

2011 Corporate Social Responsibility Report

Fiscal 2011 Highlights

Invested **\$291.1 million** in fixed assets to improve and expand customer services

Met financial performance targets for fiscal 2011 and increased quarterly dividend rate

Constructed **\$18-million** state-of-the-art multifunctional operations centre in Trois-Rivières, Québec

Began calculating greenhouse gas (GHG) emissions

Won several **awards** for quality and speed of Internet services in Ontario

Implemented several successful initiatives to reduce fleet fuel consumption and GHG emissions

Received Highest Customer Satisfaction by Industry Award in the Telecommunications/TV category in North America from the Service Quality Measurement Group for our call centres

Donated **\$1.6 million** to registered charitable organizations and helped raise an additional \$3.0 million through TVCOGECO

Provided employment to more than **2,500 people** in Canada (full-time equivalent positions)



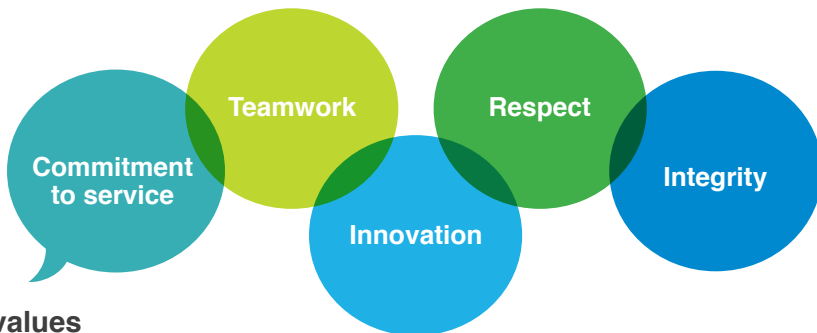
Corporate social responsibility and governance

Cogeco is very pleased to present its first GRI Corporate social responsibility report. According to the Global Reporting Initiative (GRI), corporate social responsibility is “a firm’s accountability to internal and external stakeholders for organizational performance towards the goal of sustainable development.” Under this reporting framework, the analysis of a firm’s performance should include the three dimensions of corporate social responsibility – economic, social and environmental.

Based on our understanding of the GRI guidelines, we believe our corporation is already contributing to sustainable development in many key areas. Supported by an emerging corporate social responsibility management structure and a sound corporate governance framework, we expect to improve our performance going forward in line with the expectations of our stakeholders, our corporate values and our business objectives.

Corporate social responsibility is under the purview of the Corporate Social Responsibility Steering Committee. This committee is responsible for determining Key Performance Indicators and setting objectives for the economic, social and environmental dimensions of corporate social responsibility. Ultimately, corporate social responsibility is the responsibility of Cogeco’s Board of Directors which reviews corporate social responsibility reports.

Proper governance is a priority for our corporation. The quality of our Board of Directors, our corporate governance principles and guidelines, and our record of compliance with all applicable securities laws and regulations governing public corporations in Canada, including disclosure requirements, assure our shareholders and other stakeholders of the integrity and thoroughness of the corporation.



Our values

Our mission

Powerful connections for our customers.
Genuine connections with our customers.

01 Economic performance

Maintaining a strong financial performance is critical for the continued growth of our corporation. In fact, our financial success is in the best interests of all our stakeholders because a growing and profitable business is the foundation for wealth creation and our ability to provide quality employment and support to local community organizations and activities on a sustainable basis.

We ended fiscal 2011 with results meeting or exceeding most of our objectives. Driven by Revenue Generating Unit (RGU) growth combined with an increase in rentals of home terminal devices stemming from the strong growth in Digital Television services and rate increases implemented in April 2011 and in the second half of fiscal 2011, revenue from Canadian operations in fiscal 2011 rose by 8.7% to reach \$1,188.9 million. Total RGU in Canada rose to 2,575,795 compared to 2,350,577, up nearly 10%, with solid increases in the number of Digital Television, Telephony and HSI customers.

Direct economic value generated in Canada Cogeco Residential and Small Business Operations for fiscal 2011 and CDS

| | CA \$ |
|--|----------------------|
| Net sales | 1,188,889,000 |
| Economic value distributed | |
| Operating costs | 634,749,000 |
| Payments to providers of capital | |
| - Interest | 71,703,000 |
| - Dividends | 34,494,000 |
| Corporate income taxes | 69,432,000 |
| Community donations and sponsorships* | 1,569,000 |
| Total consolidated capitalization | |
| Debt | 981,214,000 |
| Equity | 1,061,045,000 |

* This amount is already included in operating costs

02 Customers

Highly efficient customer service is of paramount importance and we aim for excellence in our ability to meet the needs of our residential and business customers. Our commitment to our customers is a core value, and we strive to walk the talk every day. Our Contact Centers are staffed by employees who were hired locally, a concrete example of our customer commitment in action.

Understanding our customers' needs and finding just the right solution for them is a constant preoccupation. For the fourth time in five years, we won the Service Quality Measurement Group Award (SQM) for our commitment to service. The SQM award is the most prestigious and recognized North American call centre awards program. This award recognizes one of our proudest achievements: the

highest customer satisfaction in the telecommunications/TV industry. Our new advertising signature "*How can we help you?*" effectively evokes our unique capacity for close customer relationships. Our offers of products and services and their terms are clearly established and verifiable by customers. We are also committed to providing transparency to our customers with respect to practices for

handling personal information. This is in line with our values and our commitment to offer respectful and honest customer service.



03 Environmental Performance

We continue to believe that cable telecommunications has a smaller environmental impact compared to many other industries. However, we are committed to progressively reducing our environmental footprint in respect for the communities in which we operate and to achieve an improved balance between our environmental and economic objectives.

Our commitment reflects both our desire to be a responsible corporate citizen and the recognition that sound environmental stewardship can benefit our financial performance by helping to reduce and/or control certain operating costs.

GHG reduction objectives

Air Travel

Decrease air travel by 10% per RGU over 5 years

Facilities

Decrease energy consumption by 2% per RGU over 5 years

Vehicles

Decrease total vehicle emissions by 500 tons of CO₂ over 5 years

GHG Emissions by Scope:

Cogeco Residential and Small Business Operations for fiscal 2011

| Emissions sources | Volume (CO ₂ e tons) | % |
|---|---------------------------------|-------------|
| Direct emissions (Scope I) | 5,221 | 30% |
| Indirect emissions (Scope II) | 7,995 | 44% |
| Other indirect emissions (Scope III) | 4,861 | 26% |
| Total | 18,377 | 100% |

* The volume of CO₂ is expressed in CO₂ equivalent.

04 Social performance

Respect for our employees and local communities is part of our core values. We view our employees as key factors of our success and we strive to provide competitive compensation and benefits, safe working conditions, training and advancement opportunities, and an inclusive and diverse workplace. The quality of our relationships with the communities we serve has always been a top priority.

We have always been close to our communities, beginning over 50 years ago when we were a small family-owned business in Trois-Rivières, Québec. The territories we serve are located outside the large urban centres of Québec and Ontario, comprising mainly of suburban areas and regional centres, as well as rural communities. From the beginning, we have been an important contributor to the social and economic development of the communities covered by our telecommunications network. We actively support community-based not-for-profit organizations and activi-

ties through donations and sponsorships, by increasing their visibility and reach through TVCOGECO and other means. TVCOGECO, our unique community local television service, is a powerful complement to our donation and sponsorship activities by providing broad visibility to local community activities and interests. True to our values, our support for our communities has expanded and we look forward to doing even more in the years ahead.

2011 Corporate Social
Responsibility Report at:
www.cogeco.ca/csr

