

5.3 CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP – ETHICS

Create purpose. Foster personal fulfilment at work. Combine excellence with corporate citizenship. Align respect for targets with respect for the planet. These issues are also the core concerns of the Lagardère group.

Lagardère has implemented a policy of Corporate Social Responsibility (CSR) which has a number of objectives: to **embed** sustainable development into the daily lives of subsidiaries and the production process of our different business lines; to **plan ahead** for the risks of climate and energy crises and consumer demand; to **satisfy** regulatory requirements and **meet** employees' expectations.

As a media corporation, Lagardère is aware of its special responsibility on these strategic issues in a continuously evolving environment particularly marked by the faster pace of digital development.

Given its extremely diverse customer base, Lagardère SCA's principal commitment is to propose **responsible editorial content**. Over and above this commitment, the Group intends to weave a **social fabric** imbued with **solidarity** with society as a whole, and more particularly with those who need it most.

The Sustainable Development Report, which is available on Lagardère's website for the third year, is intended for all stakeholders and describes the Lagardère group's approach, which is now structured around four priorities divided into twelve commitments.

The four priorities are the following:

- reinforcing our position as a **responsible employer**;
- developing business activities **in an environmentally-friendly way**;
- fostering **access to information** and knowledge;
- contributing as a media group to **enhancing the social fabric**.

This chapter, which makes regular reference to the online Sustainable Development Report, concentrates on the information required by Articles R. 225-104 and R. 225-105 of the French Commercial Code (*Code de commerce*)⁽¹⁾, (as amended by the implementing order for Article 225 of the French Grenelle 2 law), including labour, social and environmental reporting.

A cross-reference index is available at the end of this chapter to align the information and data contained in this document with the disclosure requirements of the French Commercial Code.

5.3.1 THE CSR POLICY – PLAYERS AND INSTRUMENTS

5.3.1.1 THE MEN AND WOMEN ENGAGED IN CSR

The Group's divisions are independent and autonomous, and each manages the CSR policy internally, under the supervision of a Sustainable Development Department which coordinates the networks of internal correspondents.

At Group level, a Sustainable Development Department, next to the Human Relations and Communications Department, has coordinated a Steering Committee composed of CSR managers from each division and representatives from several cross-functional departments since September 2008. This Committee is chaired by the Group's Head of Human Relations and Communications Officer, who since April 2010 has been a Co-Managing Partner of the Lagardère group.

This Committee is in charge of devising the CSR strategy and action to be undertaken, and conducting dialogue with the different stakeholders.

The Sustainable Development Report describes the organisation and missions of this Steering Committee.

5.3.1.2 THE CSR REFERENCE FRAMEWORK

In addition to the corporate values on which Lagardère has built its legitimacy and reputation, the Group endeavours to respect a certain number of rules: the rules established by national and international bodies regarding business enterprises, and the rules Lagardère has chosen to draw up internally for application to its employees and partners.

The Sustainable Development Report, which for the third year in succession follows the guidelines of the Global Reporting Initiative (**GRI**), lists these documents, in particular those issued by the ILO and the OECD, as well as the new ISO 26000 standard. It also refers to the Group's Code of Conduct⁽²⁾ and the different charters that are applicable either internally or to our stakeholders.

(1) At the time of writing, the implementing order for Article 225 of France's Grenelle 2 law setting out the required disclosures as of 2013 had not been published.

(2) The new version of the Code of Conduct, set to be finalised in 2012, covers fair operating practices and anti-corruption measures.

Section 5.3.2.2 on external relations provides details on our policy governing relations with our partners.

In this Reference Document, it is also important to underline the commitment of the Group's Managing Partner, Arnaud Lagardère, to the principles of the Global Compact.

With operations on all continents, the Lagardère group is one of the world's leading media companies. As an international Group, it is our duty to be rigorous and exemplary in the promotion of certain rights and principles that are universally recognised and adopted for a globalisation that is more respectful of man and his environment. This international commitment is expressed through the Group's membership of the United Nations Global Compact, which we joined in 2003, and which encourages enterprises to align their operations and strategies with the principles of responsibility.

In parallel to this basic commitment, Lagardère is a member of the *Amis du Pacte Mondial en France*, a non-profit organisation which represents France in the Global Compact's National Networks.

To reassert our commitment, each year we report on the progress made by our Group regarding the Compact's ten principles.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure they are not complicit in human rights abuses.

WORKING CONDITIONS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION MEASURES

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

5.3.1.3 CSR METHODOLOGY AND INDICATORS

A) REPORTING SCOPE

The reporting system used to collect **labour and social information** is deployed in all the consolidated subsidiaries which are operationally managed by the Group, with the exception of:

- entities that were disposed of or deconsolidated during the fiscal year;
- certain entities acquired during the year, for which the reporting system will be implemented gradually as they are integrated into the Group;
- certain entities which have fewer than five employees.

The labour and social data presented below (with the exception of data pertaining to changes concerning the total number of Lagardère employees) therefore covers **142** Group companies (versus 168 in 2010), representing more than **94%** of the Lagardère group's total workforce. The reduced scope is primarily attributable to the sale of the International Magazine Publishing business to the US group Hearst.

Environmental information concerning water and energy consumption is integrated into the Group's financial data consolidation system. The corresponding data covers 100% of Lagardère's **consolidated** subsidiaries, representing **414** companies. The full list is appended to the consolidated financial statements.

Changes in scope

Changes in the scope of **labour and social** reporting are related to the financial consolidation scope comprising fully consolidated companies. The list is presented in note 37 to the consolidated financial statements in Chapter 6.

As **water and energy consumption** indicators have been incorporated into the financial reporting system, changes in the water and energy consumption scope are in theory identical to changes in the financial reporting scope. Companies acquired in the course of the year are included in the scope for the entire year in which the acquisition took place, and companies disposed of are removed from the scope from the date of disposal, the relevant data being taken into account up to the actual disposal date. However, the consumption of IMP and the Russian Radio activities (sold during the year) were not included in the 2011 reporting scope.

B) CHOICE OF INDICATORS AND REFERENCE BASE USED FOR REPORTING

Labour reporting follows the Group's Human Resources policy, taking into account the specific needs of each business line and geographic area. Following an initial update in 2006, the reference base was revised for a second time in 2010, redefining the entire range of indicators. This redefinition, which involved the removal of certain indicators deemed less relevant to certain business activities and the addition of new ones more in line with the spirit of the GRI, was also an opportunity to streamline the reference base and make it more accessible to contributors.

The reference base for labour and social reporting and the "contributor" and "validator" guides are available to users as each campaign is launched. These guides lay down the reporting procedures and the definition of the selected indicators to ensure satisfactory, uniform comprehension by all contributors. The data is entered for each Group subsidiary in the reporting scope, then validated by either the Human Resources Director or the subsidiary's Management. A second level of validation exists in each division.

The consistency checks include a comparison with the data for previous periods. These consistency checks guarantee data integrity and therefore contribute to the reliability of the information system. At each level of contribution or validation, operators can extract consolidated reports on the data entered in order to make use of the data for operational management within their particular scope.

As a means of rolling out the Group's social reporting internationally while complying with the disclosure requirements of France's law on new economic regulations (*nouvelles régulations économiques – NRE*), which refers to concepts that apply solely to French companies, a set of four occupational groups was created:

- Executives: management committee members (covering the French status of *cadre dirigeant*);
- Managers: management staff (covering the French definition of *cadre*);
- Journalists and Photographers;
- Other employees.

Data on water, energy and paper consumption is input by a contributor in each of the Group's consolidated subsidiaries. An **automatic** data presence check is run and, after consolidation, the data is compared to data from previous periods in order to control for any variances.

The other environmental indicators selected correspond to the specific environmental issues of each business division; the corresponding data is consolidated and verified at the level of the business divisions, on the basis of the information communicated by their subsidiaries.

The methodologies relative to certain labour and environmental indicators may present limitations due to:

- difficulties in interpreting the data by some contributors, due to the absence of internationally recognised definitions;
- the necessary use of estimations, or the practicalities of data collection and entry.

5.3.2 IMPLEMENTATION OF THE CSR POLICY

5.3.2.1 SOCIAL INFORMATION

The Lagardère group's performance depends directly on the skills of its employees and the suitability of resources.

- For optimum deployment of human resources that takes the specific features of the Group's various business lines into consideration, the operating units manage human resources in their own way but follow priorities, principles and commitments common to all the divisions. The common framework is defined and formalised at Group level in agreement with the divisions' Human Resources Directors.
- As part of the work carried out in 2009 to align reporting with the GRI guidelines, Lagardère has articulated its CSR approach around four priorities, the first of which, "**reinforcing our position as a responsible employer**", directly concerns the Group's commitment in labour issues.
- This priority is divided into three commitments that the Group strives to apply with a concern for continuous improvement:
 - ensuring balance and diversity in the workforce;
 - fostering harmonious working conditions;
 - encouraging skills development.

A) ENSURING BALANCE AND DIVERSITY IN THE WORKFORCE

This first priority involves implementing carefully considered management of human capital and guaranteeing the fair treatment of the Group's employees.

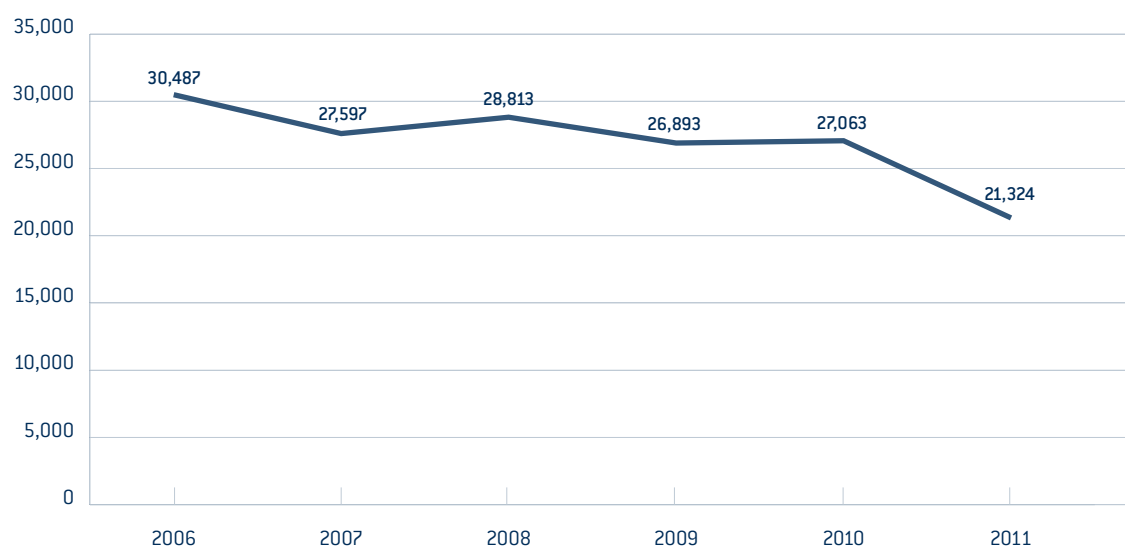
To achieve this, the Group undertakes to:

- **adapt resources to organisations**, manage changes in employee numbers (adjust recruitments/separations) and call upon external resources when necessary;
- **ensure balance in the workforce**, in particular by seeking a harmonious age pyramid;
- **promote diversity**, one of the key factors in the creativity that drives the Group's businesses.

