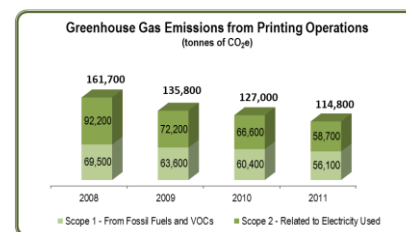
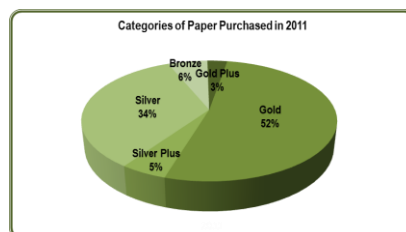
Key Numbers

29
Printing facilities

5
Administrative buildings and numerous other locations

30%
Renewable Energy Used*

Environmental Aspects
Paper use
VOC emissions
Potential for spills
GHG emissions
Energy use



*including electricity sources

Strategic Objectives

- [Protect and Restore Ecosystems](#)
- [Optimize the Use of Resources](#)

Noteworthy in 2011

- By the end of 2011, we reached our 2012 target of purchasing 55% of paper from the Gold and Gold Plus categories, despite the setbacks of 2009 when mills producing recycled paper closed. We will strive to solidify these gains and improve further in 2012.
- We achieved the reduction targeted in our greenhouse gas emissions relative to production in advance of our target date as a result of our restructuring, shifting manufacturing to our newly equipped more efficient facilities and our energy efficiency initiatives. We also achieved a 29% reduction over 2008 in absolute emissions.

Additional Information

- Materials ([Papers](#), [Inks](#))
- [Energy](#)
- [Water](#)
- [Biodiversity](#)
- Emissions ([VOCs](#), [GHG](#)), [Effluents](#), and [Waste](#)
- [Products and Services](#)
- [Transport](#)

PROTECT AND RESTORE ECOSYSTEMS

Paper Purchasing

Forests play a vital role on the global stage. They provide filtration for our water and purification of our air. They absorb and store carbon dioxide and help regulate the global temperature. Forests are biodiverse and a sustainable source of food and wood-based products.

As paper is the largest input into our printing facilities, we work to ensure that we do not contribute to forest loss or ecosystem deterioration when we make our products. We believe that using recycled fibre is an excellent way to do this. We also believe that forests can be sustainably harvested, paying attention to rates of re-growth, diversity of species and age, soil erosion, high conservation values and social issues.

The best way for us to ensure that a wood supply is sustainable is to encourage suppliers to certify their forest under a recognized sustainable forest management system, and for all operators in the supply chain to have a chain of custody certificate to track the paper from the forest to the printing facility. With this aim, in 2007 we introduced a [Paper Purchasing Policy](#) that states a preference for recycled fibre and for fibre from forests certified under a sustainable forest management system.

Environmentally-Preferable Paper

Since then, we have been working with suppliers to ensure that customers can make informed decisions when selecting paper for their projects. To do this, we devised a classification table to rank paper fibre, which provides a clear definition of environmentally preferable papers.

Table 12 – Classes of Paper

Class	Percentage recycled or chain-of-custody certified	Description
Gold plus	100%	Paper from 100% recycled fibre or mixed with fibre from agricultural residues or other alternative residual fibres.
Gold	100%	Paper from recycled fibre mixed with virgin fibre from forests that are certified under a recognized SFM system, avoiding fibre from high conservation value forests unless those values are protected.
Silver plus	70%	As above but mixed with virgin fibre from forests that are not certified under a recognized SFM system, but avoiding fibre from high conservation value forests unless those values are protected.
Silver	30%	As above.
Bronze	0%	All other papers that are shown not to come from high conservation value forests unless those values are protected.
Other	0%	All other papers that are shown not to have come from illegal harvest.

SFM: sustainable forest management

Please refer to the official [Paper Classification Table](#) for full definitions and preferences.

Changing the Playing Field

The papers offered in the Canadian market place today are very different from those offered in 2006, when we began our work in this area, and we congratulate our suppliers for their substantial efforts. We have also engaged our customers, encouraging them to specify environmentally preferable papers for their print projects. We have acted in the community, by encouraging readers to recycle their printed communications and by subsidizing recycling in some areas. And we have pushed for the conservation of parts of the boreal forest, by supporting the [Boreal Forest Agreement](#) and encouraging other forest managers to join.

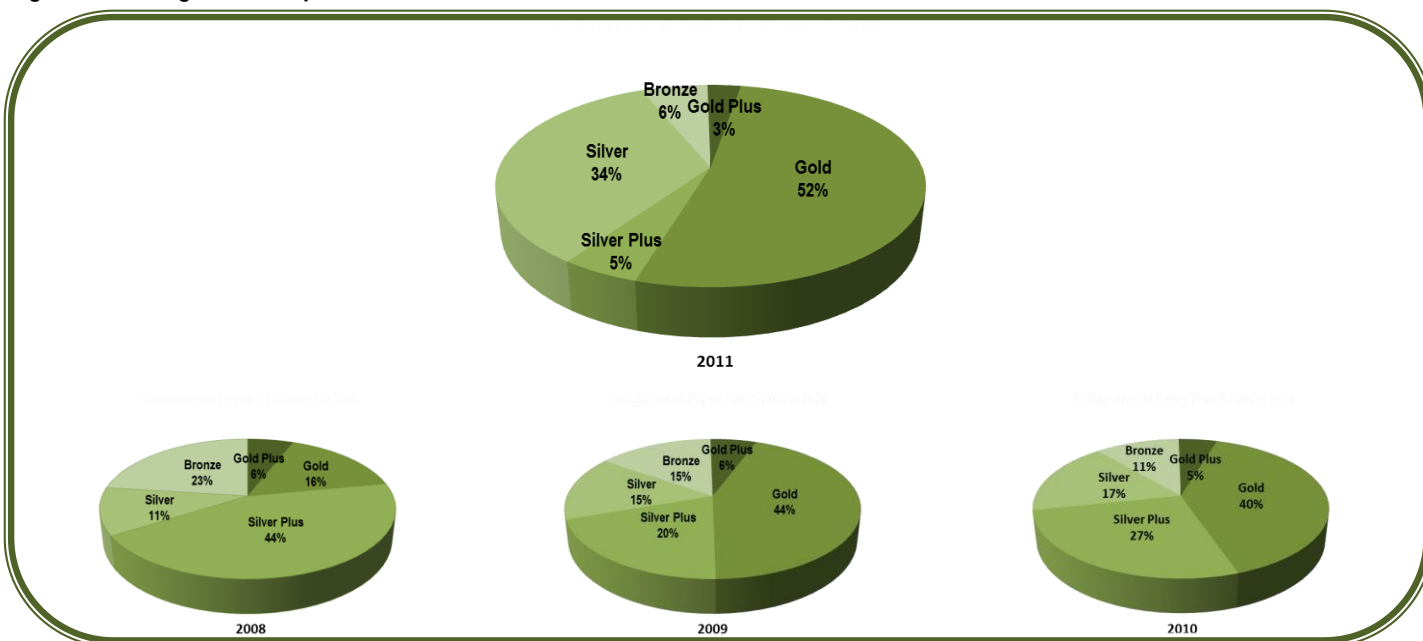
In 2011, we continued our efforts to inform customers about their buying choices and to encourage a switch to environmentally preferable paper. Our sales force is trained to educate customers about the benefits of environmental papers and do so by participating in conferences and hosting customer information sessions.

Target

In late 2009, we set ourselves a double objective: to increase purchase of paper ranked Gold and Gold Plus from 22% in 2008 to 55% in 2012,

and to decrease our purchase of Bronze-ranked paper from 23% in 2008 to 10% in 2012. We are extremely pleased to report that we have met both these challenging targets ahead of schedule due in large part to the collaboration of our suppliers, paper purchasers and customers. In 2011, our Gold and Gold Plus purchases are at 55%, while our Bronze purchases decreased to 6%.

Figure 12 – Categories of Paper Purchased ⁶



Chain of Custody (CoC)

Customers also want reassurance that their products are printed on paper that contains a large portion of recycled fibres or comes from a well-managed forest. Some customers may themselves want to externally promote their responsible choices, made in consideration of both the environment and society.

Because it is important for TC Transcontinental to respond to those customer needs, in 2009 we put in place chain of custody certification. As a printer, we are a key player in the supply chain that takes fibre from a certified forest and turns it into a customer product. Each link in that chain must be validated with a chain of custody certificate in order to print the appropriate forestry logo on the printed product.

TC Transcontinental obtained independent third party chain of custody certification for all our facilities in Canada and US. We opted for triple certification. This means that when a customer requests certified paper, the applicable logo can be printed, whether Forest Stewardship Council (FSC®), Sustainable Forest Initiative (SFI®) or Program for the Endorsement of Forest Certifications (PEFC).

These logos represent important visual cues to those seeking assurance that the paper they are holding has come from a well-managed forest, independently verified against FSC®, SFI® and PEFC standards while continuing to offer our print customers some flexibility.

Internal and external audits of our tracking system were performed throughout the year. All our facility certifications were maintained in 2011.



Journal Métro in Montreal

This year, our paper procurement team worked with the team of Journal Métro in Montreal to produce the newspaper exclusively on certified paper. Through contract negotiation, we secured an adequate supply of Forest Stewardship Council (FSC) certified paper and accompanied the publisher through the different steps required. Since June 27th, the Journal Métro proudly displays the FSC logo on its front page.

⁶ Excluding paper provided by our customers and purchases for our Mexican operations, which were sold in September 2011.

Is Recycled Paper Always the Most Sustainable Choice?

The benefits of using recycled paper are well understood and that is why TC Transcontinental has given 100% recycled paper a class of its own, Gold Plus, at the top of its Paper Classification Table. With recycled paper, demand for virgin fibre is reduced, maximal use of all fibre extracted from the forest is made and less waste is sent to landfill. As a waste, paper takes considerable space in our crowded landfill sites and as it degrades, methane is released, which is a powerful greenhouse gas that contributes to climate change. But recycled paper is not always the first choice. Here's why:

In Canada and the US, where we source most of our paper, multi-stream recycling is the norm: domestic recyclables (containers, packaging, paper, etc) are collected all mixed together and sorted later. While this approach has increased recovery rates for recyclable materials, it has also led to the "contamination" of paper by other recyclables, making it harder to recycle into quality paper. In fact, paper recovered in municipal programs generally gets made into cardboard. About a third is bailed and exported, returning to Canada and the US in the form of packaging and other paper goods from Asia. This has led to a shortage of recyclable fibres for quality paper. Specialised recyclers are on the scene making special collections of waste office paper to recycle into quality paper, but volumes are relatively low and price has increased considerably in recent years.

We also have to consider the environmental impact of the de-inking and brightening chemicals and the fillers needed to turn lesser quality recycled fibre into high quality glossy paper. Sometimes, the environmental impacts of these outweigh the benefits of using recycled fibre.



So before opting for recycled paper, it is wise to ask if there is a local recycler producing paper with the quality you need for your project. Otherwise, it might be better to request a paper made from virgin fibre coming from a certified forest in the region.

How can you help?

