



# Delivering on our commitment

Highlights of TC Transcontinental's  
*Sustainability Report 2011*

**tc** • TRANSCONTINENTAL  
A MARKETING ACTIVATION COMPANY

[www.tctranscontinental-ecodev.com](http://www.tctranscontinental-ecodev.com)

## Reporting Approach

Our 2011 Sustainability Report, *Delivering on our Commitment*, contains our commitment to reporting on our environmental, social and economic performance in a clear and transparent way. Consultation with our stakeholders ensures reporting is relevant and meets expectations. It covers the period from November 1<sup>st</sup>, 2010 to October 31<sup>st</sup>, 2011, our fiscal year. We adopted the Global Reporting Initiative (GRI) methodology for the production of our sustainability reports. GRI is a set of internationally recognized guidelines to help organizations report on their economic, environmental and social performance. Starting in 2009, we formally adopted this methodology for the production of our first sustainability report; subsequent reports were submitted to GRI for an application level check. In 2011, we provided data for 50 GRI indicators (37 complete and 13 partial) that are considered relevant to our business operations and that can be measured meaningfully. Along with other disclosures, this allowed GRI to confirm that we continue to report at Application Level B.

"At TC Transcontinental we are firmly committed to promoting sustainable development, and we will continue to integrate it into our activities by mobilizing our stakeholders, supporting innovation and reporting our results. I am proud and happy to see how far we have come and I thank all our employees for their contribution to our successful efforts."



François Olivier  
President and Chief Executive Officer  
Transcontinental Inc.



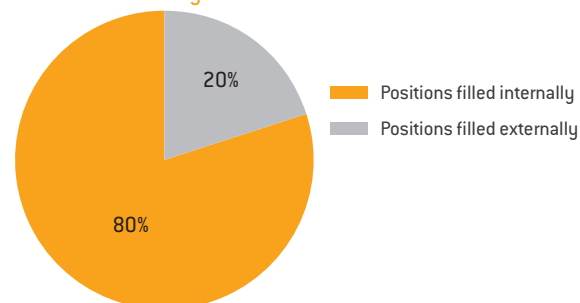
# People

## Investing in the Well-Being of Our People and the Community

### 1 Develop, attract and retain talent

In support of our objective to develop, to attract and to retain talent, we produced development plans for 100% of identified Executive and Senior management succession candidates. In 2011, 80% of management positions were filled through internal promotions and we are currently working on identifying succession candidates who will benefit from development plans in 2012.

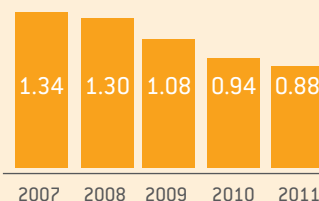
Management Positions Filled Internally and Externally in 2011



### 2 Maintain and enhance employee health, safety and wellness

Our objective is to keep the frequency rate below 1.00 accidents per 200,000 hours worked. In 2011, the accident frequency rate was 0.88 accidents per 200,000 worked hours compared to 0.94 in 2010. In 2011, the accident 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.

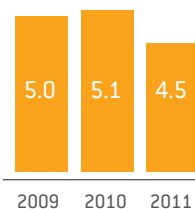
Lost Time Accident Frequency Rate  
(number of lost time cases per 200,000 hours)



### 3 Invest in community well-being through donations and sponsorships

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).

Donation of Cash, Goods and Services  
(in millions of dollars)



# Environment

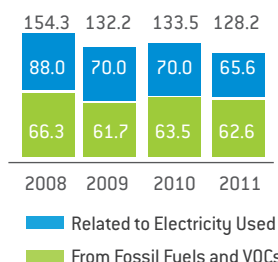
Protect and Restore Ecosystems and Optimize the Use of Resources



## 1 Reduce greenhouse gas emissions

In 2011, we achieved a 29% reduction in our emissions relative to 2008. When we look at the emission intensity of our 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; to the re-organization of some business units and the more efficient use of space; and to the numerous energy projects implemented in 2011.