A.1 ADAPTING RESOURCES TO ORGANISATIONS

Changes in the workforce

- **Changes in permanent workforce at 31 December, since 2006**



At 31 December 2011, the permanent workforce totalled **21,324** employees, compared to 27,063 at the end of 2010. This sharp decline (more than **21%**) in the total permanent workforce is attributable to the sale of the International Magazine Publishing business (Lagardère Active division), which had **4,685** employees at the end of 2010, to the US group Hearst in 2011.

• Breakdown of permanent workforce at 31 December, by gender and division

Divisions	Men	Women	Total workforce	% Men	% Women
Lagardère Publishing	2,813	3,721	6,534	43%	57%
Lagardère Active	1,614	2,266	3,880	42%	58%
Lagardère Services	4,141	5,522	9,663	43%	57%
Lagardère Unlimited	672	332	1,004	67%	33%
Other Activities	143	100	243	59%	41%
Group total	9,383	11,941	21,324	44%	56%

• Breakdown of permanent workforce at 31 December, by occupational group, gender and division

Divisions	Male Executives	Female Executives	Total Executives	Male Managers	Female Managers	Total Managers	Male Journalists and Photographers	Female Journalists and Photographers	Total Journalists and Photographers	Male Other employees	Female Other employees	Total Other employees
Lagardère Publishing	52%	48%	371	42%	58%	2,895				43%	57%	3,268
Lagardère Active	73%	27%	89	43%	57%	1,481	43%	57%	1,104	36%	64%	1,206
Lagardère Services	80%	20%	105	54%	46%	1,576				40%	60%	7,982
Lagardère Unlimited	96%	4%	46	76%	24%	224	100%	0%	1	62%	38%	733
Other Activities	80%	20%	30	64%	36%	104				48%	52%	109
Group total	64%	36%	641	47%	53%	6,280	43%	57%	1,105	42%	58%	13,298

The principal changes by division are as follows:

- **Lagardère Publishing:** The division's workforce declined slightly by just over **4%** from **6,534** at the end of 2011 to **6,820** at the end of 2010. This is essentially due to the sale of BSSL (116 employees), whose school materials and equipment distribution business was not part of the division's core business.
- **Lagardère Active:** In 2011, in addition to selling IMP, the division also disposed of Media Plus Zao, which managed the Radio activities in Russia (slightly fewer than 540 employees). As a result, the division's workforce fell by a total of more than **5,200** permanent employees.
- **Lagardère Services:** The division's workforce contracted slightly (9,877 at the end of 2010 compared to **9,663** at the end of 2011). The slight **2.15%** contraction in fact includes two contrasting factors: i) a reduction in the permanent workforce at distribution companies (namely AMP and Naville) due to reorganisations in line with market trends in this sector, and ii) a rise in the workforce at travel retail entities (Relay and Aelia) resulting from the strong expansion of this market.
- **Lagardère Unlimited:** This division's workforce increased (by just under **25%**) following the consolidation of two companies: one formerly reported under Other Activities (Lagardère Paris Racing Ressources, which manages sports centres and sports training academies, more in line with the businesses of this division) and the other under the Lagardère Active division (Lagardère Unlimited Live Entertainment, specialised in live entertainment).
- **Other Activities:** The decline in the workforce is due to the transfer of Lagardère Paris Racing Ressources to the Lagardère Unlimited division and a drop in the workforce at Matra Manufacturing Services (slightly less than **34%**) following the company restructuring to counter the market for spare parts and electric bicycles.

The non-permanent workforce⁽¹⁾ also saw a sharp overall drop in average employee numbers over the year, expressed in terms of Full-Time Equivalent (FTE)⁽²⁾: 2,012 for 2010, versus **1,383** for 2011.

This decline is chiefly attributable to the sale of the International Magazine Publishing business, with Lagardère Active registering a decrease of slightly more than 550 non-permanent employees between 2010 and 2011.

As for the other divisions, Lagardère Services and Lagardère Unlimited did not sign as many fixed-term contracts in 2011 (down **10.85%** and just under **15%**, respectively). However, Lagardère Publishing recorded a significant increase (slightly more than **30 FTE**), which stems more from the division's overall business growth than expansion in a given company or region. The

(1) Non-permanent employees: employees with a fixed-term contract.

(2) FTE: The FTE figure is obtained by adding all the employees who worked for the Group during 2011 in proportion to their working hours and period of employment; an employee who works half a week for six months of the year is thus counted as 0.25 FTE (0.50 x 0.50). This measure is considerably more appropriate in analysing the non-permanent workforce, as reporting a figure as at 31 December would not fully take into account the time worked for this category of employees.

change in Other Activities is a result of the transfer of the professional sports limited company (*société anonyme sportive professionnelle – SASP*) Lagardère Paris Racing Ressources.

• Changes in non-permanent workforce (FTE) during 2011

Divisions	2010	2011	Change 2010-11
Lagardère Publishing	308.00	341.79	10.61%
Lagardère Active	784.00	231.43	-70.48%
Lagardère Services	804.00	716.80	-10.85%
Lagardère Unlimited	105.00	89.80	-14.48%
Other Activities	10.50	3.33	-68.29%
Total non-permanent workforce	2,012.50	1,383.15	-31.27%

Recruitments/Separations of permanent employees

N.B.: The table below does not include the staff separations due to the sale of the International Magazine Publishing business. Only the changes for the companies included in the Group scope at 31 December 2011 are presented.

Divisions	Separations		Recruitments	
	2010	2011	2010	2011
Lagardère Publishing	957	768	742	542
Lagardère Active	1,953	491	1,898	457
Lagardère Services	2,864	2,867	2,856	2,433
Lagardère Unlimited	145	196	158	179
Other Activities	55	64	38	20
Total	5,974	4,386	5,692	3,631

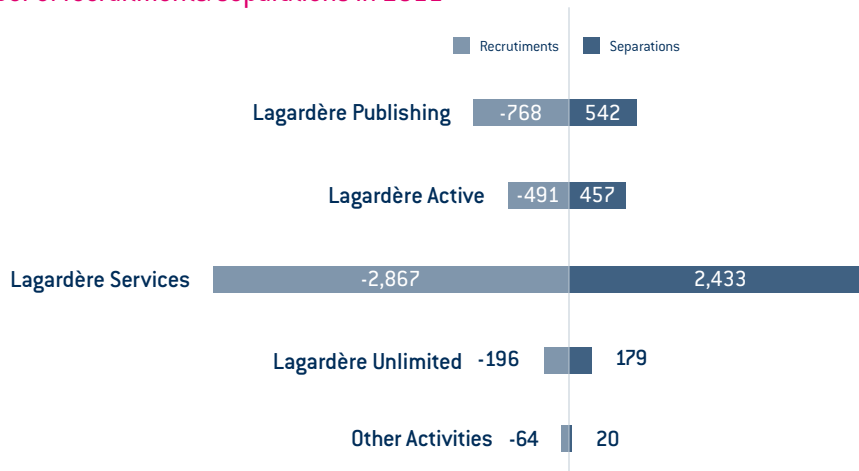
The table of recruitments and separations affecting the permanent workforce shows consistency with the general trend in permanent employee numbers.

The Lagardère Active division reduced its recruitments and separations considerably due to the sale of 19 companies in 2011. The same applies to the Lagardère Publishing division, which recorded sharp decline in both recruitments and separations.

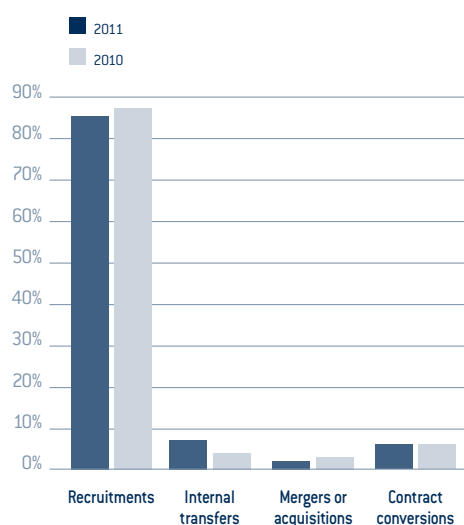
Separations remained stable for the Lagardère Services division, but recruitments slowed in 2011, primarily driven by business fluctuations inherent to the division and highly competitive sector. That said, this decline was offset by the opening of new businesses, notably additional Relay outlets.

The Lagardère Unlimited division saw significant changes in its recruitments/separations indicator, mainly due to the consolidation of Lagardère Paris Racing Ressources as well as the division's business restructuring that took place throughout 2011.

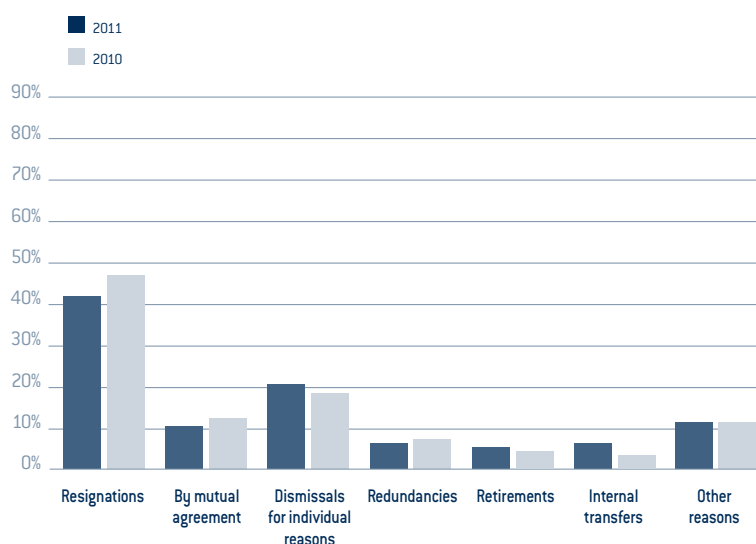
• Number of recruitments/separations in 2011



• Breakdown of recruitments



• Breakdown of separations



The breakdown of staff separations indicates a decline in the relative proportion of resignations (from 46% in 2010 to **41%** in 2011) and no change in the total proportion of redundancies, for both economic and personal reasons. The proportion of separations due to retirement showed a slight increase (from 3% to **5%**) together with internal transfers (from 3% to **6%**).

The extremely positive indicators for resignations (down) and internal transfers (up) reflect both employee loyalty to the Group and improvements in its internal mobility policy.

Furthermore, the number of fixed-term contracts converted into permanent contracts remained stable (**6%**), showing the Lagardère group's emphasis on securing employment for non-permanent staff.

New hires continue to account for the largest proportion of recruitments across the Group. Again in 2011, the Lagardère group encountered no difficulty recruiting new employees, attesting to its enduring appeal from year to year.

In addition, with its excellent reputation and strong brand names, the Lagardère group also benefits from tangible staff loyalty: the percentage of employees having served more than 10 years exceeded **34%** in 2011 (up from 28% in 2009 and 2010) and even surpassed **40%** in France.

The Group's total turnover⁽¹⁾ of permanent employees came out at **19%** in 2011 (not including the workforce from International Magazine Publishing and Media Plus Zao), compared with 22% in 2010. "Unexpected turnover"⁽²⁾ fell slightly to **12%** in 2011 from 13.7% in 2010.