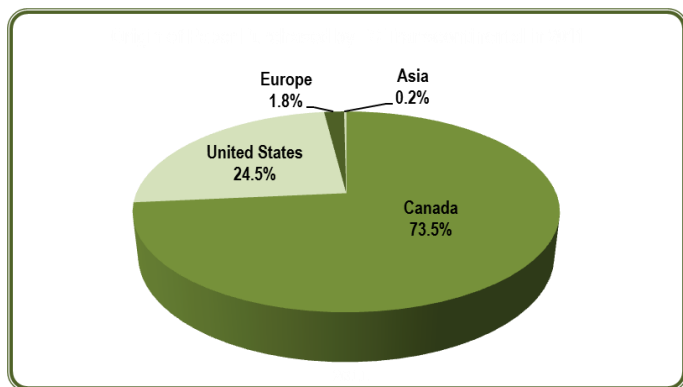
Recycle your waste paper! For offices, or anywhere where larger volumes of good quality waste paper is generated, see if a local recycler would be interested in sourcing your waste. Whatever you do, keep it out of those landfill sites!

Other Criteria for Paper Selection

To help us collect information and evaluate the environmental and social performance of our paper suppliers, we have become a buyer participant of the Environmental Paper Assessment Tool® (EPAT). EPAT allows to look at fiber content (recycled/certified) of different papers, but also permits a more holistic approach by addressing climate change, energy use, water use and much more in a single, consistent framework.

Regional preferences are stated in the current Paper Purchasing Policy and the provenance of the papers purchased is tracked. It is always important to consider the distance that any paper travels from source to delivery, to minimize the greenhouse gases associated with moving paper long distances.

Figure 13 – Origins of Paper Purchased by TC Transcontinental in 2011



Avoiding Illegally Harvest Fibre: The Lacey Act

In 2008, the United States amended the Lacey Act to prevent the import of illegally sourced plants and associated products (lumber, furniture, paper, etc.). While the enforcement mechanisms as they apply to paper are currently stalled, TC Transcontinental continues to rely on its suppliers to meet the minimum requirements of its 2007 Paper Purchasing Policy: to only purchase paper shown not to have come from illegal harvest.

Once the enforcement mechanisms are in place, our suppliers will have six months to implement appropriate controls. We believe the best proactive move our suppliers can make is to ensure that all fibre is traceable back to a forest certified under a Sustainable Forest Management system. TC Transcontinental is ready to play its role in the chain of custody of the certified fibre, having already obtained third party chain of custody certification for all its Canadian facilities, as well as Rastar in the US. We opted for triple certification (FSC, SFI and PEFC) to be able to offer the maximum amount of certified paper and strongly believe that this move will reassure our customers that they are buying paper from well-managed forests and never from illegal harvest.

Facility Environmental Management

Environmental Management Systems

Environmental Management Systems (EMS) such as ISO 14001 allow facilities to identify their environmental aspects and manage them according to policy needs, corporate best practices and legislative compliance requirements. These systems operate in a Plan - Do - Check - Act cycle of continuous improvement and thorough record keeping.

TC Transcontinental has developed an environmental management system based on ISO 14001 for implementation at its printing facilities. The level of implementation varies, and some facilities have obtained external certification of their systems.

EMS Implementation Target

By the end of fiscal year 2012, our goal is to achieve a level of EMS implementation at our printing facilities of 75%. The level of implementation is assessed as part of each facility's environmental legislative compliance audit. Each of the 15 elements of the EMS are assessed and reported to form a facility score. Under the corporate audit program, each printing facility is audited every three to five years, depending on the equipment and location of the facility. The average score across all our printing facilities is 46% for 2011, an increase of 7% compared to 2010.

Implementation support for this improvement comes from the Manufacturing Efficiency Committee's program that identifies and puts forward opportunities for improvement, and from the Enterprise Risk Management program.

Compliance to Legislation

Compliance to legislation is assured through systematic tracking of legislative changes using an on-line update service and a corporate audit program covering all facilities with printing operations. As part of our compliance audit program, we invite external auditors to assess our facilities to complement our internal auditing practices.

With the start-up of its operations, TC Transcontinental in Northern California obtained a temporary permit to operate its pollution control equipment – an incinerator that destroys the Volatile Organic Compounds (VOCs) released in the printing process. The facility was late in applying for its permanent permit and incurred a penalty of \$10,000 (US).

Training

Facility personnel are trained regularly on environmental issues, including on how the management system works and internal and external reporting requirements.

EcoLogo



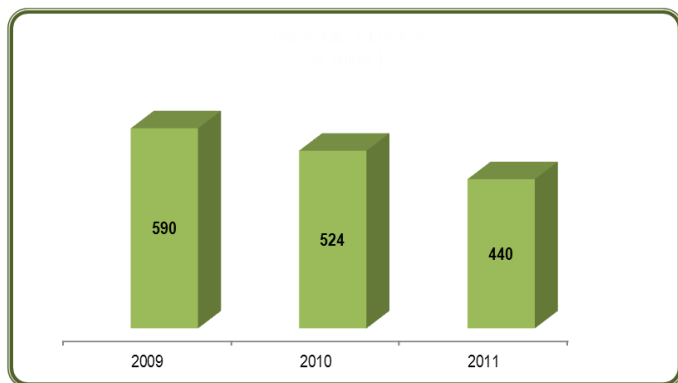
Five printing facilities successfully maintained certification under the federal program EcoLogo. EcoLogo certification addresses the type of chemistry used in the printing process as well as recovery, recycling and pollution reduction equipment. Other facilities are evaluating the business case for certification.

Reducing VOCs

Volatile Organic Compounds (VOCs) are released from the printing process as ink dries and during press cleaning. VOCs are a large group of chemicals with differing properties. Photochemically reactive VOCs contribute to the formation of smog and can be detrimental to the health of employees. We therefore capture VOCs coming from the dryers and incinerate them in powerful afterburners.

However, some fugitive emissions from printing operations escape from the press area to the outside, especially during manual press cleaning. We track VOC releases using mass balance calculations and report them to the National Pollution Release Inventory for Canadian operations.

Figure 14 – Emissions of VOCs (in tonnes)

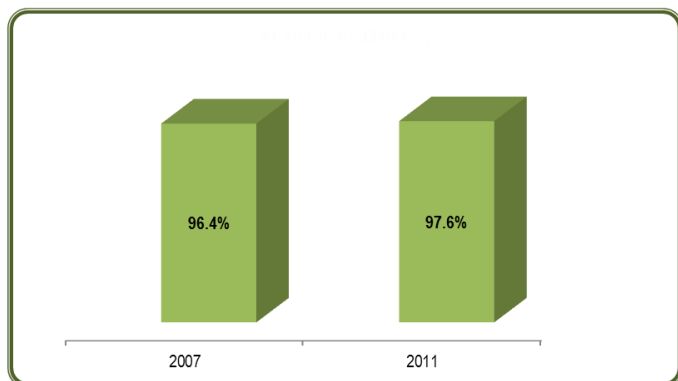


In 2011, we released approximately 440 tonnes of VOCs, down from 590 tonnes in 2009. The reduction is explained primarily by the consolidation of our operations and the investment in modern equipment with automatic press cleaning. With automatic cleaning, the emissions are captured and incinerated. This is seen from the decrease in absolute emissions as well as the intensity of our emissions per \$1000 of value added (VA) noted on our [Environmental Footprint](#) diagram. VA is the best way we have to describe our production across the different printing facilities and represents a unit of work as a monetary value. The kg/\$1000 VA figure therefore represents the intensity of emission for our production. These figures differ from those stated in last year's report due to a change in the reporting and estimating methods with respect to the amount of solvent that remains in press cleaning rags that are sent for

controlled disposal.

Efficiency of Incinerators

Figure 15 – Incinerator Efficiency



Critical to the destruction of VOCs is the efficiency of incinerators. These 26 afterburners should operate at maximum efficiency at all times. We have implemented a comprehensive preventive maintenance program to maintain our 26 incinerators at their maximum nominal efficiency. Since the implementation of this program, the average incinerator efficiency is 97.6%.

VOC Reduction at Source

Rather than using natural gas to destroy these pollutants, we would like to reduce the pollution at the source. In support of our objective to reduce VOCs, we launched a thorough examination of the products that we use and are evaluating the feasibility of reducing VOC content. The following table presents areas of interest:

Table 13 – Typical VOC Content of Products used in Printing

Product Category	Current use – typical VOC content (% range)	Current alternatives available - typical VOC content (% range)	Possibility of lowering VOC content	Actions to be develop
Heatset Ink	30 to 42	30 to 42	None at present	Encourage suppliers to develop lower VOC products
Coldset Ink	5 to 22	0 to 22	0 to 8	Switch to lower VOC products after appropriate testing
Fountain Solution	0 to 12	0 to 12	For some sectors only	Switch to lower VOC products after appropriate testing
Blanket Wash	75 to 98	10 to 98	10 to 30	Switch to lower VOC products after appropriate testing
Roller Cleaner	100	100	None	Reduce and control consumption

In 2011, we tested more than 17 different products in seven facilities and judged them against the following criteria:

- Compatibility with equipment and other products in use;
- Performance on the press;
- Approval by the facility Occupational Health and Safety Committee;
- Environmental acceptability;
- Alignment with business risks identified under our Enterprise Risk Management programme; and
- Cost implications

The work is on-going.

Greenhouse Gases

Climate change is affecting the planet and has started to affect our business, not just because we must take into account the impacts of emission taxes or trading schemes, but also due to the direct impacts on our supply chain. The spread of the mountain pine beetle is currently devastating the forests of British Columbia. Milder winters mean that the beetle or their larvae no longer die off during the winter months. Huge tracks of forest that we depend on for paper, our principal raw material, are now affected. While this has not yet had an impact on our ability to source paper, it is a stark reminder that climate change must be taken seriously.

As a result of this and other business drivers, TC Transcontinental is moving to maximize operational efficiency and encourage a transition to low-carbon fuels and renewable energy. Our principal efforts relate to energy efficiency and are detailed here and in this report's Energy section.

Cap and Trade Legislation is Coming to Quebec

Quebec will be the first Canadian province to implement cap and trade legislation for carbon emissions, while British Columbia already has a carbon tax on fuels. Because TC Transcontinental facilities do not have large emissions, the cap and trade legislation will not apply directly. However, we do intend to certify and obtain carbon credits for some of our reduction achievements for sale on the carbon market.

Tracking Performance

For a number of years, we have tracked our fuel and electricity use and have calculated the associated greenhouse gas emissions, reporting our results and actions to the Carbon Disclosure Project since 2006.

In 2011, we achieved a 29% reduction in our emissions relative to 2008. When we look at the emission intensity of our operations, measured as the amount of emissions related to producing \$1000 of value added in our printing operations, we also achieved a significant reduction of 17%. The reductions are mainly due to:

- The closure or sale of a number of United States, Mexican and Canadian operations in states where electricity was predominantly generated from fossil fuels;
- The re-organization of some business units and the more efficient use of space; and,
- The numerous energy efficiency projects implemented in 2011 (See [Energy section](#)).

With these recent changes, we have achieved our targeted reduction of 15% ahead of schedule and are currently developing a new target for the coming years.