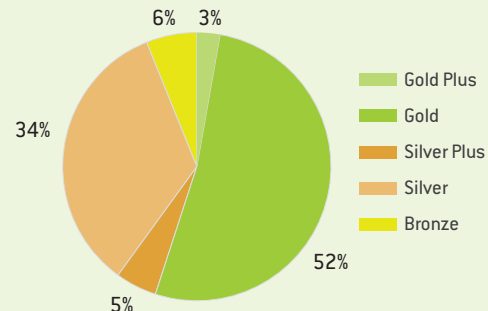
Greenhouse Gas Emissions from Printing Operations  
(tonnes of CO<sub>2</sub>e per \$1000 VA)



## 2 Promote the purchase of eco-paper

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%.

Categories of Paper Purchased in 2011



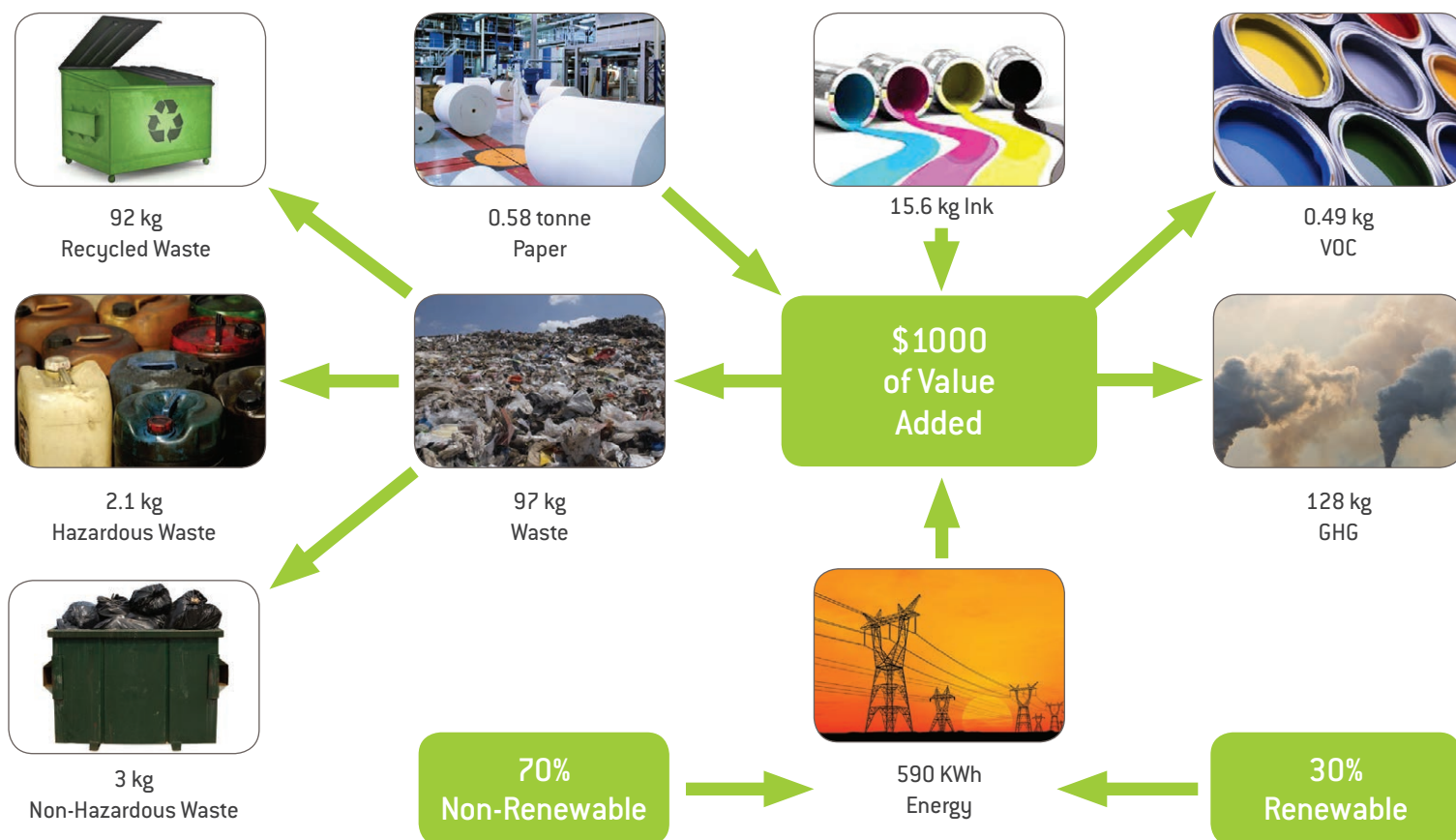
## 3 Reduce energy use

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 of Production  
(in KWh per \$1000 VA)