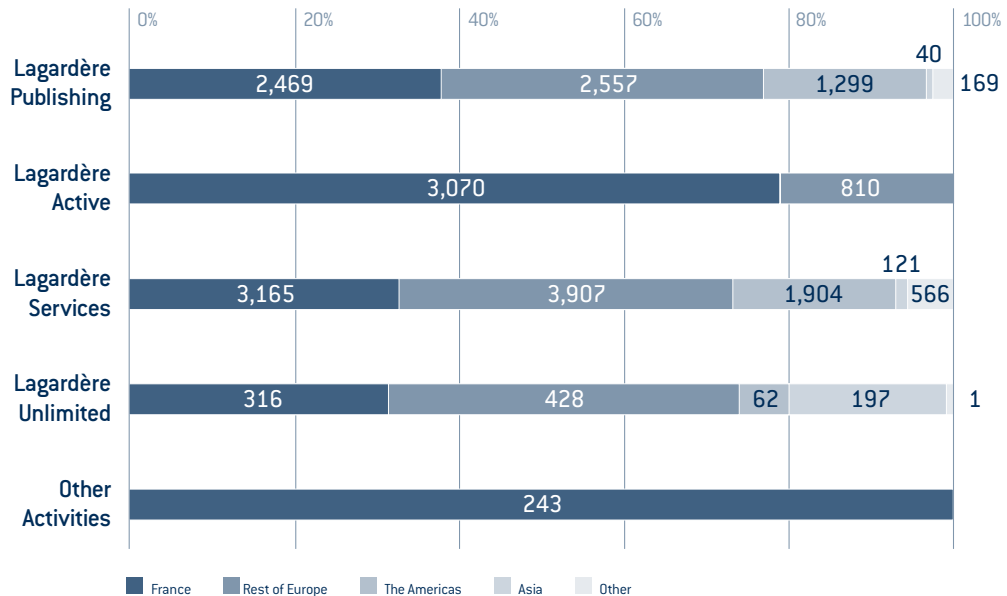
(1) Calculation of staff turnover: the half-sum of the number of employees leaving plus the number of employees recruited over a given period, divided by the initial number of employees.

(2) The unexpected turnover index corresponds to the calculation of staff turnover including separations not initiated by the Company (resignations, deaths, retirement and other).

The number of employees who moved to a different professional group (or were promoted) and were not counted in recruitments totalled **426** employees in 2011. As a result, promotions corresponded to **12%** of the Group's total recruitments for the year, up from 10% in 2010.

The Group's international presence

• Breakdown of workforce by geographic area at 31 December 2011



In 2011, the Group had operations in **around 30 countries**. The Group remains deeply rooted abroad, with nearly **57%** of its employees working outside France. Its international aspect was however less prevalent than in previous years, notably in 2010 when this percentage reached 66%.

This is a direct result of the sale of the International Magazine Publishing and Russian Radio businesses.

The Group remains predominantly French-based, with close to **43%** of the total workforce in mainland France, well ahead of Spain, Canada and the United Kingdom.

Adjusting staff numbers to changes in business activity through organisation of working hours

Group entities have implemented a work organisation scheme that provides the flexibility to meet the specific requirements of their operations. This scheme includes part-time work, overtime hours and temporary work. This flexibility allows Group employers to take the aspirations of the workforce into consideration and offers adaptability when staff on sick leave or maternity leave need to be replaced. That said, this flexibility, required for the organisation of working hours, does not jeopardise the Group's compliance with legal regulations specific to each country, particularly in terms of working hours and the management of overtime.

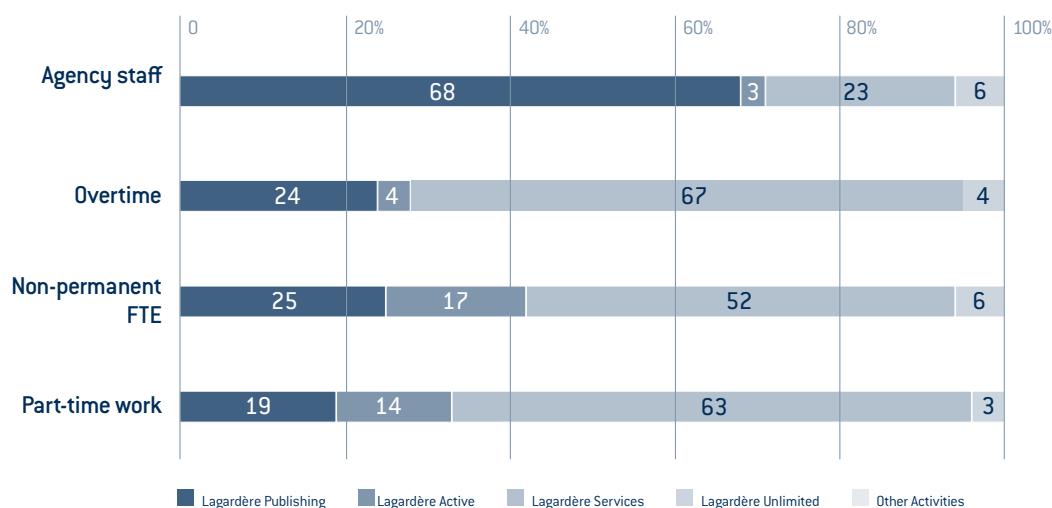
Employment of temporary staff (on fixed-term work contracts or through temporary staffing agencies) is thus an inherent part of the specific nature of certain activities. This is particularly true for seasonal peaks in business at Lagardère Publishing (the publication of new works of literature, generally scheduled from September to November in France, school textbook orders and the Christmas period).

The work organisation scheme also enables the Group to cope with constraints related to Distribution activities (replacing store managers on leave, extensive opening hours, training of store managers, etc.) at Lagardère Services and the organisation of sports events at Lagardère Unlimited. As flexibility and optimising labour costs are essential to the Distribution activities, the Lagardère Services division makes considerable use not only of temporary staff, but also of overtime (mainly in Europe) and part-time work (mainly in North America).

Furthermore, in France, due to the nature of its Press and Audiovisual Production activities, the Lagardère group calls on the services of specific types of employees: freelance journalists and entertainment workers.

Aware of the special status of these categories, the Group is involved in high-level discussions of changes affecting them, participating in the various sector-specific negotiations regarding social security coverage, unemployment benefits and occupational training. An indicator was introduced in 2011 to include these positions in the Group's total workforce and monitor their changes (calculating their assignments over the year as full-time equivalents). As a result, the number of these workers declined significantly (**62%**) in 2011, essentially an outcome of the sale of the International Magazine Publishing and Russian Radio businesses.

• Flexibility of work by division in 2011



The trends in flexibility of work for each division were as follows:

- **Lagardère Publishing:** To handle its business volumes in 2011 and in anticipation of a return to normal operations, the division managed its workforce by taking advantage of flexible work options, mainly fixed-term work contracts and agency staff.
- **Lagardère Active:** All indicators (reported data) in this category were down due to the sale of International Magazine Publishing. The proportion of part-time employees to total workforce also fell (**8%** in 2011 as opposed to 12% in 2010), as did the ratio of non-permanent to permanent employees (**5.9%** in 2011 compared with 8.6% in 2010). The number of overtime hours was divided by more than five in 2011, when the permanent workforce reduced by almost half.
- **Lagardère Services:** Employees on fixed-term contracts and agency staff were reduced (**26%**), while overtime hours rose (**13%**), reflecting the Group's preference for in-house solutions. The part-time workforce remained stable in 2011.
- **Lagardère Unlimited:** The number of part-time employees rose sharply following the consolidation of Lagardère Paris Racing Ressources, which employs many part-time teachers/coaches at its sports training academies. A strong increase in agency staff and overtime hours was also recorded, especially at events management companies.
- **Other Activities:** Indicators fell substantially across the board, mainly reflecting the transfer of Lagardère Paris Racing Ressources to the Lagardère Unlimited division.

Non-permanent and agency staff make up **11.53%** of the Group's total workforce, in line with its targets (less than 12% agency staff).

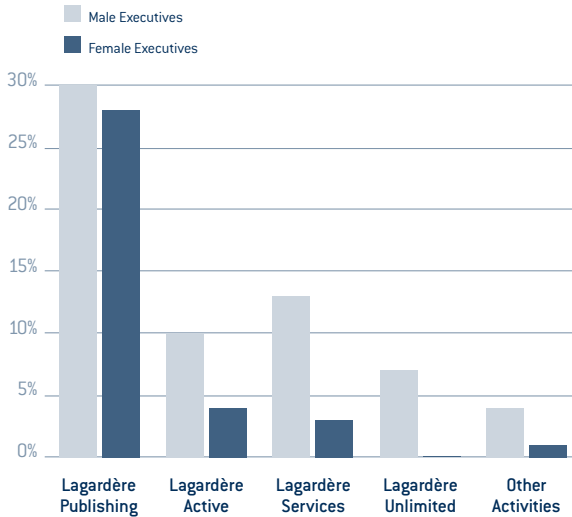
Part-time staff also rose considerably (proportionately to the total workforce) from 13% to **16%**. This category included both men and women, although a majority of women make up this category of the workforce (more than 69% of part-time employees).

• Part-time workforce at 31 December 2011

Divisions	Male	% male part-time/total male workforce	Female	% female part-time/total female workforce	Total part-time workforce	Total workforce [%]
Lagardère Publishing	182	↑ 6%	446	→ 12%	628	10%
Lagardère Active	187	↓ 12%	280	↑ 12%	467	12%
Lagardère Services	604	→ 15%	1,519	→ 28%	2,123	22%
Lagardère Unlimited	60	↑ 9%	57	↑ 18%	117	12%
Other Activities	2	↓ 1%	7	↓ 7%	9	4%
Group total	1,035	↑ 11%	2,309	↑ 19%	3,344	16%

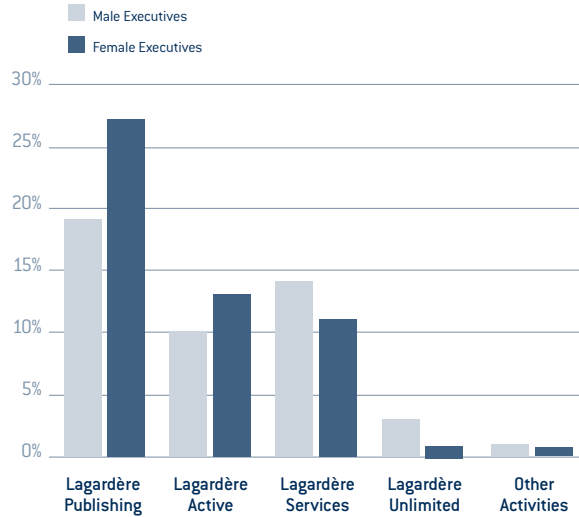
Adapting the workforce distribution by occupational group and gender