Figure 16 – Greenhouse Gas Emissions from Printing Operations
(tonnes of CO₂e)⁷

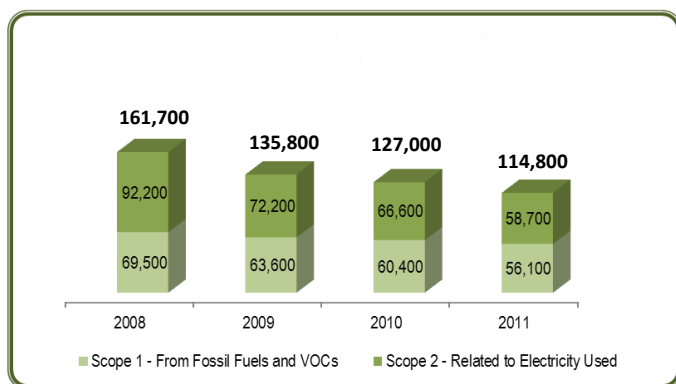
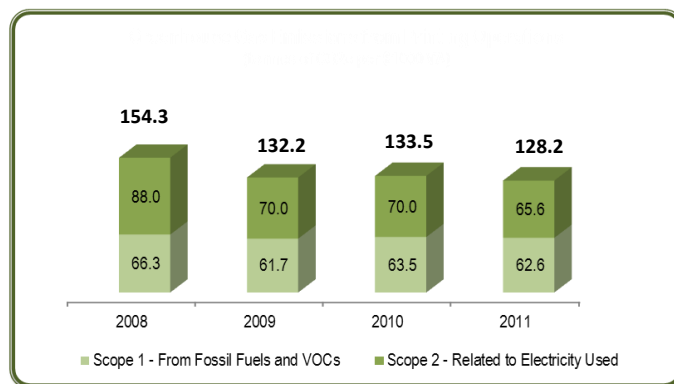


Figure 17 – Greenhouse Gas Emissions from Printing Operations
(tonnes of CO₂e per \$1000 VA)⁷



Emissions Related to Grid-Supplied Electricity

Just under half our greenhouse gas emissions come from purchased electricity, known as Scope 2 emissions. It is interesting to note the range of emission factors for electricity purchased from the grid in different areas of North America. The following chart presents these factors, alongside the renewable energy content of the electricity.

Table 14 – Emission Factors for Electricity Purchased by Areas in North America

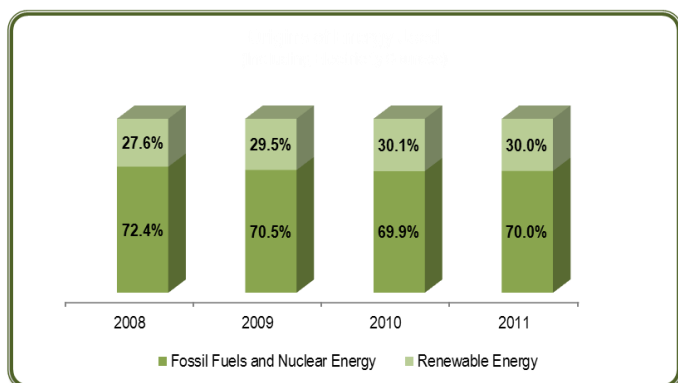
Province/State	GHG Emission per MWh (kg CO ₂ e /MWh)	Renewable energy in grid-supplied electricity	Number of TC Transcontinental buildings in the region
Alberta	960	7%	1
British Columbia	32	93%	2
California	290	26%	2
Manitoba	6	99%	2
New Brunswick	580	26%	1
Newfoundland	27	97%	22
Nova Scotia	910	12%	17
Ohio	845	1%	1
Ontario	110	28%	15
Pennsylvania	531	3%	2
Prince Edward Island	1	98%	5
Saskatchewan	820	17%	8
Quebec	3	97%	88
Utah	839	3%	3

Sources: National Inventory Report - Greenhouse Gas Sources and Sinks in Canada 1990 to 2009; US Energy Information Agency - US State Electricity Profiles 2009; World Resources Institute 2009. GHG emissions for purchased electricity (Version 4-1); Mexico's 4th Communication to the UN - National Inventory Report (2009)

⁷ Greenhouse gas emissions are recalculated annually as improved factors are published for previous years. These figures include the emissions from our Mexican operations, which were sold in September 2011.

With this information, we are able to focus our electricity reduction initiatives to sites where electricity use leads to the greatest greenhouse gas emissions.

Figure 18 – Renewable and Non-Renewable Energy Used at our Printing Operations, including Purchased Electricity



Vincent Gilbert
Maintenance Supervisor and Energy Champion
Transcontinental Interglobe



Wastewater Discharges

Some components of printing chemistry are not suitable for release to municipal sewer systems. For example, prepress chemistry is often slightly acidic or alkaline and may damage sewer pipes over the long term if not neutralized before discharge. Similarly, used fountain solution can pick up metal or other contaminants from the inks on the press or may contain flammable liquids that could cause gases to accumulate in the sewer system.

Through our printing facility environmental management system and compliance audit plan, TC Transcontinental ensures that process discharges not suitable for municipal sewer systems are recovered and sent for disposal according to legislative requirements.

For the remainder, TC Transcontinental is proceeding with a characterization of the discharges to better understand their environmental impact. This work began in 2010 with ten facilities participating in sampling programs. In 2011, five facilities have worked on the second round of sampling. Once sufficient data has been gathered, a portrait of our global discharges will emerge. The target date to complete this work is the end of fiscal year 2012.

Controlled Substances

In the various printing chemicals and maintenance products that we use, there are small amounts of substances that have been identified for control by government agencies. These are substances that can, under certain conditions and at certain concentrations, be considered harmful to humans or to the environment even if the use of the products is not restricted by legislation.

While our printing facility environmental management systems and our compliance audit programs ensure that we use these products responsibly in accordance with all regulations, and that they are disposed of according to legal requirements, we recognize that it would be better to reduce and eventually eliminate their use.

In 2009, we developed a program called the Hazardous Material Management Initiative (HMMI). This database includes over 2,500 Material Safety Data Sheets (MSDS) of products that we use throughout our facilities. Since 2010, we have been working on a computer-based tracking tool that allows us to identify, quantify and compile our use of all these substances on a monthly basis across the 29 printing facilities and compare what we use to the reporting thresholds for specific substances under various legislative reporting requirements, such as:

- National Pollutant Release Inventory (NPRI),
- Atmospheric Emission Report to the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP),
- Metro Vancouver Environmental Permit Program,

Following a detailed energy audit, Transcontinental Interglobe, a printing facility in Beauceville, identified a number of possible energy efficiency projects. Three were selected and implemented last year:

- Incorporation of two dryer exhausts into a single pollution control incinerator. Result: natural gas savings of 156,900 m³/year and electricity savings of 291,700 kWh/year.
- Relocation of the dust collector fan to create a negative pressure system, allowing ventilation sizing to be significantly reduced. Smaller volumes of air are now being expelled, reducing the heating of replacement air. Result: natural gas savings of 11,430 m³ /year and electricity savings of 1,432,800 kWh/year.
- Upgrade to energy-efficient lighting throughout the plant and warehouse. Result: electricity savings of 941,100 kWh/year.

These three projects have reduced our energy consumption by 4,400 MWh/year and reduced our annual greenhouse gas emissions by 328 tonnes of CO₂e.

- Toxic Substance Reduction Plan in Ontario,
- Environmental Department of City of Montreal, etc.

It also allows us to certify that our products are in compliance with consumer protection requirements, such as:

- Consumer Product Safety Commission (CPSIA);
- Canadian Consumer Protection Safety Act (CCPSA);
- Coalition of Northeastern Governors (CONEG) and
- Registration, Evaluation, Authorization and Restriction of Chemicals ([REACH](#)) in Europe.

See Health and safety impacts of products and services in [Product Responsibility](#) section.

Not only does this give us access to more accurate information for reporting the use of controlled substances, but it also allows us to focus efforts and work with suppliers on finding alternative product formulations.

OPTIMIZE THE USE OF RESOURCES

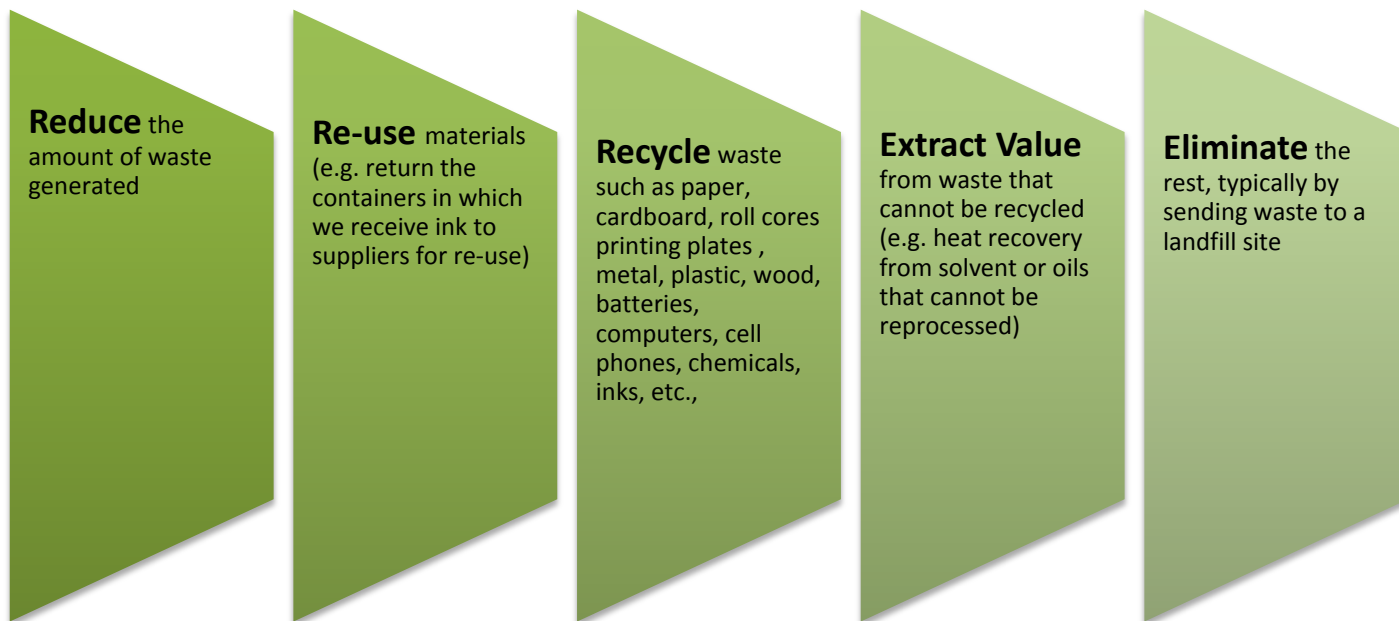
Waste Management

Implementing a Facility Global Waste Management Program

In 2011, many facilities worked on comprehensive waste management programs that aim to segregate different waste streams as waste is generated and divert that waste from landfill. While paper recycling has been a long-standing practice, other materials have not been the focus of recycling or recovery efforts in the past.

The program follows the 3RVE hierarchy, where efforts are made to first:

Figure 19 – 3RVE Hierarchy



At present, over 94% of the wastes generated at our printing facilities are recycled.

Figure 20 – Waste at Printing Operations (in tonnes)⁸

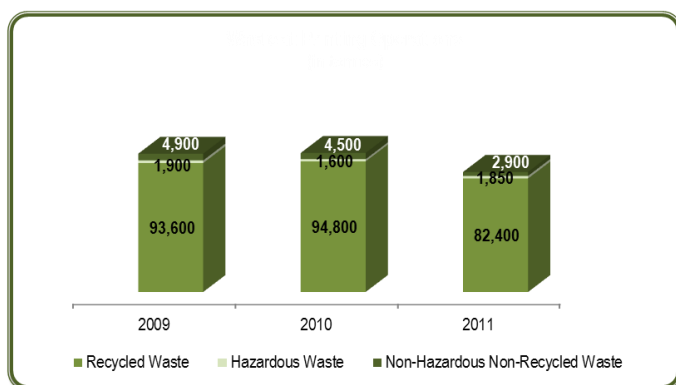
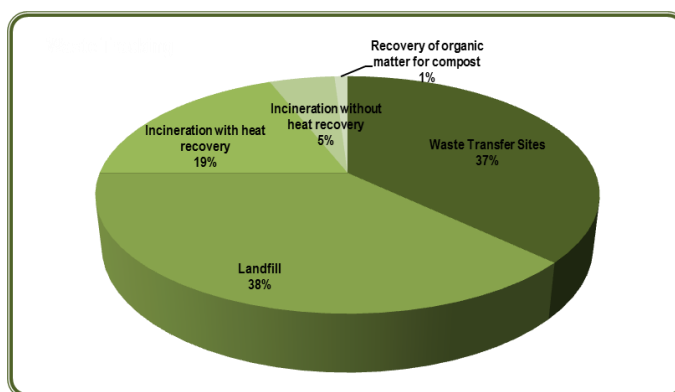


Figure 21 – Destination of our Non-Recyclable Non-Hazardous Wastes



In 2011, we conducted a survey to better understand how we dispose of our non-hazardous, non-recycled waste. We addressed the 23 waste-hauling contractors serving our printing facilities. The survey showed that while 38% of the waste was sent directly to landfill, about 26% was incinerated, with energy recovery, and a further 37% was taken to transfer stations for further sorting into recyclable and non-recyclable wastes.