## Facility Environmental Footprint





# Prosperity

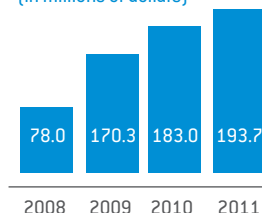
Preserve Company Value and Invest in Future Growth



## 1 Invest in innovation

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, as well as internal growth initiatives through our digital platforms in the Media sector and digital printing in the Printing sector.

Digital and Interactive Revenues  
(in millions of dollars)



## 2 Maintain a strong balance sheet

Our net indebtedness ratio peaked at 2.6x and steadily decreased to an adjusted ratio of 1.4x<sup>[3]</sup> 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, contributed to reduce our net indebtedness, while maintaining our EBITDA level.

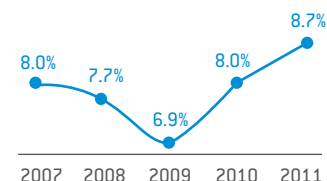
Net Indebtedness Ratio<sup>[1,2]</sup>  
(including securitization)



## 3 Increase efficiency

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.

Return on Net Assets



<sup>[1]</sup> As initially reported.

<sup>[2]</sup> 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.

<sup>[3]</sup> 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.

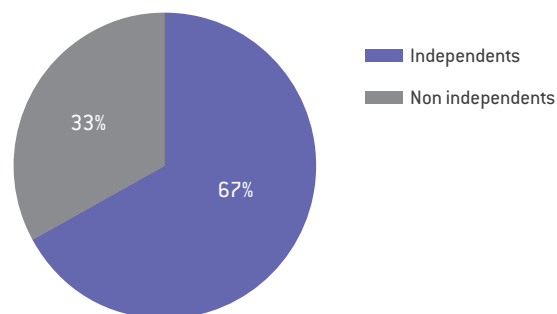
# Governance

## Maintain and Improve Good Governance

### 1 Maintain a well-balanced Board of Directors

Several changes to our Board of Directors were made or announced in 2011. For example, Anna Martini and Nathalie Marcoux joined the Board, bringing the number of members from 13 to 15. 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%, which is in accordance with our set objective of maintaining a balanced Board of Directors with at least two thirds independent members.

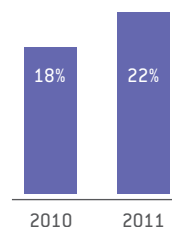
Board Independence in 2011



### 2 Increase the number of 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. 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.

Percentage of Women Having a Senior Management Role



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.



*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.

# TC Transcontinental's Sustainability Steering Committee



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; Benoît Caron

The Montreal-based sustainability consulting firm ÉEM ([www.eem.ca](http://www.eem.ca)) took part in the preparation of TC Transcontinental's *Sustainability Report 2011*.

## 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, it is 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 celebrated Publisac network in Quebec and Targeo in the rest of Canada. Thanks to a wide digital network of more than 1,000 websites, the company reaches over 13.7 million unique visitors per month in Canada. The company also offers interactive marketing products and services that use new communication platforms supported by marketing strategy and planning services, database analytics, pre-media, e-flyers, email marketing, custom communications and mobile solutions.

Transcontinental Inc. (TSX : TCL.A, TCL.B, TCL.PR.D), known by the brands TC Transcontinental, TC Media and TC Transcontinental Printing, has about 11,000 employees in Canada and the United States, and reported revenues of C\$2.0 billion in 2011. For more information about the corporation, please visit [www.tc.tc](http://www.tc.tc).

## Supplemental information

View the full online version of the TC Transcontinental's Sustainability Report 2011 at [www.tctranscontinental-ecodev.com](http://www.tctranscontinental-ecodev.com)  
Questions? Send an email to [ecodev@tc.tc](mailto:ecodev@tc.tc).

The information in this report may contain certain forward-looking statements that are inherently uncertain and actual results may differ materially from the assumptions, estimations or expectations reflected or contained in the forward-looking information.

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