> Executives by division and gender



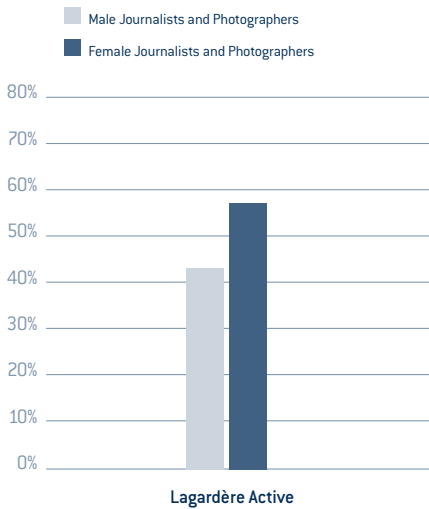
Number of employees: 641 Executives

> Managers by division and gender



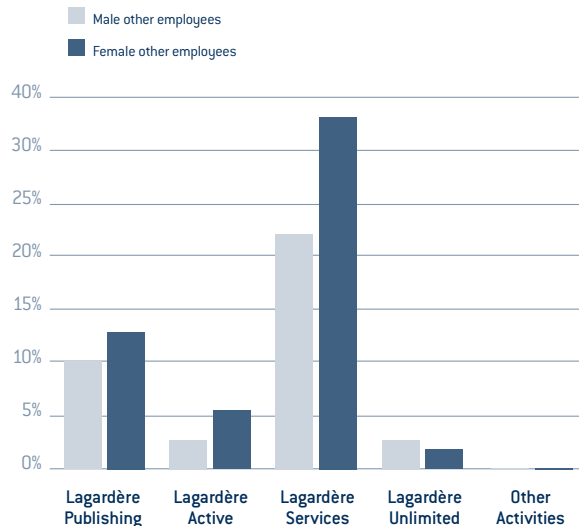
Number of employees: 6,280 Managers

> Journalists and Photographers



Number of employees: 1,104 Journalists and Photographers

> Other employees by division and gender



Number of employees: 13,298 Other Employees

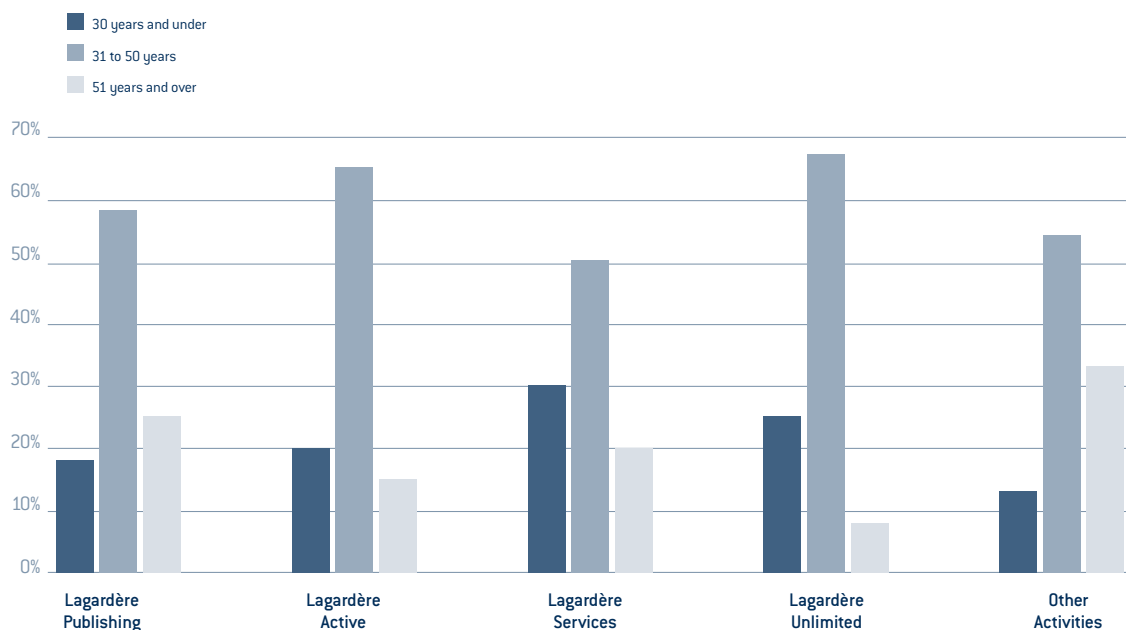
The Lagardère Publishing division's proportion of managers remained high in 2011 (50% of the employees are managers), which is typical of publishing businesses. The proportion is also very high in the Lagardère Active division (40%), but significantly smaller at Lagardère Unlimited (slightly over 26%) and particularly at Lagardère Services (just over 17%). These figures are also typical of the division's respective businesses (retail sales and distribution).

Lastly, the number of journalists and other employees fell substantially in 2011 with the sale of the International Magazine Publishing and Russian Radio businesses.

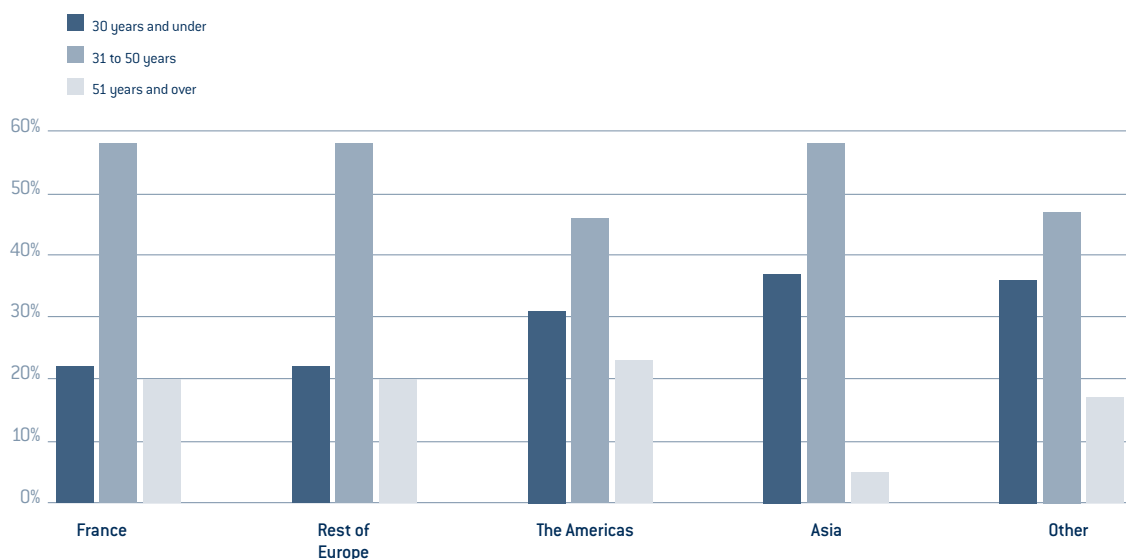
A.2 ENSURING AGE BALANCE IN THE WORKFORCE

The Group's age pyramid reflects a youthful workforce, with more than 54% of employees under 40 and 24% under 30. These percentages are down on 2010, in line with the Group's need for experienced staff in the highly competitive sectors of sports, media, publishing and distribution.

• Breakdown of workforce by age group and division



• Breakdown of workforce by age group and geographic area



A.3 PROMOTING EQUAL OPPORTUNITIES, DIVERSITY AND ANTI-DISCRIMINATION ACTION

The Lagardère group bases its actions in this domain on two major principles: ensuring equal opportunities and treating all individuals with respect.

With its wide-ranging business activities and skilled staff, the Group encourages diversity in the divisions. As media operators and distributors, they have an even greater obligation to reflect the society to which they belong.

It endeavours to promote and develop cross-divisional actions for diversity, particularly by identifying good practices in the different entities and sharing them throughout the Group.

Focus will be on three aspects:

- the place of women in the Company;
- the disabled;
- the integration of young people from sensitive urban areas.

Guaranteeing women's career development in the Company

Women account for almost **56%** of the total workforce, a slight drop on 2010 (59%), and the debate on sex equality at work is thus slightly atypical in the Lagardère group. The nature of the Group's business lines, which largely explains this strong female presence, should not obscure the progress that remains to be made in terms of effective equal opportunities and career development.

In 2011, women represented almost **60%** of total recruitments in the Group, a slight decrease compared to 2010 (64%). The question to address in the different divisions is not so much how to achieve a balance between the number of male and female employees but rather how to apply truly equal treatment in appointments to positions of responsibility. Providing opportunities for women to obtain senior management positions remains a clear objective for the Group.

In 2011, women accounted for **36%** of executives (an increase of **2 points** over 2010, after rising 2 points over 2009), more than **53%** of managers (stable compared to 2009 and 2010) and **57%** of journalists (down **4 points** from 2010). The proportion of women among "Other employees" exceeds **58%** (61% in 2010).

These figures have slipped as a result of the sale of the International Magazine Publishing business, which employed a majority of women.

It should be noted that certain companies in the Group are exemplary with respect to women's roles in the workforce:

- **Lagardère Publishing:**
 - Orion Publishing: 73% female employees, with a workforce of 138;
 - Editions Hatier: 71%, with a workforce of 177.
- **Lagardère Active:**
 - Lagardère Publicité: 77%, with a workforce of 438;
 - Lagardère Métropoles: 76%, with a workforce of 205.
- **Lagardère Services:**
 - LS travel retail North America: 74%, with a workforce of 1,056;
 - HDS Retail Cz: 72%, with a workforce of 151.

There is room for progress, however, in Other Activities and at Lagardère Unlimited where there are few women, particularly in the Executive category.

• Recruitment of women on permanent contracts in 2011, by division

Divisions	Recruitments	Internal transfer	Merger or acquisition	Contract conversion
Lagardère Publishing	282	12	0	36
Lagardère Active	129	45	21	70
Lagardère Services	1,368	54	21	26
Lagardère Unlimited	54	13	0	0
Other Activities	6	2	0	0
Group total 2011	1,839	126	42	132
Proportion of total recruitments	59%	47%	66%	66%

• Female permanent staff separations in 2011, by division

Divisions	Resignations	Separations by mutual agreement	Dismissal for individual reasons	Redundancy	Retirement	Internal transfer	Other
Lagardère Publishing	253	33	58	43	33	9	28
Lagardère Active	76	33	46	12	7	65	23
Lagardère Services	745	194	384	95	47	55	204
Lagardère Unlimited	38	10	4	4	1	6	4
Other Activities	3	0	1	8	0	5	0
Group total 2011	1,115	270	493	162	88	140	259
Proportion of total separations	63%	59%	56%	58%	42%	50%	52%

• Proportion of permanent female workforce who received a pay rise, by occupational group and by division

Divisions	Executives	Managers	Journalists and Photographers	Other employees
Lagardère Publishing	95%	87%		89%
Lagardère Active	37%	88%	93%	53%
Lagardère Services	100%	84%		79%
Lagardère Unlimited	50%	41%		53%
Other Activities	50%	84%		77%
Group total 2011	89%	86%	93%	78%
Group total 2010	63%	64%	41%	60%

• Percentage of hours of training attended by women

Divisions	Executives	Managers	Journalists and Photographers	Other employees	Total
Lagardère Publishing	58%	62%		55%	58%
Lagardère Active	25%	55%	56%	62%	56%
Lagardère Services	16%	46%		61%	57%
Lagardère Unlimited	0%	28%		39%	35%
Other Activities	16%	34%		40%	35%
Group total 2011	38%	53%	56%	58%	56%
Group total 2010	35%	55%	69%	58%	57%

Encouraging integration of disabled employees

Following satisfactory years in 2009 and 2010 (thanks to a rising proportion of disabled employees), after three years without advancement, 2011 continues in the same positive direction, with the indicator up across all geographic areas except Asia. This is due to the sale of International Magazine Publishing. Disabled employees were only employed by Hachette Fusingaho and Hachette Filipacchi Taiwan, which were sold to the Hearst Group.