Electronic Waste

In 2011, TC Transcontinental had nearly 15 tonnes of electronic waste (old computers, printers, etc.) We decided to use the services of Recypro, an ISO14001 certified sorting, disassembly and recycling facility in Quebec to collect the redundant material for re-use, parts recovery or recycling. As well as environmental protection, Recypro encourages the re-integration of young adults in difficulty into the labour force.

Reducing the Waste in our Publisac Operations

Publisac is the service we offer in Quebec for the distribution of retail flyers to consumers, as well as for the distribution of certain community newspapers.

To evaluate Publisac's value to consumers, and to ensure that it successfully reaches interested recipients with relevant content, TC Transcontinental enlisted CROP to conduct customer surveys. These surveys concluded that 95% of recipients consult Publisac's content. However, to further improve the Publisac offering, the following initiatives have been implemented:

- We developed the Publi-Lobby and the Publi-Hook, tailored installations for delivery to apartment buildings and rural areas, respectively, to allow us to adjust the quantities delivered to the quantities taken by residents.
- To ensure that the content is pertinent to readers, we share market studies with our retail customers that allow them to better understand their clients' socio-demographic profile and consumer habits. In this way, retailers can better focus their flyer content and reduce the delivery of un-read material.
- We worked with various retailers and newspaper publishers who use the Publisac service to determine the best day to deliver information to consumers. Result: in many regions we have cut the number of weekly Publisac deliveries from two to one, thereby reducing the environmental impact related to transportation. There are now, on average, 1.5 deliveries per week in Quebec.
- In 2010 and 2011, significant investment has been made to revamp our Publisac.ca website for Quebec and to launch a similar Canada-wide service, namely Dealstreet.ca. Web users not only benefit from the offers included in the traditional Publisac, but also have access to many additional deals.

⁸ Includes waste from our Mexican facilities, which were sold in September 2011.

Energy

Global Energy Management Program

Recognizing the dual challenge of climate change and energy supply security, TC Transcontinental has embarked on a Global Energy Management Program to achieve energy savings and reduce greenhouse gas emissions.

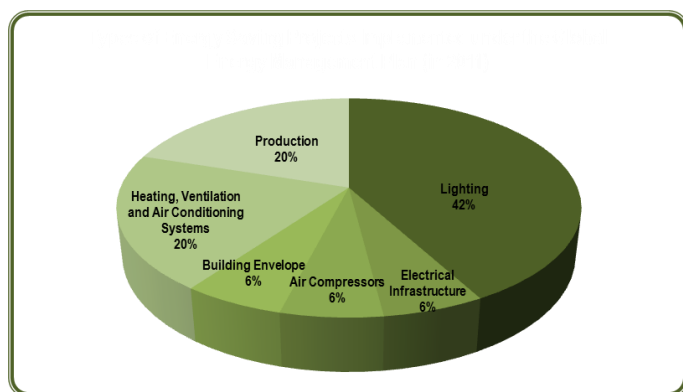
Business units are encouraged to apply for funds from a capital expenditure reserve dedicated to energy efficiency projects. The fund for 2010-2011 was 5% of all capital expenditures. The fund has been renewed for 2011-2012.

A member of the Energy Team visits a business unit to conduct a “walk-through” assessment of potential areas for efficiency improvement. The most interesting areas are then revisited and the potential energy savings are assessed in detail. At that point, an application for funding is made and appropriate funds are allocated.

Target 2008-2013

The target for the Global Energy Management Program is to reduce annual energy consumption by 15% by the end of 2013 as compared to our 2008 energy use.

Figure 22 – Types of Energy Saving Projects Implemented Under the Global Energy Management Plan in 2011



Projects implemented between 2008 and 2011 have resulted in energy savings of 65,500 MWh. While our energy use since 2008 has decreased by 20.3%, we still have work to accomplish as the energy intensity of our printing operations has only decreased by 6.8% in the same period. Energy intensity is measured as the amount of energy to produce \$1000 of value in our printing operations.

In 2011, 17 projects were slated for a \$1.3 million investment in the areas presented in Figure 22.

Figure 23 – Energy Use at Printing Operations (in MWh)⁹

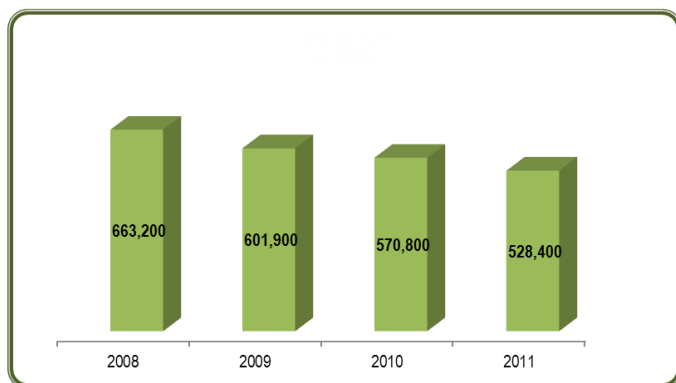
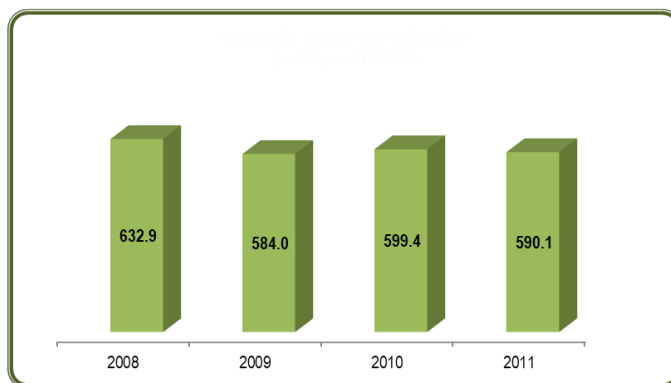
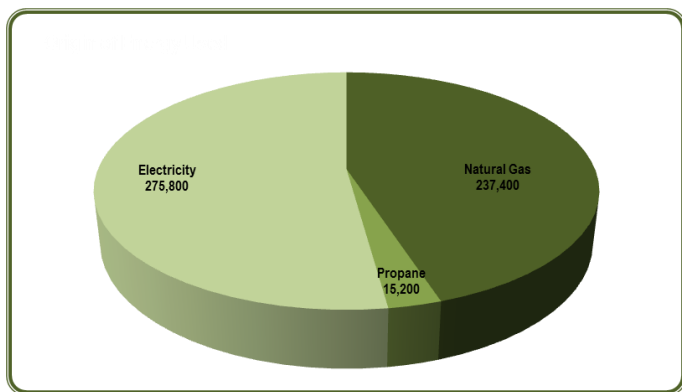


Figure 24 – Energy Intensity of Production (in KWh per \$1000 VA)



⁹ Includes energy used by our Mexican facilities, which were sold in September 2011.

Figure 25 – Origins of Energy Used by Printing Operations (in MWh)



TC Transcontinental opened, in 2009, the new *San Francisco Chronicle* print facility in Fremont, California. The building is one of the first printing facilities in North America to receive Silver certification under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System™. Many of the points gained under the rating system were due to energy efficiency measures.

Industry Leadership

TC Transcontinental is a founding member of a collaboration between the Québec Association for Energy Advancement (AQME) and four other leading Quebec' companies (National Bank of Canada, Desjardins Group, Société des alcools du Québec and Sobeys). Together, sharing their expertise and knowledge, the partners have set ambitious targets to reduce energy consumption over the next five years. TC Transcontinental's target is a 15% reduction across its Quebec operations.



Brian Smith
Maintenance Supervisor and Energy Champion
Transcontinental Vancouver

Following a joint study with BC Hydro of our electricity consumption at Transcontinental Vancouver, two reduction projects were identified and implemented in 2011:

- Replacement of the air dryers in the compressed air network to a system that allows condensate to be purged without the release of compressed air. Consequently, energy savings amounted to 886,000 kWh/year.
- Installation of energy efficient lighting in the printing facility and warehouse. Electricity savings reached 284,000 kWh annually.

The combined energy savings of 1,170 MWh/ year also resulted in a greenhouse gas reduction of 37 tonnes of CO₂e/year.

Martin Clair
Director of Engineering and Maintenance
Transcontinental St-Hyacinthe



Two energy saving projects were implemented in 2011 at Transcontinental St-Hyacinthe :

- To optimise the amount of replacement air required in the building, pressure gauges were installed to balance the volumes of air expelled by the press dryers while ensuring the correct amount of fresh air to maintain air quality. Consequently, natural gas savings amounted to 336,800 m³/ year and electricity savings to 228,700 kWh/year.
- An ultrasound detector was used to inspect for leaks in the compressed air system. A total of 238 leaks were detected. Repairs have resulted in energy savings of 1,068,220 kWh/year.

The combined energy savings of 4,765 MWh/year also resulted in a greenhouse gas reduction of 644 tonnes of CO₂e/year.

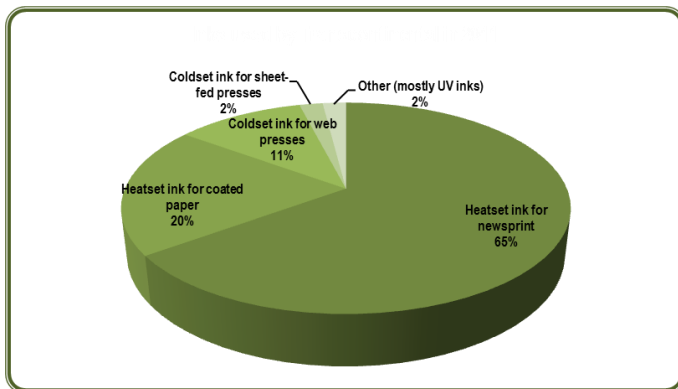
Inks

Different products require different formulations of ink. For example:

- A newspaper printed in black and white or with limited colour on newspaper stock is typically printed on a high-speed press. The ink needs to dry quickly as there is rarely a dryer to speed up the drying process, although the uncoated paper also absorbs a certain amount of the ink. The ink does not need to be hard-wearing as newspapers have a short life.
- A full colour magazine or catalogue is printed on a press with a dryer to cure the ink and speed up the drying. The coated paper absorbs less ink than newspaper stock. The ink must be hard-wearing and the colours bright.
- Commercial projects, such as printed card for packaging or brochures also require hard-wearing bright inks. These projects are usually printed on special paper in sheet-fed rather than web presses. These are rarely dried with a heat source but may pass under UV light to be cured. As such, UV sensitive inks are used.
- Modern newspapers, as well as retail flyers, require full colour on every page. Our new hybrid presses use heat-set ink. Colours must be sharp, although durability is not an issue.