After falling sharply in 2010 (mainly due to a change in legislation in Hungary), the proportion of disabled employees in the Rest of Europe (i.e., excluding France) remained at the same level in 2011.

As every year, France features the highest proportion of disabled employees, in compliance with the country's very strict legislation which encourages companies to develop and adapt their recruitment, employment and outsourcing policies accordingly.

• Proportion of disabled employees per one thousand permanent employees

Divisions	France	Rest of Europe	The Americas	Asia	Other
Lagardère Publishing	19	7.4	0	0	0
Lagardère Active	9.7	5			
Lagardère Services	8.2	7	1	0	3.5
Lagardère Unlimited	22.2	4.6	0	0	0
Other Activities	45.3				
Group total 2011	13	7	1	0	3
2010	12	7	0.5	4.6	2.2
2009	10	11.7	0.5	3.3	1.8
2008	9.6	10	1	4	1.8
2007	8.5	12	1	4	0.0

In keeping with previous years, the Lagardère Active division's campaign for the employment of the disabled ("*Mission Handicap*") continued to advance in 2011, signing on 4 new employees (on permanent, fixed-term and work-study contracts)

and 28 placement students. A total of 38 employees and 78 placement students have been hired since 2007. In addition to its recruitment objectives, the campaign also works to promote and forge partnerships with companies specialised in the area.

At the end of 2011, the Group's HR Development Department established a campaign to take an assessment of the Lagardère group's practices on its employment of the disabled.

Outreach to young people in sensitive urban areas

In 2011, the Lagardère group continued the partnership initiated in 2006 with the non-profit organisation *Nos quartiers ont des talents* (Our neighbourhoods have talent). The organisation was founded in Seine Saint-Denis (north of Paris) in 2005, and is active throughout the Greater Paris Region (where the majority of the Group's French operations are located). This action consists in organising forums where employers and young people from sensitive urban areas can meet (thereby facilitating their access to the labour market) and providing job-seeking guidance and mentoring from HR departments.

Under this partnership, the Group participated in the second *Rencontres Nationales* on 14 and 15 December at the Carrousel du Louvre in Paris. The event was attended by more than 8,000 young people, mainly from sensitive urban areas.

Formal discrimination litigation

In 2010, the Lagardère group introduced an indicator to identify cases of discrimination encountered by its companies involving "formal litigation", defined as legal action or claims formally filed with any competent authority⁽¹⁾. Nine cases were identified in 2010 but only four in 2011, which were in fact cases already identified the previous year. No new discrimination disputes were filed.

B) FOSTERING HARMONIOUS WORKING CONDITIONS

This second priority illustrates both the Group's desire to contribute to fulfilling career development for its employees and its determination to attract the best talents to its ranks.

This is evidenced in the first instance by the policy of offering employees remuneration that complies with legislation and labour agreements, situated at the upper end of the market average, rewarding individual performance and, as far as possible, related to the achievement of collective objectives.

The Group also strives to:

- stimulate the creation of social welfare schemes for its employees;
- protect health and safety at work;
- encourage employee relations.

B1) PROVIDING EMPLOYEES WITH FAIR FINANCIAL CONDITIONS

Providing an attractive remuneration package

In a highly competitive environment, the Group's approach to salaries reflects its desire to provide attractive packages in tune with prevailing market practices (in terms of business activity and the economic and labour conditions in the country concerned).

The Lagardère group's determination to maintain employees' **purchasing power** and **encourage commitment and performance** is unaffected by its concern to control labour costs.

The Group also has the medium-term objective of **promoting the notion of total remuneration** (salaries, variable salary components, social security, savings schemes, etc.).

Salary levels

The Lagardère group's salary policy follows fair, equitable and consistent practices. Salary practices comply with local legislation and are also attuned to the economic and labour conditions prevailing in each country, and agreements negotiated with the employee representative bodies of the business sector concerned (particularly in terms of minimum salary and general salary increase scales).

In certain other countries where the notion of a minimum wage may sometimes be purely symbolic, or there is no minimum wage, salary practices are defined according to the practices of the local labour market.

The average annual salary worldwide (including bonuses and variable remuneration) for all occupational groups combined was **€40,489** in 2011 compared to €37,841 in 2010.

⁽¹⁾ Acts of discrimination include any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation (Source: ILO).

• Average gross salary in euros for permanent workforce, by occupational group, gender and geographic area

Areas	Male Executives	Female Executives	Male Managers	Female Managers	Male Journalists and Photographers	Female Journalists and Photographers	Male Other employees	Female Other employees
France	251,480.63	182,841.68	60,778.18	49,159.03	66,445.57	54,953.28	25,533.20	22,914.16
Rest of Europe	130,879.12	95,109.05	53,785.34	41,054.49	11,049.16	10,297.92	31,991.18	25,769.86
The Americas	208,427.71	235,527.57	77,776.64	69,052.50			24,322.51	21,990.76
Asia	188,487.08		93,028.45	46,307.17	16,782.00		28,725.30	23,800.68
Other	217,318.25	150,000.00	55,084.27	56,226.21			31,127.23	38,419.70
Group total	191,900.72	130,525.39	59,973.27	48,824.88	54,863.33	49,195.63	28,684.59	24,431.50

The Group points out that these averages, provided for information purposes, feature a wide disparity of situations (due to the very nature of the activities and geographic locations, with lifestyles and the cost of living varying greatly from country to country), and no general conclusions or comparisons should be drawn from them.

The Lagardère group firmly intends to encourage equal pay for women and men, under equal conditions of employment and qualifications.

The differences observed in the table above are due essentially to disparities in the nature of the positions and responsibilities held, as well as differences in age, length of service and level of qualifications between the two groups.

The salary scales implemented in some of the Group's subsidiaries are one means of achieving this equality. More than **63%** of all employees work in an entity which has defined salary ranges for each level (61% in 2010), and nearly **83%** work in a company which has defined a minimum wage (78% in 2010).

Policy governing salary increases: rewarding progress in the contribution made by employees and maintaining purchasing power

It is Group policy to encourage salary increases that reward individual performance levels, assessed on quantitative and qualitative criteria defined by the subsidiaries. To take into account employees' levels of skills, training and responsibility and the specific nature of the sectors they are working in, individualised pay rises are therefore increasingly common.

Here again, each entity is largely free to award individual and/or collective salary increases appropriate to its business line and the context.

In return for these individually tailored pay measures, to ensure optimum employee-hierarchy transparency on basic pay rise matters, the Group encourages annual interviews, which give employees a better perception of their situation in relation to the job position they hold.

• Proportion of permanent workforce who received a salary increase, by occupational group, gender and division

Divisions	Male Executives	Female Executives	Male Managers	Female Managers	Male Journalists and Photographers	Female Journalists and Photographers	Male Other employees	Female Other employees	Male - All occupational groups combined	Female - All occupational groups combined	All occupational groups combined
Lagardère Publishing	79%	95%	91%	87%			88%	89%	89%	89%	89%
Lagardère Active	37%	46%	89%	88%	78%	93%	39%	53%	70%	77%	74%
Lagardère Services	76%	100%	90%	84%			84%	79%	85%	80%	82%
Lagardère Unlimited	41%	50%	49%	41%	100%		74%	53%	66%	51%	61%
Other Activities	63%	50%	54%	84%			31%	77%	47%	78%	60%
Group total	67%	89%	87%	86%	78%	93%	80%	78%	82%	81%	82%

The proportion of employees that benefited from a salary increase in 2011 rose substantially in the Group's main divisions, and by more than 20 points for the entire Lagardère group.

This development is a counter-effect of the financial crisis of 2009-2010, a period when all Lagardère group entities were forced to hold back on salaries. 2011 therefore marked a positive turnaround in policy for employees.

Individual variable salary components: encouraging individual performance

In addition to basic salary, most of the Group's entities make use of individual and collective performance incentives (such as bonuses or a variable component of pay).

These practices make it possible to link an employee's remuneration to the achievement of personal targets and collective objectives at the level of the subsidiary concerned. Nearly **53%** of the Group's workforce had a variable component of pay in 2011, versus 44% in 2010. A certain degree of disparity is emerging between different businesses and geographic areas, particularly due to local market practices.

Wherever variable pay components or equivalent systems apply, the Group encourages use of objective-based pay systems involving annual performance review interviews to provide employees with a maximum degree of clarity and transparency.

• Proportion of employees receiving a variable component of pay, by occupational group, gender and division

Divisions	Male Executives	Female Executives	Male Managers	Female Managers	Male Journalists and Photographers	Female Journalists and Photographers	Male Other employees	Female Other employees	Male - All occupational groups combined	Female - All occupational groups combined	All occupational groups combined
Lagardère Publishing	77%	74%	79%	70%			57%	49%	68%	60%	63%
Lagardère Active	54%	50%	86%	91%	71%	78%	68%	80%	75%	83%	80%
Lagardère Services	80%	86%	100%	89%			26%	20%	42%	30%	35%
Lagardère Unlimited	45%	100%	98%	93%	0%		51%	43%	62%	52%	59%
Other Activities	88%	83%	27%	41%			0%	0%	27%	20%	24%
Group total	71%	73%	87%	79%	71%	78%	39%	34%	57%	50%	53%

The existence of this variable component of pay, notably in occupations with a strong commercial dimension, partially explains the differences in total salary observed between the occupational groups (see table above).

Incentives and profit sharing: collective performance bonuses

Schemes that allow employees to share in the financial results of their company are encouraged within the Group. They mainly comprise profit sharing and employee savings schemes.

Each entity is free to implement its own scheme specifically tailored to the local legislation and appropriate to the local context, i.e., targets and the specific nature of the business.

In 2011, a profit sharing scheme was implemented at just under **36%** of Group companies, and more than **37%** in France, in 2011.

Employee savings schemes: encouraging savings

• Proportion of workforce belonging to a savings scheme

Divisions	Proportion of workforce
Lagardère Publishing	30%
Lagardère Active	71%
Lagardère Services	13%
Lagardère Unlimited	34%
Other Activities	100%
Group total	30%

30% of all Group employees belong to an employee savings scheme. In France the percentage is **40%**.

Moreover, **1.49%** of the shares issued by the Group are held by employees, including **0.55%** held through mutual funds.

Free shares: retaining high potential employees

The Group implements a specific policy of profit sharing with employees according to their level of responsibility, performance and results, and seeks to develop a certain degree of loyalty in high potential employees through the regular allocation of shares in the parent company, Lagardère SCA. Until 2006, this allocation took the form of stock options. In 2007, a free share allocation plan was set up (see "Special Reports of the Managing Partners", in Chapter 7, sections 7.3.4 and 7.3.5).

Employee welfare: top-up health insurance, social welfare plans

In France, all Group employees benefit from complementary health and social welfare plans partially funded by the employers. Certain companies also have a special pension scheme for one or more specific categories of employees, in addition to the general pension scheme.

Welfare benefits also exist or are proposed to all employees in other countries, depending on the state systems in place and local practices.

Each entity thus pays social welfare contributions depending on the obligations and practices in force in its country. The figures below cover the entities sold by the Group in 2011, such as the International Magazine Publishing companies, for the period until their disposal (these companies were not however included in the workforce data).