Ink Purchases

Figure 26 – Inks Used by TC Transcontinental in 2011



TC Transcontinental purchases just over 14,000 tonnes of ink each year. Eighty five percent of the inks are heat set by dryers on the press-line, the remaining 15% are cold set, needing no heat source to dry. Within the cold-set inks, sheet-fed inks account for 2%, while a further 2% of cold-set inks are set with ultra-violet light.

Ink Composition

Inks contain pigments, resins, oils, drying agents and additives. Of these, the resins and the oils, which make up between 40 to 80% of the ink, could be obtained from renewable resources, and indeed there is a push to do this in the industry. Replacing the mineral based oil with vegetable based oil has the environmental benefit of moving away from a finite resource (petroleum distillates) to one that more readily breaks down at the end of its useful life. Soy bean oil is a good renewable substitute for a portion of the oil in the ink, but while it has many benefits, it tends to dry more slowly than mineral oils, which is why it cannot be used to replace all the mineral oil in fast drying applications. TC Transcontinental is working with suppliers to test different ink formulations that contain more vegetable-based oils.

Used Ink Management

A full 97.5% of the ink purchased remains on the printed paper. The remainder appears as container bottoms, off-spec ink or expired product. Such ink waste is either returned to the supplier for re-blending, or sent for disposal in compliance with regulations. Because of their high oil content, they are often disposed of by incineration with heat recovery. In some cases, the ink containers are returned to the supplier or collected by a third party to be recycled into new plastic products.

De-inking Paper in the Recycling Process

The ink used on a printing project will influence the ease of recycling of the paper. Inks that breakdown more readily will require fewer chemicals and energy in the de-inking process. Sludge from the de-inking process can be burned for energy recovery. TC Transcontinental is working with several suppliers to better understand the processes involved and effect positive change on the recycling chain.

Water

As the planet's population grows, easy access to clean water is becoming an increasingly urgent issue. Canada is home to roughly seven per cent of the planet's renewable freshwater, but approximately 60% of Canada's fresh water drains north, while 85% of the population lives within 300 kilometres of the southern border with the United States. So while we appear to have an abundance of water available to us, bringing that water to the place that it is needed and ensuring that it is fit for consumption is a complex undertaking.

TC Transcontinental's water use in the printing process is low, limited to fountain solution make-up and some cleaning operations, but we are keen to find out what our consumption is in order to determine key areas for water use reduction initiatives. In 2011, we assessed average water use by facility size.

Table 15 – Average Water Use by Printing Facility Size

Printing Facility Size	Building Footprint	Average Water Use
Small	30,000 to 60,000 ft ²	5,000 m ³ /year
Medium	100,000 to 150,000 ft ²	12,000 m ³ /year
Large	Over 175,000 ft ²	20,000 m ³ /year

Where cooling towers are used, water use is increased by 8,000 m³/year.

Our target for 2012 is to inventory the uses of water at key facilities and develop a global picture of our usage patterns.

Biodiversity

Site assessments of TC Transcontinental's printing facilities performed in 2011 confirmed that our operations are located in urban or semi-urban areas and do not neighbour any areas of natural significance, hence, we have little immediate impact on any areas rich in biodiversity. However, we recognize that our paper purchasing could have a negative impact if not managed responsibly. We believe that we have made real progress in addressing this with our Paper Purchasing Policy and continue to encourage our customers to choose papers that are the least damaging to the environment. See [Paper Purchasing](#) section.

Actively Supporting Multi-Sector Partnerships for Sustainable Development

In 2011, we continued to work with the forest advocacy group, Canopy, to strengthen our environmental performance as well as advance lasting solutions in the Canada's high conservation value forests.

In the 2010 report, we told you of our support for the groundbreaking Canadian Boreal Forest Agreement. This initiative is between 22 forest company signatories and nine environmental organizations and seeks to maintain a viable forest industry while securing large-scale protection and safeguarding caribou populations across Canada's Boreal Forest.

Despite the Agreement being substantially behind schedule in meeting its conservation deliverables, we continue to encourage our suppliers to complete protected area proposals and caribou action plans in Caribou Forest and Valley of the White Mountains and remain hopeful that the Agreement will meet its objectives.

Our way of contributing is to support projects that provide sustainable and viable solutions for the environment, society and the economy. We therefore encourage the Government of Quebec to move forward on negotiations started in 2011 with the Cree nation and other stakeholders for the protection of Broadback Valley in 2012. For our efforts, we have been awarded a Conservation Supporter prize from Canopy, a key player in the development of the Agreement.

Building on our engagement to forward conservation in the Boreal forest, we also express our support for the full implementation of the Great Bear Rainforest Agreements. This agreement between all parties articulates a commitment to improve the well-being of local communities connected to maintaining 70% of the rainforest as old growth forest.

Transport

Our printed products leave the printing facilities and are shipped to businesses, warehouses, distribution centres, and sometimes to Canada Post to be delivered to households across Canada. In the case of Publisac, we are the distributors. In other cases, our customers take charge of their publications at the shipping bay of printing facilities.

To date, we have not collected information from our 169 business units on the quantity of product shipped, over what distance, by what means, and by whom. The level of effort for this would be significant and it is currently not one of TC Transcontinental's priority environmental footprint analyses. However, we have developed a modeling tool to estimate greenhouse gas emissions related to a print project, and this has allowed us to understand that transport emissions are often a significant part of a product's lifecycle greenhouse gas impacts. Programs to optimize transport are therefore under review.

Business Travel

On a more tangible note, we recently provided our employees with modern teleconferencing options and actively encourage people to make use of this service when possible, in preference to face-to-face meetings that involve travel. In 2011, we also purchased carbon offsets of more than 1,000 tonnes of CO₂ to compensate for the emissions related to our air travel with the help of our travel agency, using the calculators published by www.cleanairconservancy.org.

Employee Commuting

In 2011, we conducted a survey, with the help of our Green Squads, at our five administrative buildings to better understand our commuting habits. This followed a 2010 survey across all facilities. From the 2010 survey, we concluded that the average distance people lived from work was 25.8 km. Taking into account people's transport choices, we calculated that the average annual greenhouse gas emission related to an employee's daily commute was 2.3 tonnes of CO₂e/year. If we extrapolate this to our total workforce of around 10,000, commuting accounts for 23,000 tonnes of CO₂e/year, about as much as two of our larger printing facilities.

Figure 27 – Commuting Habits at TC Transcontinental's Five Administrative Building in 2011 (Urban)

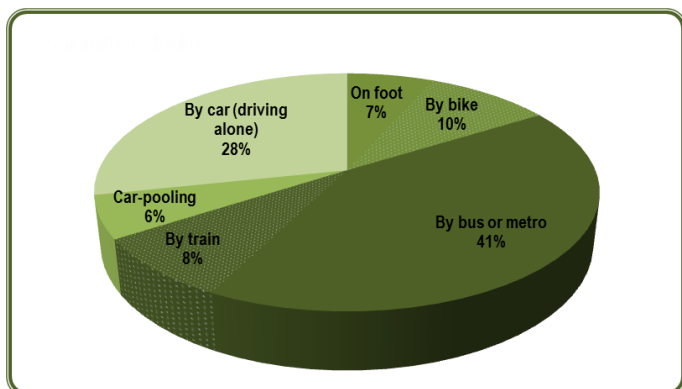


Figure 28 – Commuting Habits Across TC Transcontinental in 2010 (Urban and Sub-Urban)

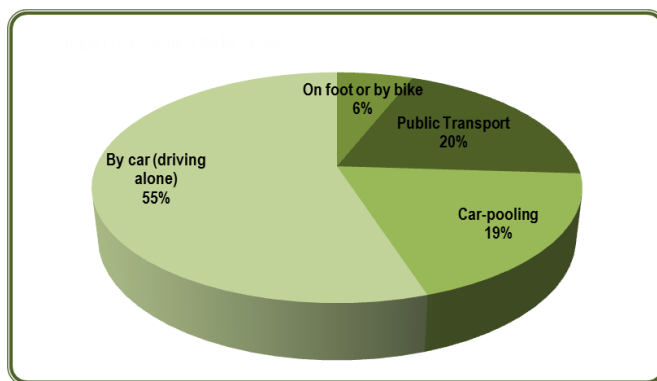
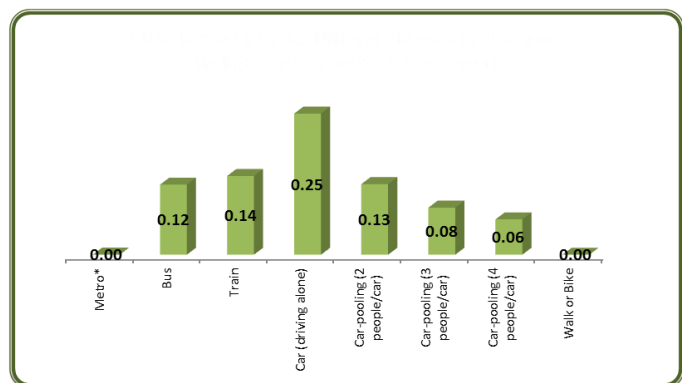


Figure 29 – GHG Intensity of the Different Modes of Transport (in kgCO₂e/km for each passenger)



* Based on the Montreal metro, supplied with hydro-electricity.

In 2012, we will work on promoting the use of public transport at our urban facilities and car-pooling for suburban sites.

Facility Environmental Footprint

This environmental footprint diagram presents the raw materials, energy, waste and emissions involved in creating \$1000 of product or providing \$1000 of value at TC Transcontinental's facilities (known as value added or VA). VA is the best way we have to describe our production across the different printing facilities and represents a unit of work as a monetary value.

Figure 30 – Environmental Footprint Diagram

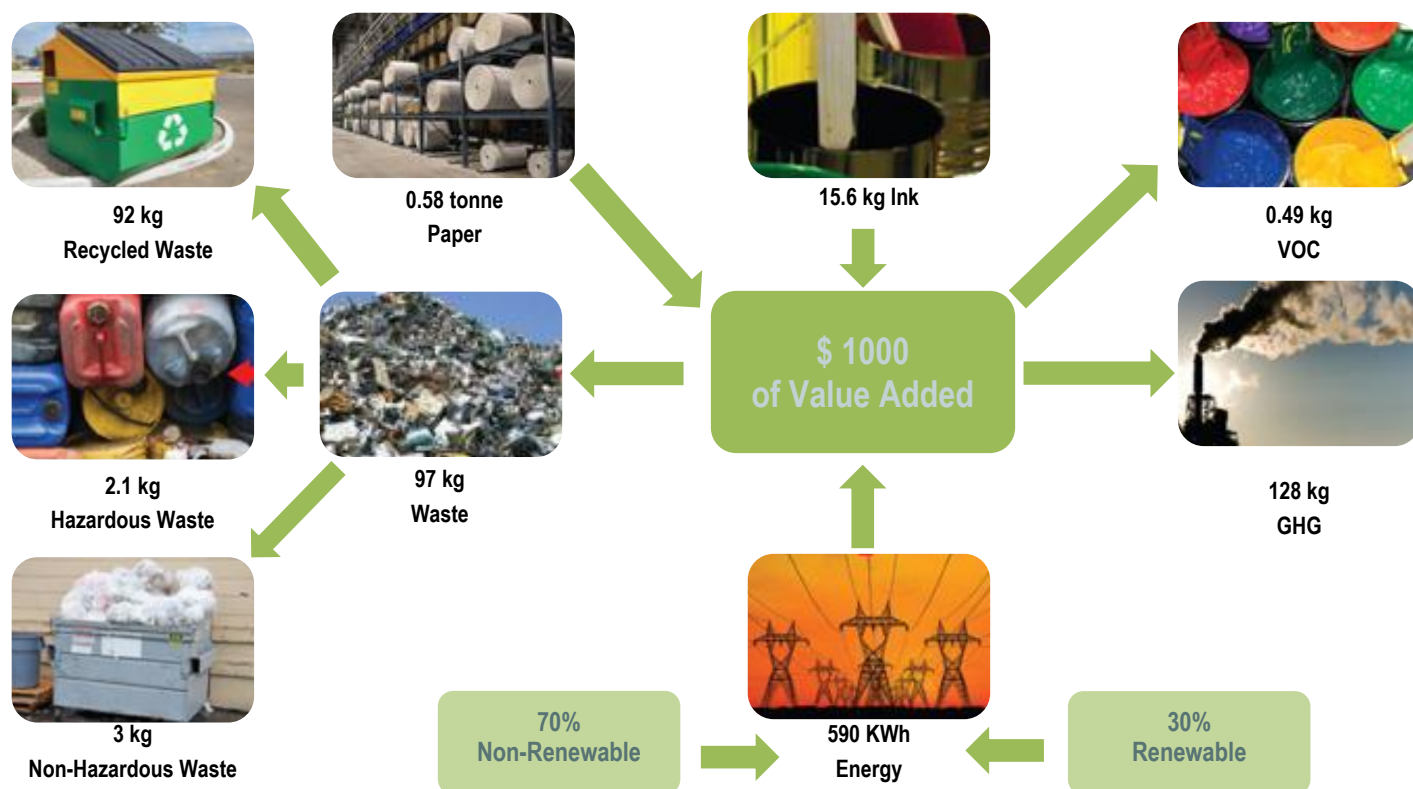


Table 16 – Historical Environmental Footprint

Per \$1000 of Value Added	2011	2010	2009	2008
Paper	0.58 tonne	0.58 tonne	0.49 tonne	Not reported
Ink	15.6 kg	16.6 kg	Not reported	Not reported
Energy	590 kWh	599 kWh	584 kWh	633 kWh
Non-Renewable	70.0 %	69.9 %	70.5 %	72.4 %
Renewable	30.0 %	30.1 %	29.5 %	27.6 %
Waste	97 kg	106 kg	97 kg	100 kg
Recycled Waste	92 kg	100 kg	91 kg	92 kg
Hazardous Waste	2.1 kg	1.7 kg	1.8 kg	1.9 kg
Non-Hazardous Waste	3 kg	5 kg	5 kg	6 kg
Volatile Organic Compound Emissions (VOC)	0.49 kg	0.55 kg	0.57 kg	Not reported
Greenhouse Gas Emissions (GHG)	128 kg CO ₂ e	134 kg CO ₂ e	132 kg CO ₂ e	154 kg CO ₂ e

The footprint values of previous years have not been changed to reflect acquisitions or divestitures. For example, all the emissions related to our Mexican operations are included, even though we have sold them in September 2011. However, figures from previous years have been recalculated based on the latest published emission factors or corrected.



PROSPERITY

At TC Transcontinental, we understand that our financial performance is directly tied to our social and environmental performance. Each business aspect is inter-dependent and contributes to our continued prosperity over the long term. Our ultimate goal is to ensure the Corporation's growth and profitability while promoting the common interests of our employees, customers, shareholders and communities, the four pillars of our organization.

The strategy is based on several fundamental principles: to be the leader in the markets served, to have a disciplined approach to acquisitions and financial management, and to foster a culture of innovation and customer satisfaction. The on-going successful implementation of this strategy requires that we continually support innovation and efficiency initiatives, have sufficient cash on-hand for strategic investments or acquisitions, and maintain strict and transparent governance oversight. This strategy protects shareholder value and allows us to continue delivering quality and relevant products and services to our customers.

We plan to leverage our unique marketing products and services to accelerate development of our new integrated services for advertisers. The Corporation's solid foundation built up over time by its existing operations, our niche strategy and our positioning in new emerging marketing and media trends will allow us to take advantage of opportunities that will arise in the medium and long term. Implementation of these new services should accelerate in the next few years. Being a leader in several of our traditional niches combined with our sound financial position will allow us to accelerate our digital and interactive marketing solutions, areas in which we expect future growth.

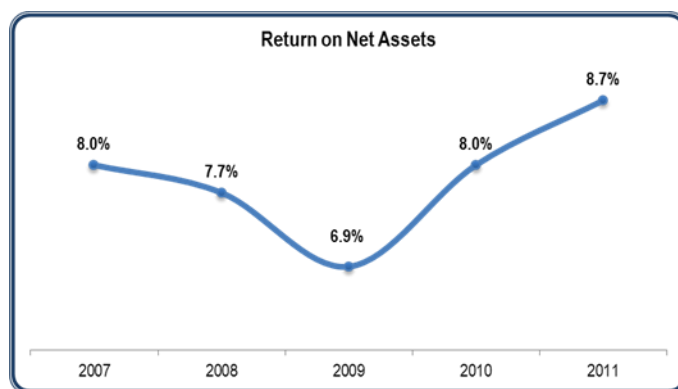
Key Numbers

\$2,043.6 M
Revenues

\$2,453.6 M
Total Assets

\$373 M
EBITDA

1.4x
Adjusted net
indebtedness
ratio



Strategic Objectives

- Preserve Company Value
- Invest in Future Growth

Noteworthy in 2011

- In 2011, we significantly strengthened our financial position by further reducing our net indebtedness ratio to an adjusted ratio of 1.4x as at October 31, as compared to 1.9x as at October 31, 2010.
- Our new revenue streams grew \$115.7 million over the past three years, increasing from \$78.0 million in 2008 to \$193.7 in 2011.
- In 2011, we maintained our historical high EBITDA set in 2010 at \$373 million.

Additional Information

- Economic Performance and Strategy: [Annual Report](#) and [Annual Information Form](#)
- Market Presence: [Annual Report](#) and [Annual Information Form](#)

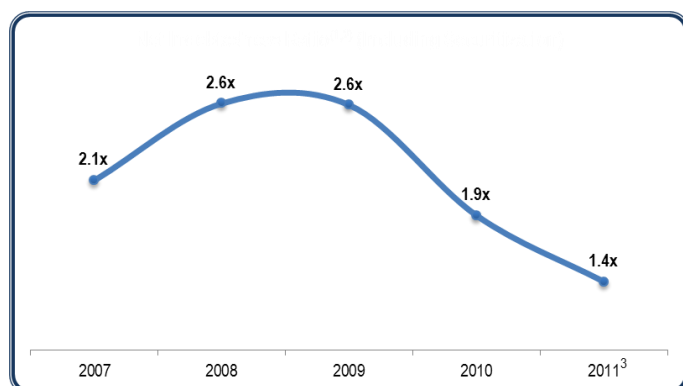
PRESERVE COMPANY VALUE

Maintain a Strong Balance Sheet

As we are in the midst of the transformation of our more traditional markets to the new and fast evolving digital platforms, we believe it is important to be able to rely on greater financial flexibility to adapt to the new market realities. Our strategy is to strengthen our more traditional operations, where high cash flows are generated, and to support and accelerate our growth in our new digital and interactive solutions. To track our financial flexibility, we have chosen the net indebtedness ratio, that is, net debt to EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), to measure our performance with regard to maintaining a strong balance sheet.

We have set the target for our net indebtedness ratio at 1.5x, which is well below the average of our peers in both our print and media industries.

Figure 31 – Net Indebtedness Ratio ^(1,2) (including securitization)



Our net indebtedness ratio peaked at 2.6x and steadily decreased to an adjusted ratio of 1.4x⁽³⁾ at the end of 2011, our best financial position since 2005. Our investments of over \$700 million in the past few years, mostly on our printing platform, have allowed us in 2011 to generate historical high in operating cash flows. These, along with significantly lower capital expenditures (below \$50 million in 2011), contributed to reduce our net indebtedness, while maintaining our EBITDA level.

Since our capital expenditures are anticipated to remain low in the coming years, we plan on using our free cash flow to primarily further reduce our net indebtedness.

- (1) As initially reported
(2) For additional information regarding the specific items and non-GAAP measures, please refer to the section entitled "Reconciliation of non-GAAP measures" in the Management's Discussion and Analysis for fiscal 2011.
(3) Adjusted in 2011 to exclude the amount to be paid to Quad/Graphics Inc. at the closing of the indirect acquisition of Quad/Graphics Canada Inc.

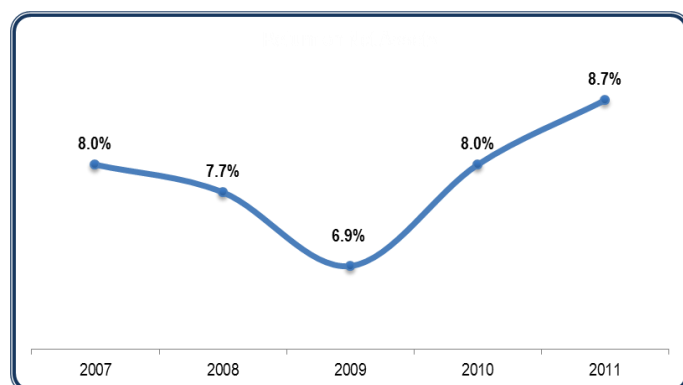
INVEST IN FUTURE GROWTH

Increase Efficiency

Printing is one of the Corporation's core competencies and TC Transcontinental is known for its technological innovation and efficiency. Since 2007, we have invested more than \$700 million in our printing equipment, primarily in three major projects that are now fully operational:

- The Canada-wide network of hybrid presses to print newspapers and flyers, operational since October 2010;
- The construction of the new plant to print the *San Francisco Chronicle* in Fremont, California; and
- The modernization of the Transcontinental Transmag plant in Montreal in 2009.

Figure 32 – Return on Net Assets



The first project mentioned above was undertaken to fulfill a renewed 18-year contract with *The Globe and Mail* worth \$1.7 billion. With this unique network of hybrid presses, *The Globe and Mail* can be printed on coated stock and with colour on every page. This means that the platform can also meet the needs of our retail customers to print flyers during the day, when presses are traditionally idle. Overall efficiency is therefore improved through more productive use of equipment and capabilities. The investment has reduced the need for capital expenditures in the Retail Group in coming years, and retail customers will benefit from top-notch print quality, as well as formatting and colour options that are unequalled in Canada.

We have chosen the return on net assets (RONA) to measure our ability to generate increased profitability from our asset base. Our target is to achieve a return on net assets above our weighted average cost of capital (WACC) of 9%.

In recent years, TC Transcontinental's RONA has been slightly below its WACC of 9% mainly due to the negative impact from foreign exchange, the investments we made in modern printing equipment, and our strategic support to grow our Media and Interactive businesses. In 2011, our RONA increased for a second year in a row since we are now benefitting from the return on the significant investments made between 2007 and 2010, as well as efficiency improvement initiatives. We expect our RONA to further improve next year with continued efficiency improvement initiatives, combined with the lower capital expenditure needs anticipated in the coming years.

Invest in Innovation

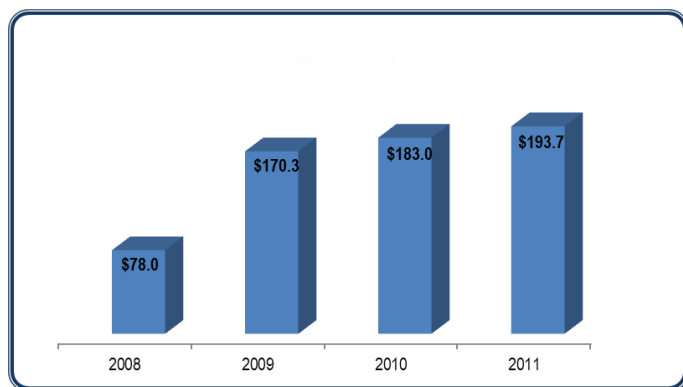
The print and media industries are undergoing a transformation with the gradual shift of advertising to digital platforms. Since over 80% of our revenues are directly or indirectly derived from our customer's advertising budgets, we must adapt our products and services to meet evolving customer needs.