• Employee benefit expenses, in thousands of euros, by division

Divisions	2011	2010	Change
Lagardère Publishing	80,061	79,606	455
Lagardère Active	136,234	142,865	-6,631
Lagardère Services	67,706	63,711	3,995
Lagardère Unlimited	11,568	6,831	4,737
Other Activities	9,823	12,542	-2,719
Group total	305,392	305,555	-163

• Employee benefit expenses, in thousands of euros, by geographic area

Areas	2011	2010	Change
France	231,764	219,441	12,323
European Union	44,858	53,253	-8,395
Rest of Europe	10,877	8,983	1,894
USA and Canada	15,717	19,401	-3,684
Asia-Pacific	1,717	3,728	-2,011
Other (Middle East, Africa, Latin America)	459	749	-290
Group total	305,392	305,555	-163

The above employee benefit expenses also include contributions to social welfare organisations paid to the staff representative authorities, according to local practices.

Maternity/paternity leave

Divisions	Average days of maternity/paternity leave, per person
Lagardère Publishing	3.9
Lagardère Active	2.79
Lagardère Services	3.9
Lagardère Unlimited	1.38
Other Activities	0
Group total 2011	3.53
2010	2.68
2009	3.1
2008	3.2

The 2010 Reference Document contained an error concerning the average number of days taken for maternity/paternity leave. The correct figure was 2.68, not 1.3. In any case, this figure rose in 2011 (3.53), reflecting the efforts of Lagardère group companies to strike a better balance between employees' professional and personal lives.

B.2 PROTECTING HEALTH AND SAFETY AT WORK

The Group's business activities are mainly concentrated in the services sector, where **health and safety issues are of relatively limited importance**. Entities with logistics and distribution activities have a relatively greater "safety culture".

Nonetheless, the Lagardère group implements a policy of reducing health and occupational risks in each of its divisions, through preventive action and training.

Collective action: training and management-workforce dialogue

Regular health and safety training is organised within the Group's individual entities. In 2011 this represented **13,785 hours**, or **1,838 days** (up **30%** on 2010).

Furthermore, health and safety issues were among the subjects most often discussed in the sessions held to promote dialogue between management and employees. **58%** of the workforce is covered by an agreement concerning health, safety and working conditions (stable compared with the 2010 figure), and almost **49%** of the Group's entities have a specific body in charge of health and safety at work, as opposed to 46%⁽¹⁾ in 2010.

Accidents at work: frequency and severity rates⁽²⁾

While the efforts deployed paid off in previous years, resulting in a steady decrease in the frequency and severity rate of work-related accidents, the trend was reversed in 2011, with a significant increase in the frequency rate (from 4.65 to **12.97**).

However, the total number of work-related accidents (with sick leave) remained virtually stable in 2011 compared with 2010 (**455** versus 470). With the drastic reduction in the workforce following the sale of Lagardère Active's international businesses (which traditionally count few work-related accidents), the rate automatically shot up considerably.

The severity rate also showed a marked increase (to **0.45** in 2011 from 0.14 in 2010).

Absenteeism due to work-related accidents and sick leave

Divisions	Average days of sick leave, per person	Average days of leave due to accidents, per person
Lagardère Publishing	5.44	0.79
Lagardère Active	6.93	0.22
Lagardère Services	5.78	1.12
Lagardère Unlimited	4.23	0.10
Other Activities	3.82	0.27
Group total 2011	5.80	0.79
2010 ⁽³⁾	5.53	0.46
2009	5.2	0.4
2008	5.2	0.4

Despite the training and prevention campaigns led by the divisions, the number of days of sick leave for work-related accidents rose sharply in 2011. This was notably the case for Lagardère Services and Lagardère Publishing, whose Distribution businesses are particularly exposed to the risk of accidents, in spite of the considerable resources (38% increase in the number of hours) dedicated to health and safety training in 2011.

Although they are aware that zero risk is impossible, the Group and its subsidiaries go to great lengths to implement all preventive measures pertaining to this particularly sensitive area.

The absenteeism rate due to sick leave remained relatively stable, with a slight increase (**4.7%**) compared with 2010.

(1) Correction to the figure of 18% indicated in the 2010 Reference Document.

(2) Frequency rate = (number of work-related accidents resulting in sick leave x 10)/number of hours worked. Severity rate = (number of days of sick leave x 1,000)/number of hours worked.

(3) Restated 2010 figure: The absenteeism data contained in the 2010 Reference Document was distorted due to a computer error in the calculation of the average number of days of absence. Despite a sharp decline presented in the average number of days of absence due to sick leave or work-related accidents (2.28 in 2010 and 0.01 in 2009), the 2010 figure in fact remained steady from 2009 (with average number of days of absence at 5.53 for sick leave and 0.46 for work-related accidents).

Working hours

The maximum working hours by geographic area were the following:

- Working hours by geographic area

Areas	Maximum number of days worked per year	Maximum number of hours worked per day
France	212	7
Rest of Europe	234	8
The Americas	247	8
Asia	250	8
Other	255	8

These figures correspond to local practices and systematically comply with local laws. The maximum number of days worked in all areas outside France, as well as the maximum number of hours worked per day, is either down (Asia and Rest of Europe) or steady (Americas, other geographic areas).

B.3 PROMOTING EMPLOYEE RELATIONS

Employee relations are an essential component of the Lagardère group's human resources policy, based on the clear principle of seeking a continuous balance between economic and labour issues, at **all levels of the organisation** (entities, divisions and Group).

Group Employees' Committee and European Works Committee

Although it applies the principle of autonomy for the divisions, the Group also aims to promote cooperation and dialogue with employee representative bodies and between the various subsidiaries, in France and the rest of the world.

Two Works Committees have been set up to this end: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002. These two bodies have regular exchanges with Management about the key issues and changes necessary for the Group's business activities.

The Group Employees' Committee comprises 30 members representing employees of the Lagardère group.

The European Works Committee also comprises 30 members who are employees of the Lagardère group in Europe (France currently holds 15 seats, and the remaining 15 seats are held by representatives from six other European countries – Spain, Belgium, Hungary, the United Kingdom, Italy and Germany). Its composition is expected to change in 2012 as a result of the sale of the International Magazine Publishing businesses.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual meeting. In addition to the plenary sessions, meetings between committee members and Union Representatives may be held if the current situation so requires.

In 2011, the Group Employees' Committee and the European Works Committee predominantly focused on the sale of International Magazine Publishing by the Lagardère Active division. As early as November 2010, a closed meeting took place between the officers of the Group Employees' Committee and the Secretary of the European Works Committee to inform them of the deal and the reasons for the sale. In February and March 2011, both committees met at extraordinary meetings to discuss the planned takeover by the US media group, Hearst.

The representatives of the European Works Committee received first-hand information at these meetings, which were attended by an executive from Hearst who presented the deal and expressed his interest in the Group. These meetings also provided the opportunity for the Lagardère group Management to explain the reasons for the sale and its strategic interest. Three experts were appointed by the European Works Committee to review the deal. These reports were presented to both the European Works Committee and Group Employees' Committee. All countries concerned by the deal were then notified or consulted.

Local employee representation

In 2011, employee representation concerned nearly **82%** of the Lagardère Group's total workforce. This figure shows a strong increase compared to 2010 (72%), due to the sale of the International Magazine Publishing business, which operated in countries with low employee representation, namely Asia. In France, the rate was over **97%**. Employees without representation work in very small entities in which employee representation is not required.

Collective agreements

At 31 December 2011, there were **564** collective agreements in force in the Group (up **4.4%** on 2010), an indication of the vitality of employee relations. These agreements generally concerned remuneration, working hours, social welfare coverage, health and safety, etc.

100 new collective agreements were signed in 2011, a figure that is down compared to 2010 (**16%**).

In France, government requirements regarding negotiation obligations are becoming increasingly strict each year (particularly in 2011 concerning work-related stress and gender equality) and **76** new agreements were signed again this year (versus 77 in 2010). However, the considerable increases seen in Asia and Europe last year did not continue in 2011.

Percentages of the workforce covered by a collective agreement, by type and by geographic area, are indicated in the table below.

• **Percentage of the workforce covered by a collective agreement, by type and by geographic area**

Areas	Working hours	Health, safety and working conditions	Remuneration	Employee welfare	Training	Other
France	97	60	90	72	38	91
Rest of Europe	59	54	61	53	27	3
The Americas	59	59	59	59	11	0
Asia	11	0	5	13	0	0
Other	86	86	86	86	77	77
Total	72	60	71	62	29	39

Social dialogue at industry level

The Group also belongs to a large number of representative bodies in the media industry, such as press and book publishing unions. In this capacity, it takes part in negotiations with employee representative bodies in France (particularly concerning freelance journalists, entertainment workers and home workers).

In publishing, the Lagardère Publishing division is actively involved in joint negotiations between the French National Publisher's Union and the trade union organisations.

C) ENCOURAGING SKILLS DEVELOPMENT

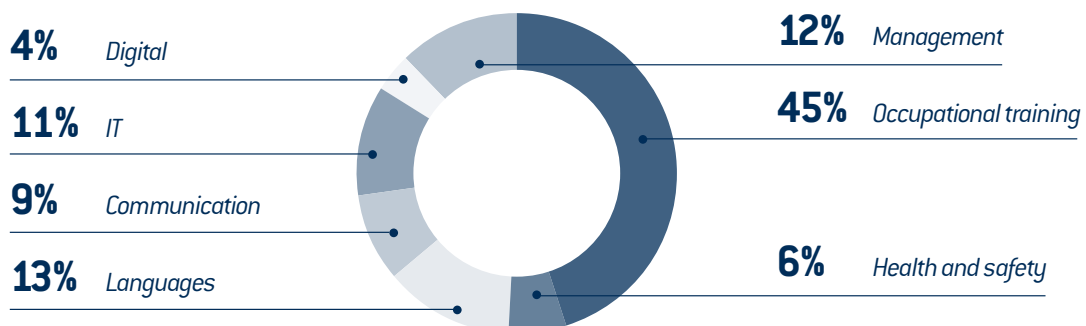
In compliance with the principle of autonomy of the Group's individual divisions, measures for skills development and internal mobility are taken at the level of each entity. However, they all reflect the Lagardère group's commitment to investing in the development of the professional skills and individual responsibilities of staff, and fostering fulfilling career development through increased internal mobility.

C.1 TRAINING

The Lagardère group invested more than **€8,400,000** in training, compared with €9,200,000 in 2010. This decline in reported data results from the sale of International Magazine Publishing but remains relatively low (**8%**) compared with the reduction in the workforce (more than 20%). This is partly due to the boosted efforts of Lagardère Services (up 10% on 2010).

The average training budget per employee came out at more than **€410** in 2011, compared to €339 in 2010. In France, this figure rose to more than **€680** from €600 in 2010, after remaining stable on the previous year.

• **Breakdown of training hours by type**



2011 was again predominated by occupational training, left unchanged from the 2010 level (**45%**). IT and digital training remained constant, while the proportion of management training was reduced in favour of training in communication and relations.

The Group also strives to build a corporate culture with its managers, and foster development of the key values of creativity, independence, audacity and entrepreneurship. These values are conveyed through the in-house university “Media Campus”, which offers training devoted to them.

Two programmes – “Leadership” and “Integration” – provide support to managers and serve to strengthen their management skills.

C.2 ENCOURAGING WORK PLACEMENTS AND APPRENTICESHIPS

Each entity has a well-integrated policy for exchanges with schools and universities, particularly through work placements or work-study programmes.