As a result, in the past few years, we have made strategic investments and acquisitions in our Interactive sector that have allowed us to expand our interactive marketing offering to our customers. We invested in our Media sector to develop products and services on new media platforms and we invested in digital printing technology in our Printing Sector, a growing trend for short run printing. The combination of these revenues is what we refer to as new revenue streams.

In 2011, we decided to merge our Media and Interactive sectors in order to accelerate growth. The merger will allow us to develop a more integrated digital and interactive service for our customers. This new structure took effect on November 1st, 2011.

We have chosen to track growth in these new revenue streams as a measure of our success to transform our business. Our target is to increase revenues to \$300 million by the end of fiscal year 2013. These revenue streams reached \$193.7 million in 2011. We plan on achieving our target through a mix of internal growth and acquisitions over the next two years.

Figure 33 – Digital and Interactive Revenues (in millions of dollars)



Our new revenue streams increased from \$78.0 million, or 3% of our portfolio in 2008, to \$193.7 million, or 9.5% of the portfolio in 2011. This growth was mostly generated through acquisitions in the Interactive sector (Thindata 1:1, Rastar, Totem, Conversys, LIPSO and Vortex Mobile) as well as internal growth initiatives through our digital platforms in the Media sector and digital printing in the Printing sector.

Innovation Challenge

In 2011, to further stimulate innovation to support our growth ambitions, we launched the Innovation Challenge tournament. The Challenge encourages employees to brainstorm ideas and put together a concept plan to present to senior management. It also enabled us to build a common language with training and coaching around basic innovations principles as well as to promote an innovation culture across the company. With more than 1,500 employees and 170 teams participating, this first year was a real success. The best ideas are currently undergoing feasibility analysis and those proved valuable could be launched as soon as 2012. The second edition of the Innovation Challenge was launched on February 1st, 2012.

ECONOMIC VALUE

As we create wealth, we also contribute to the well-being of society. We share our success with shareholders, employees and the communities in which we operate through dividends, direct and indirect job creation, sponsorships, donations, fundraisers as well as volunteering in social events.

Table 17 – Economic Value

(in millions \$)	2011	2010*
Direct economic value generated:		
Revenues	\$2,043.6	\$2,028.3
Economic value distributed:		
Operating costs (includes selling, general and administrative expenses and excludes wages and benefits)	\$1,028.4	\$1,004.1
Employee compensation and benefits (excluding severances)	\$644.7	\$651.0
Payments to providers of capital:		
Dividends on participating shares	\$39.7	\$28.3
Dividends on preferred shares	\$6.8	\$7.0
Interest paid	\$30.4	\$39.2
Payments to government – taxes paid	\$19.2	\$33.4
Community donations and sponsorships	\$4.5	\$5.1

* Figures have been restated to be comparable to 2011.

Direct Economic Value Generated

Our consolidated revenues increased 1%, from \$2,028.3 million in 2010 to \$2,043.6 million in 2011. This increase is mainly due to new printing contracts as well as acquisitions and launches of weekly newspapers.

Economic Value Distributed

Operating Costs - In 2011, we paid more than \$1.0 billion in operating costs. These expenses include such goods and services as paper, plates and ink, facility operation, as well as selling, general and administrative expenses.

Employee Wages and Benefits - At the end of 2011, we employed approximately 10,000 employees in Canada and in the United States, having sold our Mexican operations. Our employee compensation totalled \$644.7 million in 2011, excluding severance packages. Since it was necessary to reduce our workforce due to the economic downturn and our changing business, we provided \$14.1 million in severance packages and appropriate career coaching services.

Providers of Capital - To be able to invest strategically, we need access to capital, which can only be obtained by having a robust business plan, a strong management team, a good track record, and credibility. To remain credible, we need to meet our obligations to providers of capital through timely interest payments, dividend payments and re-payment of capital. TC Transcontinental's capital structure is a combination of equity and debt. In 2011, we increased the dividends paid to participating shareholders from 35 cents per share, or \$28.3 million to 49 cents per share or \$39.7 million, which represents an increase of more than 40%. In addition, we paid \$6.8 million in dividends to preferred shareholders. For debt holders, we paid \$30.4 million in interest expenses.

Taxes - TC Transcontinental's tax payments help all levels of government in Canada and in the United States. In 2011, our overall income tax contribution was \$19.2 million. Most of our 2011 tax contribution was in Canada since most of our facilities and operations are located in Canada.

Community Donations and Sponsorships - Since our beginnings, TC Transcontinental has demonstrated its commitment towards the communities in which it does business. In 2011, we have distributed \$4.5 million in donations, sponsorships, in-kind donations and other contributions to support charities, not-for-profit organizations and other causes. TC Transcontinental's [community investment](#) is typically focused in the areas of education and health.

Indirect Impacts - Apart from the direct economic impacts of the employee wages that we pay, the goods and services that we procure, and our tax contributions, TC Transcontinental, as the largest printer in Canada and the fourth-largest in North America and as one of Canada's top Media groups, also has a range of indirect economic impacts. These are related to the goods and services that TC Transcontinental's suppliers procure from third parties, and the wages that are spent in the community as a result of the Corporation's direct and indirect job creation. Please read more on the economic value generated by TC Transcontinental in our [Annual Report](#).

REPORTING APPROACH

REPORT PROFILE

TC Transcontinental's 2011 Sustainability Report covers the period from November 1st, 2010 to October 31st, 2011, its fiscal year, and all figures relate to this period unless otherwise indicated. TC Transcontinental has produced an annual Sustainability Report since 2009. Our most recent Sustainability Report was released in February 2011 and was based on our 2010 fiscal year. In 2009, TC Transcontinental confirmed that we were reporting at level "C" through the Global Reporting Initiative (GRI) Application Level Check process. In 2010, this was improved to a level "B".

The contact point for any questions regarding this report is Jennifer F. McCaughey, Senior Director, Investor Relations and Financial Communications at 514-954-4000 or jennifer.mccaughey@tc.tc

REPORT SCOPE AND BOUNDARY

The scope of information presented is based on the GRI guidelines for materiality, stakeholder inclusiveness, sustainability context and completeness. The Sustainable Development Steering Committee identified topics and aspects through consideration of the Corporation's sustainability context and discussion with expected readers of the report, prioritized the important aspects taking into account their materiality and validated the information for completeness before including them in the report. The setting of reporting boundaries is based on degree of control and significance of impact. TC Transcontinental is a printer, a publisher and a market activation company that operates in urbanized areas with relatively small environmental impacts, both actual and potential. Given the nature of its business, TC Transcontinental determined that it would prioritize topics that relate to paper, energy use, health and safety and financial performance.

Similarly, although TC Transcontinental exerts influence in the industry as the largest printer in Canada, and influences the public with our publications, the Corporation's "significant" influence was determined to lie uniquely within the purview of its own operations and facilities. As such, the reporting boundary for all performance indicator data has been determined to be the facilities and operations in Canada and the United States that TC Transcontinental owns and operates, for which we have direct control and upon which we exert significant influence.

The consolidated financial statements include the accounts of the Corporation and those of our subsidiaries, joint ventures and variable interest entities for which the Corporation is the principal beneficiary. Business acquisitions are accounted for under the acquisition method and the results of operations of these businesses are included in the consolidated financial statements from the acquisition date. Investments in joint ventures are accounted for using the proportionate consolidation method and investments in companies subject to significant influence are accounted for using the equity method. Other investments are recorded at either amortized cost or marked-to-market through comprehensive income depending on their classification as either financial assets held to maturity or available-for-sale.

SIGNIFICANT CHANGES IN 2011

During the fiscal year, TC Transcontinental consolidated a number of printing plants and made some small acquisitions. In addition, in September 2011, TC Transcontinental sold its Mexican operations (\$67 million in revenues) as well as a portion of our black and white book printing operations destined for export (\$25 million in revenues) therefore, all data presented in this report has been restated to reflect this divestiture unless otherwise indicated.

In July 2011, TC Transcontinental announced that we had agreed to acquire all the shares of Quad/Graphics Canada Inc. including seven facilities of Quad/Graphics Canada (3 in Ontario, 2 in Quebec, 1 in Alberta and 1 in Nova Scotia), that is, six printing plants and one premedia facility. This transaction closed on March 1st, 2012.

This report presents the Corporation's structure as at November 1st, 2011, however, for our 2011 fiscal year, the Corporation operated under a three-sector structure (Print, Media and Interactive). For this reason, our market presence data is described in three sectors.

ASSURANCE

While TC Transcontinental's 2011 Sustainability Report has not been submitted to an external verification, we have submitted all our sustainability reports to the Global Reporting Initiative (GRI) for an application level check. This year, TC Transcontinental provided data for 50 GRI indicators (37 complete and 13 partial) that are considered relevant to its business operations and that can be measured meaningfully. Along with our other disclosures, this allowed GRI to confirm that we continue to report at Application Level B (see [GRI letter](#)).

The data and content has been reviewed internally by members of the Executive Management Committee as follows:

Table 18 – Report Review

<ul style="list-style-type: none"> • Strategy and Analysis • Organizational Profile • Report Parameters • Governance, Commitments, and Engagement 		Information for these sections is collected by the Sustainable Development Steering Committee and validated by members of the Executive Management Committee.
<ul style="list-style-type: none"> • Economic Performance Indicators 		Information for the Prosperity section is gathered by the Finance Department and validated by the Chief Financial and Development Officer.
<ul style="list-style-type: none"> • Environmental Performance Indicators 		Most of the environmental data is collected at the facility and rolled up for reporting to senior management through the use of an on-line environmental performance indicator dashboard that TC Transcontinental developed in 2009 and 2010. The information in this section is validated by the VP, Procurement and Technology.
<ul style="list-style-type: none"> • Social Performance Indicators <ul style="list-style-type: none"> ◦ Labour Practice, Decent Work and Human Rights 		Information for this section is gathered by the Human Resources Department and validated by the VP Corporate, Human Resources.
		Information for this section is sourced from the business units and validated by a combination of the following: the Head of Internal Audit, the VP, Corporate Communications, the VP, Corporate Human Resources and the VP, Chief Legal Officer and Corporate Secretary.
<ul style="list-style-type: none"> ◦ Society 		Donations and community investment information is sourced from the Chairman of the Board and Vice-Presidents of Finance for each sector.
		Information concerning incidents of corruption, fines or sanctions are sourced from the business units, the Internal Audit department as well as the corporate Legal Affairs department.
<ul style="list-style-type: none"> ◦ Product Responsibility 		Information for this section is sourced from the business units and validated by a combination of the following: VP, Procurement and Technology, Sector Presidents, VP, Corporate Communications and Heads of Marketing in each sector.
		Information on breaches in customer privacy is sourced from the business units and reviewed by the Chief Financial and Development Officer.
		Information with respect to product safety is reviewed by the VP, Procurement and Technology.

GRI STATEMENT LETTER



Statement GRI Application Level Check

GRI hereby states that **TC Transcontinental** has presented its report "Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 January 2012



Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 13 January 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

G3 Content Index - GRI Application Level B

TC Transcontinental Sustainability Report 2011: Delivering on our commitments

Note: The information mentioned is in line with the guidelines of GRI. See the following web site: www.globalreporting.org

STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Description	Cross-reference/Direct answer	Page Number	Reported
				Fully Partially Not
1.1	Statement from the most senior decision-maker of the organization.	Message from the President and CEO	3	
1.2	Description of key impacts, risks, and opportunities.	Message from the President and CEO	3	
		Our Business	4	
		Stakeholder Engagement	11	
		People - Front page	17	
		Environment - Front page	28	
		Environment - Paper Purchasing	29	
		Environment - Greenhouse Gases	34	
		Environment - Energy	39	
		Environment - Water	42	
		Environment - Biodiversity	42	
		Prosperity - Invest in Innovation	47	

2. Organizational Profile

2.1	Name of the organization.	Transcontinental inc.		
2.2	Primary brands, products, and/or services.	Our Business	4	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Our Business	4	
2.4	Location of organization's headquarters.	Our Business	4	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Our Business	4	
2.6	Nature of ownership and legal form.	Our Business	4	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Business	4	
2.8	Scale of the reporting organization.	Our Business	4	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Message from the President and CEO	3	
		Our Business - Strategy	4	
		Reporting Approach - Significant Changes in 2011	49	
2.10	Awards received in the reporting period.	Stakeholder Engagement	11	
		Recognition and Awards	14	

3. Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Nov. 1, 2010 to Oct. 31, 2011		
3.2	Date of most recent previous report (if any).	2010 Report, released Feb. 2011		
3.3	Reporting cycle (annual, biennial, etc.)	Annual		
3.4	Contact point for questions regarding the report or its contents.	Jennifer F. McCaughey Transcontinental Inc. 1 Place Ville Marie, Suite 3315 Montreal, Quebec Canada H3B 3N2 tel: 514-954-4000 fax: 514-954-4016 www.tc.gc.ca		

3.5	Process for defining report content.	Reporting Approach	49	✓
		Stakeholder Engagement	11	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Reporting Approach - Report Profile	49	✓
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Reporting Approach - Report Scope and Boundary	49	✓
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Reporting Approach - Report Scope and Boundary	49	✓
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Reporting Approach - Assurance	50	✓
		All sections in People, Environment and Property	17,28,45	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Reporting Approach - Significant Changes	49	✓
		Report Card	2	
		Prosperity - Economic Value	48	
		Environment - Reducing VOCs	33	
		Environment - Greenhouse Gases	34	
		Environment - Facility Environmental Footprint	44	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Reporting Approach - Significant Changes	49	✓
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index -to be built from this excel file	52	✓
3.13	Policy and current practice with regard to seeking external assurance for the report.	Reporting Approach - Assurance	50	✓
4. Governance, Commitments, and Engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance	15	✓
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Governance	15	✓
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Governance	15	✓
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Governance	15	✓
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Stakeholder Engagement - Feedback and Action Taken	12	✓
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Governance - Code of Ethics	16	✓
		Code of Ethics http://tctranscontinental.com/politiques/code_ethics.pdf	10	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Public document on our website: Role and Responsibilities of the Corporate Governance Committee http://tctranscontinental.com/politiques/RR_president_CRE_en.pdf		✓
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Governance - Code of Ethics	16	✓
		Code of Ethics http://tctranscontinental.com/politiques/code_ethics.pdf	5	
		People - Front Page	17	
		People - Employment Conditions	23	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Governance	16	✓
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Governance	16	✓

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Environment - Reducing VOCs	33	✓
		Environment - Controlled Substances	36	
		Environment - Greenhouse Gases	34	
		People - Product Responsibility	20	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	People - Employment Conditions	23	✓
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	People - Product Responsibility	20	✓
		People - Community Cohesion	25	
		Environment - Biodiversity	42	
4.14	List of stakeholder groups engaged by the organization.	Stakeholder Engagement	11	✓
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagement	11	✓
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement	11	✓
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholder Engagement	11	✓
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
DMA EC	Disclosure on Management Approach EC			
Aspects	Economic performance	Report Card	2	✓
		Our Business	4	
		Prosperity - Economic Value	48	
	Market presence	Our Business	4	✓
		Prosperity - Economic Value	48	
	Indirect economic impacts	Prosperity - Economic Value	48	✓
DMA EN	Disclosure on Management Approach EN			
Aspects	Materials	Environment - Front page	28	✓
		Environment - Paper Purchasing	29	
		Environment - Ink	41	
	Energy	Environment - Energy	39	✓
	Water	Environment - Water	42	✓
	Biodiversity	Environment - Biodiversity	42	✓
		Environment - Paper Purchasing	29	
	Emissions, effluents and waste	Environment - VOCs	33	✓
		Environment - Greenhouse Gases	34	
		Environment - Wastewater Discharges	36	
		Environment - Waste	37	
	Products and services	People - Product Responsibility	20	✓
		Environment - Controlled Substances	36	
	Compliance	Environment - Facility EMS	32	✓
		Environment - Front page	28	
	Transport	Environment - Transport	43	✓
	Overall	Environment - Front page	28	✓

DMA LA	Disclosure on Management Approach LA			
Aspects	Employment	Governance	15	✓
		People - Employment Conditions	23	
	Labor/management relations	Governance	15	✓
		People - Employment Conditions	23	
	Occupational health and safety	People - Front page	17	✓
		People - Accidents and Incidents	18	
		People - Employee Wellness	20	
		People - Employment Conditions	23	
	Training and education	People - Employee Training & Development	22	✓
	Diversity and equal opportunity	Governance	15	✓
People - Employment Conditions		23		
DMA HR	Disclosure on Management Approach HR			
Aspects	Investment and procurement practices	Governance	15	✓
		Prosperity - Economic Value	48	
	Non-discrimination	Governance	15	✓
		People - Employment Conditions	23	
	Freedom of association and collective bargaining	People - Employment Conditions	23	✓
	Child labor	People - Employment Conditions	23	✓
	Forced and compulsory labor	People - Employment Conditions	23	✓
	Security practices	People - Employment Conditions	23	✓
	Indigenous rights	People - Employment Conditions	23	✓
DMA SO	Disclosure on Management Approach SO			
Aspects	Community	Community Cohesion	25	✓
	Corruption	Governance	10,16	✓
		Governance - Code of Ethics and Corporate Policies		
		Governance	5	
		Code of Ethics page		
		http://tctranscontinental.com/politiques/code_ethics.pdf		
	Public policy	Governance	16	✓
	Anti-competitive behavior	Governance	16	✓
	Compliance	Governance	16	✓
DMA PR	Disclosure on Management Approach PR			
Aspects	Customer health and safety	People - Product Responsibility	20	✓
	Product and service labelling	People - Product Responsibility	20	✓
	Marketing communications	People - Product Responsibility	20	✓
	Customer privacy	People - Product Responsibility	20	✓
	Compliance	People - Product Responsibility	20	✓

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

Economic performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Prosperity - Economic Value	48	✓
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Environment - Greenhouse Gases	34	✓
EC3	Coverage of the organization's defined benefit plan obligations.	People - Employment Conditions	23	✓
EC4	Significant financial assistance received from government.			✗

Market presence

EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.			✗
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			✗
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Governance	16	!

Indirect economic impacts

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Prosperity - Economic Value	48	✓
		People - Community Cohesion	25	
		People - Product Responsibility	20	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Prosperity - Economic Value	48	✓

Environmental

Materials

EN1	Materials used by weight or volume.	Environment - Paper Purchasing	29	✓
		Environment - Ink	41	
		Report Card	2	
EN2	Percentage of materials used that are recycled input materials.	Environment - Paper Purchasing	29	✓
		Environment - Ink	41	

Energy

EN3	Direct energy consumption by primary energy source.	Environment - Energy	39	✓
EN4	Indirect energy consumption by primary source.	Environment - Energy	39	✓
EN5	Energy saved due to conservation and efficiency improvements.	Environment - Energy	39	✓
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environment - Energy	39	✓
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Environment - Energy	39	✓

Water

EN8	Total water withdrawal by source.	Environment - Water	42	!
EN9	Water sources significantly affected by withdrawal of water.			✗
EN10	Percentage and total volume of water recycled and reused.			✗

Biodiversity

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Environment - Biodiversity	42	✓
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Environment - Biodiversity	42	✓
		Environment - Paper Purchasing	29	
EN13	Habitats protected or restored.			✗
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Environment - Biodiversity	42	✓
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.			✗

Emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Environment - Greenhouse Gases	34	✓
EN17	Other relevant indirect greenhouse gas emissions by weight.	Environment - Greenhouse Gases	34	✓
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environment - Greenhouse Gases	34	✓
EN19	Emissions of ozone-depleting substances by weight.			✗
EN20	NOx, SOx, and other significant air emissions by type and weight.	Environment - Reducing VOCs	33	✓
EN21	Total water discharge by quality and destination.	Environment - Wastewater Discharges	36	!
EN22	Total weight of waste by type and disposal method.	Environment - Waste	37	✓
EN23	Total number and volume of significant spills.	Report Card	2	✓
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			✗
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Environment - Biodiversity	29,42	!
Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Report Card - Recycling	2	✓
		Environment - Waste	37	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Report Card - Recycling	2	!
		People - Product Responsibility	20	
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Report Card	2	✓
Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Transport	43	!
Overall				
EN30	Total environmental protection expenditures and investments by type.			✗
Social: Labor Practices and Decent Work				
Employment				
LA1	Total workforce by employment type, employment contract, and region.	Report Card	2	!
		People - Front page	17	
LA2	Total number and rate of employee turnover by age group, gender, and region.			✗
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Report Card	2	!
		People - Front page	17	
		People - Employment Conditions	23	
Labor/management relations				
LA4	Percentage of employees covered by collective bargaining agreements.	Report Card	2	✓
		People - Front page	17	
		People - Employment Conditions	23	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			✗
Occupational health and safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Report Card	2	✓
		People - Employment Conditions	23	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Report Card	2	!
		People - Front page	17	
		People - Accidents and Incidents	18	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	People - Employee Wellness	20	!
LA9	Health and safety topics covered in formal agreements with trade unions.			✗

Training and education				
LA10	Average hours of training per year per employee by employee category.			✖
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.			✖
LA12	Percentage of employees receiving regular performance and career development reviews.	Report Card	2	✔
		People - Employee Training and Development	22	
Diversity and equal opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Governance	15	!
		Report Card	2	
LA14	Ratio of basic salary of men to women by employee category.			✖
Social: Human Rights				
Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.			✖
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.			✖
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.			✖
Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken.			✖
Freedom of association and collective bargaining				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.			✖
Child labor				
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	No operations have been identified as having significant risk of child labour		✔
		People - Employment Conditions	23	
Forced and compulsory labor				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.			✖
Security practices				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			✖
Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.			✖
Social: Society				
Community				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.			✖
Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	All		✔
		Governance	15,16	
		Mandate of the Audit Committee		
		http://tctranscontinental.com/politiques/mandat_CV_en.pdf		
		Mandate of the Corporate Governance Committee		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	All		✔
		Governance	16	
SO4	Actions taken in response to incidents of corruption.			✖

Public policy				
SO5	Public policy positions and participation in public policy development and lobbying.			✗
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Code of Ethics http://tctranscontinental.com/politiques/code_ethics.pdf	14	✓
Anti-competitive behavior				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			✗
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Report Card People - Product Responsibility	2 20	✓
Social: Product Responsibility				
Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	People - Product Responsibility Stakeholder Engagement	20 11	!
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	None People - Product Responsibility	 20	✓
Product and service labelling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Environment - Paper Purchasing People - Product Responsibility	29 20	!
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	None Environment - Paper Purchasing People - Product Responsibility	 29 20	✓
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	People - Product Responsibility	20	✓
Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	People - Product Responsibility	20	✓
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	People - Product Responsibility	20	✓
Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	People - Product Responsibility	20	✓
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			✗

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