This type of contract is particularly advantageous for both the Group and the trainees. It allows young people to gain experience in a real business environment over a relatively long period of time (1 to 2 years), while at the same time continuing their basic training and education.

In 2011, Lagardère Group companies welcomed some **1,465** placement students, down considerably due to the sale of the International Magazine Publishing business. The number of placement students remained stable compared to 2010 in the other divisions.

The number of work-study contracts increased further in 2011 (**492** as opposed to 457 in 2010), showing a steady number of work-study contracts at the Lagardère Active division and a substantial rise at the Lagardère Services and Lagardère Unlimited divisions (**50%** and **75%** respectively). This trend primarily applies to France, in line with legislation but also the growing appeal of this system for Group entities.

C.3 PROMOTING INTERNAL MOBILITY

Career management, internal promotion and internal career opportunities involve each entity's management and human resources teams and are essentially the responsibility of each division. For example, annual interviews for assessment and promotion are gradually being introduced systematically throughout the Group.

To help employees define their career plans, information and guidance on mobility is available through the Group's Intranet, which also contains lists of vacant positions within the Group. Employees can create personalised alert message systems for notification when new vacancies of potential interest arise.

In 2011, internal transfers represented over **17%** of the Group's recruitments (internal promotion plus transfers) compared to 12% in 2010.

Although the specific nature of the different entities (business activity and distant geographic locations) may hinder mobility between the divisions, the great improvement between 2011 and 2010 shows that mobility is a topic of importance in the Group's human resource policy. This increase is not an end in itself, and the action taken to organise, facilitate and develop internal transfers will continue to be a priority in the years to come.

5.3.2.2 INFORMATION ON EXTERNAL RELATIONS

Two of the four priorities (Fostering access to information and knowledge and Contributing as a media group to enhancing the social fabric) defined by Lagardère involve concerns related to corporate citizenship, giving rise to six commitments:

- defending the pluralism of news and information and guaranteeing the diversity of our content;
- increasing access to our content for disadvantaged people;
- being attentive to our different audiences;
- encouraging debate on sustainable development;
- making an active commitment to promoting culture and sport;
- showing solidarity and helping new talents to emerge.

These commitments are described in detail in the Sustainable Development Report (Chapter 2, Priorities and Commitments).

The information below concerning relations with subcontractors and suppliers is developed in section 1.4 “Maintaining dialogue with stakeholders” of the Sustainable Development Report.

In the different countries where the Group does business, the divisions take into consideration the territorial impact of their activities in terms of employment and regional development.

This is reflected in the proportion of executives hired locally: 95% across the whole Group.

A) RELATIONS WITH SUBCONTRACTORS AND SUPPLIERS

The Group maintains close relations with its numerous subcontractors and responds to these issues in two ways:

- first of all, for some time it has incorporated ethical, social and environmental criteria into relations with partners, in particular by drawing up a certain number of charters or codes of conduct specific to its entities;
- second, it conducts awareness-raising programmes for partners and monitors and audits their performance levels.

A.1 INCORPORATING THE GROUP'S ETHICAL, SOCIAL AND ENVIRONMENTAL CRITERIA INTO RELATIONS WITH OUR PARTNERS

The criteria in the Sustainable Development Charter, which apply to all foreign subsidiaries, mainly concern:

- respect of the principles defended by the International Labour Organisation (including the prohibition of child labour and all forms of forced or compulsory labour);
- prohibition of illegal employment;
- anti-corruption measures;
- compliance with applicable social welfare regulations;
- existence of risk prevention measures for work safety;
- implementation of a labour policy based on a quality approach;
- respect of the fundamental principles of environmental protection;
- compliance with the environmental legislation in force;
- control of the environmental impact of business activities through the implementation of an environmental policy based on the principle of continuous improvement;
- promotion of the above principles to business partners;
- acceptance that Lagardère may conduct audits in order to verify the application of the principles of this charter, directly or through the services of a third party.

The seventh principle of the Procurement Policy updated by the Group in 2008 addresses the issue of "Compliance with the regulations and legislation in force, and the code of conduct with respect to suppliers". The eighth principle of the Procurement Policy stipulates the "Consistent application of Sustainable Development principles".

Lagardère Active has gradually implemented several procedures to integrate sustainable development objectives into its supplier relations. The calls for tenders launched by the Procurement Department include social and environmental requirements. Companies bidding for contracts also receive a copy of Lagardère Active's Sustainable Development Charter. The selected supplier must adhere to the Charter, which is systematically included in new contracts. In some cases, such as for the magazine manufacturing sector (paper suppliers, printers, binders and transporters), contracts contain sustainable development clauses specific to the market covered.

At **Lagardère Publishing**, the charter (or Code of Conduct) was drawn up in 2007, covering the three components of Sustainable Development. Regarding labour, this charter sets forth the respect of children's rights and human rights. Regarding the environment, the charter obliges providers to respect the environmental laws and regulations in force, adopting a responsible waste management policy and encouraging the use of recyclable paper. Lastly, the charter obliges all suppliers to measure the quality of their products or services, the integrity of their business practices and independence vis-à-vis the employees and representatives of Lagardère Publishing.

The publishers of Hachette Collections have provided all their suppliers and subcontractors with a specific code of conduct reaffirming the fundamental principles of human rights and children's rights.

The Hachette Collections code stipulates that the publishing houses are entitled to verify that these principles are applied by their suppliers and subcontractors and consequently may initiate compliance audits during the term of the contracts on the suppliers' and subcontractors' premises or on any of their production sites. If the code has been breached, sanctions including cancellation of the contract and financial penalties may be applied against the defaulting party.

At **Lagardère Services**, certain specific suppliers manufacturing in Asia have also signed a charter undertaking to respect the same constraints. Regular audits are carried out to check that these requirements are met.

Sustainable development is one of the eight commitments in Relay France's procurement policy, which covers the products used and sold by its sales outlets. Relay stores are currently standardising the use of printers with the Imprim'Vert® label and the sale of organic or fair trade products. Sustainable development is now a factor in the division's choice of suppliers. For example, a company selling fair trade coffee won the bid in the most recent call for tenders launched among coffee suppliers.

This information is also contained in the Sustainable Development Report in the section devoted to stakeholders.

A.2 SUPPLIER/PARTNER AWARENESS RAISING AND THE MONITORING OF PERFORMANCE LEVELS

Lagardère Active is raising supplier awareness of the need for long-term commitment in favour of the environment. Lagardère Active has signed an agreement with Ecovadis, the leading cooperative platform enabling companies to assess the environmental, social and ethical performances of their suppliers all over the world. This solution combines technology with Corporate Social Responsibility (CSR) expertise and provides assessments covering more than 150 purchasing categories and 23 CSR indicators. Ecovadis systematically assesses the suppliers who bid for Lagardère Active contracts, which in 2011 covered multi-technology, multi-service and paper contracts. In 2011, Ecovadis also assessed the 13 largest suppliers of promotional materials (in France and abroad).

Lagardère Publishing conducts a policy of promoting environmental and labour issues with its paper suppliers and printers, both in and outside France, through a certification incentive scheme (see below).

In terms of raising supplier awareness on employee issues, Lagardère Publishing's efforts initially focused on subcontractors operating in countries where labour and environmental legislation is less strict than in Europe.

Outside Europe, 81% of Lagardère Publishing's printers in Asia have already obtained OHSAS 18001 certification (a standard that is recognised the world over for health, safety and working conditions) or have signed a framework agreement including a labour clause. These awareness-raising operations will be continued not only with subcontractors outside Europe, but also with Lagardère Publishing's European printers which currently handle over 80% of the division's printing work. As a result, an increasing number of the Group's French and European printers have signed framework agreements comprising a labour clause or have obtained labour-related certification.

In line with its code of conduct (see above), Hachette Collections carried out 11 compliance audits in 2011. Nine of these audits confirmed the satisfactory compliance of plants, while two audits detected points of non-compliance. These points have since been rectified and the plants were confirmed compliant following a second audit. All of the plants that have been audited are now compliant.

B) RELATIONS WITH SOCIETY IN GENERAL

In addition to the work of the Jean-Luc Lagardère Foundation and the Elle Foundation, all Group subsidiaries and brands advanced in their solidarity and partnership initiatives in 2011. This involvement is described in the Sustainable Development Report.

In 2011, the Lagardère group and its subsidiaries donated a total of more than €4 million.

In 2011, facilities were provided free of charge by Lagardère Active's media to support important solidarity causes, representing the equivalent of €4.6 million, about 20% more than in 2010. The disaster in Fukushima and the famine in the Horn of Africa accounted for most of this increase.

The **Jean-Luc Lagardère Foundation**, which celebrated its twentieth anniversary in 2009, is central to the Group's relations with society in general. The Jean-Luc Lagardère Foundation exists to implement Lagardère's commitment in the fields of culture, solidarity and sport; its ambitions are to boost confidence, promote excellence and foster social cohesion.

Every year the Jean-Luc Lagardère Foundation awards bursaries to young talents in the world of culture and the media. Since it was created, 206 winners (including fourteen new winners in 2011) have received a total of €4,630,000, including €260,000 in 2011.

In addition to these awards, the Foundation's other initiatives in 2011 are discussed in the Sustainable Development Report. Its partnerships with Studio 13/16 in the Centre Georges Pompidou and the Institut d'Études Politiques (IEP) in Paris for high-level sports training were continued. In June 2011, fourteen athletes were awarded a certificate for successfully completing the programme. The objective is to provide them not only with a grounding in basic culture but also training so that they can more easily pursue their careers in the future.

At Lagardère Active, the **Elle Foundation** created in December 2004 is an extension of the original idea behind *Elle* magazine: "To support the advancement, the emancipation and the role of women in our society". Since it was set up, the Foundation has sponsored more than 45 projects promoting women's education in France and other countries worldwide. Six new projects were initiated in 2011: two in France and the others abroad (India, Morocco, Senegal and the Democratic Republic of the Congo).

In addition, Lagardère Active also put in place a volunteer programme for employees to support solidarity projects run by the Elle Foundation and the Solidarity Department. Seventy employees took part in solidarity projects in 2011, either on a one-off or a longer-term basis, mainly to work with journalism students or under-privileged journalists.

At Lagardère Publishing, Hachette and Hatier are involved in *Savoir Livre*, an organisation which works with the French National Education authority and the Books and Reading Department of the Ministry of Culture. In 2011, Hachette Livre was the exceptional sponsor to PEN International in New York. Hachette Livre is a founding member of the global PEN International Publishers' Circle, defending freedom of expression, especially for persecuted writers.

Regarding **vocational integration organisations**, the Lagardère group furthered its partnership in 2011 with the organisation *Nos quartiers ont des talents*, which helps young people from difficult areas to gain an initial foothold in the job market (see section 5.3.2.1 A-3).

Regarding **educational establishments**, along with its close relations with the Institut de Études Politiques in Paris, the Lagardère group works in partnership with several universities to hire young people on alternate work/study contracts.

The Sustainable Development Report discusses the partnerships led by the Group's divisions.

Lagardère Active's media are also involved in promoting young talents. The Sunday newspaper *Le Journal du Dimanche* (JDD), with the school of journalism at the Institut d'Études Politiques, organises a best written portrait competition. The prize is a 4-month work placement in the copy room of the newspaper, and publication on the newspaper's website. The Grand Prix Paris Match for photojournalism is awarded to four students, with the winner's work published in the magazine. In September 2011, Europe 1 launched the *Talents Europe 1 2012* contest to find new musical talent.

Regarding **environmental protection organisations**, the Lagardère Services subsidiary renewed its partnership with the WWF in 2011 as part of the HDS Digital electronic news-stand. At Lagardère Active, in its development of the *Gulli Ma planète* label,

the children's television channel Gulli also renewed its partnership in 2011 with the organisation *Planète Urgence* (Planet Emergency).

5.3.2.3 ENVIRONMENTAL INFORMATION

Lagardère is a media corporation, with a highly diversified range of business activities mainly in the services sector, and this tends to moderate its direct industrial and environmental risks (a presentation of the management of industrial and environmental risks related to the Group's business activities is given in Chapter 3, section 3.5.1). Certain environmental disclosure requirements in the French Commercial Code (*Code de commerce*) are more specifically aimed at industry (disclosures on discharge into the air and soil, for example, or noise and odour pollution), and do not apply directly to the Group. However, Lagardère is well aware that its status as a media corporation in no way exempts it from sound environmental awareness, particularly related to its business sector, and it strives to extend these environmental concerns to all its subsidiaries outside France.

"Developing business activities in an environmentally friendly way" is the Lagardère group's second priority. This entails limiting its greenhouse gas emissions, preserving biodiversity and anticipating the scarcity of natural resources.

This priority is illustrated by three commitments:

- ensuring responsible and efficient management of paper;
- streamlining transport;
- incorporating environmental concerns into the organisation of our activities.

A) RESPONSIBLE PAPER MANAGEMENT

This responsibility is effective throughout the lifecycle of the paper.

It begins with the purchase of the paper.

In 2011, the Group bought approximately 263,000 tonnes of paper for the Lagardère Publishing and Lagardère Active divisions. This drastic decrease on the 2010 figure results from the sale of International Magazine Publishing in 2011.

The Sustainable Development Report explains the Lagardère group's goals and actions in this domain, such as increasing the proportion⁽¹⁾ of paper originating from sustainably managed forests⁽²⁾ and using recycled paper whenever possible⁽³⁾.

In 2011, pulp from certified forests and recycled pulp together accounted for more than 72.5% of the total for all types of paper purchased by Lagardère Publishing (see certifications below).

The experimental printing of publications for the general public on recycled paper, which began in 2009, continued in 2011 with the collections "*Guides Evasion*" and "*100% Durable*".

HFA, Lagardère Active's magazine publishing company, was awarded PEFC certification, reflecting its approach implemented in 2010: at the end of 2011, 100% of the paper purchased by Lagardère Active and 99.5% of inventories were certified from sustainably managed forests. The rollout procedure is discussed in the Sustainable Development Report.

Lagardère Publicité, a subsidiary of Lagardère Active, conducted a review on the source of paper used for advertising inserts provided by advertisers. Inserts produced by Lagardère Publicité are printed on PEFC-certified or recycled paper, but this is not always the case for inserts supplied by advertisers. The study provided not only an overview of the paper used by advertisers but also a means of raising their awareness to the importance of paper sourcing and offering the expertise of Lagardère Publicité's manufacturing teams on gradually shifting towards paper from sustainably managed forests.

Responsible paper management continues during the manufacture of the paper itself, magazines and books, particularly with the measures taken to optimise production.

The Sustainable Development Report delves further into the measures taken.

It ends when the paper's lifecycle ends, with the action instigated both to reduce the rate of returns and recycle the remaining books and magazines.

In 2011, the average rate of returns for magazines in France was estimated at 42.1%. During this same period, the rate of returns at Lagardère Active was 33.1% or 9 points below the national average. As far as the processing of returns is concerned, on average, 90% of the returns generated by the press distribution system for newsstand sales in France are recycled, and the remaining 10% are returned to the publishers at their request. At Lagardère Active, the recycling rate is higher: approximately 97% of unsold magazines are recycled and only 3% are returned to the publishers. Outside France, the proportions are similar, with 100% of the unsold copies not returned to the publishers by Lagardère Services' distribution companies recycled.

(1) An overview of certifications is provided below in this document.

(2) Among other things, the report explains the extent to which sustainable forest management contributes at this stage to reducing the threat to ecological balance, unspoilt areas and protected animal and plant species.

(3) Since 2009, *Le Journal du Dimanche* has been printed entirely on recycled paper, and Lagardère Publishing now uses almost 4% recycled pulp.

B) STREAMLINING TRANSPORT

Transport generates high levels of greenhouse gases and is a critical environmental concern for the Lagardère group. Transport is used in the manufacturing and distribution of newspapers, magazines and books.

Lagardère Active continuously strives to optimise transport in the manufacturing cycle by working with paper suppliers, printers, binders and transporters and emphasising transport methods that emit less CO₂ (train or boat, where possible). Since January 2011, the entire production of *Psychologies magazine* has been transferred from Germany to France. A larger number of printers can work with the new format of *JDD* launched in March 2011, thus optimising logistics with printers closer to distribution areas. Operating on Reunion Island since September 2011, *JDD* is now printed locally using a digital technique instead of transporting newspapers printed on the continent to the island. In distribution, by substituting delivery subscriptions with post subscriptions for some Group magazines, distribution was centralised with local magazines and regional delivery networks were used.

Lagardère Publishing outsources the distribution of books to transport firms which optimise the delivery rounds – and therefore the kilometres covered – in accordance with the constraints imposed by customers.

At Lagardère Services, LS distribution covers all of the Press Distribution businesses. The European wholesale distribution subsidiaries (AMP, SGEL, Lapker and Naville) together cover almost 50 million kilometres a year to transport magazines from the printers to the vast network of sales outlets, mainly in lorries. Transport is a major concern for LS distribution. There are several ways of streamlining transport: optimising delivery routes, reducing the kilometres covered through eco-driving and environmentally friendly vehicles. LS distribution regularly optimises its delivery routes to reduce the number of kilometres covered. In Switzerland, Naville Presse provided its drivers with eco-driving lessons, resulting in a fuel economy of 13,000 litres per year. Some subsidiaries are currently experimenting with new electric and hybrid vehicles, planning to eventually adopt them permanently. Natural gas cars are being tested at Naville, while AMP in Belgium now uses green-energy company vans and cars. SGEL bought 18 EURO 4-certified vans for press distribution in Madrid.

C) INTRODUCING ENVIRONMENTAL CONCERNS INTO THE ORGANISATION OF OUR BUSINESS ACTIVITIES

C.1 UPDATE OF CARBON AUDITS

Lagardère Active and Lagardère Publishing were the first divisions of the Group to carry out carbon audits, using the proprietary *Bilan Carbone*[®] method. In 2011, Lagardère Services joined them by performing a carbon audit of Relay France in anticipation of the requirements of Article 75 of France's Grenelle 2 law of 12 July 2010 on environmental standards.

At **Lagardère Publishing**, in line with the action plan approved following the carbon audit of Hachette Livre France, two new measures were to be deployed in 2012 that would directly impact employees. The Technical Department will indicate the cost in both euros and CO₂ on each quote so that publishers can also take this factor into account.

Group publications will also be labelled with a symbol indicating whether the fibres are certified or recycled along with the individual carbon cost from its manufacture and upstream transport.

Lagardère Active conducted its second carbon audit in 2011 with the firm Carbone 4 (the first was performed in 2008). The review covered its entire scope (France and abroad). Each of its media – Magazine Publishing, Radio, Television, Digital – was broken down by managerial responsibility to make results easier to apply. Certain areas were developed further than in the first carbon audit, such as the foreign Radio businesses, Audiovisual Production, diversification businesses, the impact of paper selection and the breakdown of emissions per magazine.

For Magazine Publishing, emissions are essentially produced by its manufacturing and distribution processes, upstream from publishing. The CO₂ emissions produced by an average copy of a magazine amount to 490g CO₂-eq. (as opposed to 550g three years ago), an encouraging 10% reduction.

Excluding reception devices (radios, televisions, computers and tablets over which Lagardère Active has no direct influence), the other businesses (Radio, Television, Digital) account for half of Magazine Publishing's CO₂ emissions. However, electronic equipment should not be overlooked as it produces considerable CO₂ emissions that have been rising sharply over the past few years. The increasing number of devices, their renewal rate and the amount of information sent and stored on servers are all important factors.

In addition to the actual figures, the advantage of the new *Bilan Carbone*[®] method lay in the volume of information gathered, which reinforced the initial benchmark. New areas of improvement were defined for the broadcasting sector in 2011, while initiatives already in place in the Magazine Publishing sector were furthered.

At **Lagardère Services**, the Relay France group enlisted the services of Bureau Veritas in 2011 for its carbon audit, which covered three initial stores that represent the Group's operations.

The assessment showed that the products available for sale in Relay stores account for most of the greenhouse gas emissions, with the end of the lifecycle of products sold ranking second.

Based on the results of the carbon audit, the Relay France group is pursuing and stepping up its efforts to reduce its energy consumption. Relay France also implemented a sustainable procurement policy and pressed forward with its scheme to provide customers with plastic bags on request only and its optimised transport management.

Similar measures were taken by the German subsidiary HDS Retail Deutschland.

C.2 MONITORING ENERGY CONSUMPTION

In 2006, the Group incorporated certain environmental data items concerning **water and energy consumption** into its financial data consolidation system.

Within the Group, managing and reducing water consumption is only truly applicable to one of the companies, Lagardère Paris Racing, which manages the Croix Catelan site in the Bois de Boulogne. As part of its Environmental Management System and the ISO 14001 certification of the Croix Catelan site, Lagardère Paris Racing implemented a global environmental performance approach that covers a number of areas, including two major water issues: maintaining the two pools and green spaces.

Water management is not a strategic issue for the other Group entities as water is not used in any maintenance or production processes.

The data below for 2011 covers 100% of Lagardère's consolidated subsidiaries, totalling 414 companies, with the following breakdown:

Lagardère Publishing > 93

Lagardère Active > 133

Lagardère Services > 84

Lagardère Unlimited > 77

Other Activities > 27

Consumption included in certain site overheads (representing a relatively small number compared to the number of companies consolidated) and not itemised is estimated according to the type of premises and the number of occupants concerned. To ensure consistency in the consolidated data, internal re-invoicing between consolidated companies is not taken into account: the relevant data is entered once only, by the business unit that receives the invoice from the service company.

The Group has decided again this year to present the amount of CO₂ emissions relative to its tertiary energy consumption (consumption by offices and other premises occupied by the Group's employees), not only globally and consolidated at Group level (table 1: 100% of subsidiaries covered), but also with a breakdown by country (table 2). There are several reasons for this:

- to show more rigour and transparency in calculating the CO₂ equivalence of electricity, as the CO₂ emission factors differ from one country to another (because the way electricity is produced depends on the country concerned);
- to give a better representation of Lagardère's consumption levels (and the associated CO₂ emissions) depending on the geographical site.

The table of the Group's consumption levels and CO₂ emissions by country (table 2) covers 94% of the Lagardère group's workforce and 88.4% of the consolidated net sales.

Lastly, it was also decided to make a specific table of consumption levels for each division in France (table 3), which represents approximately 43% of the Group's total workforce and slightly more than one third of consolidated net sales.

The method for calculation and conversion to carbon equivalents uses the emission factors proposed by the 2010 update (version 6) of ADEME's Carbon database. Carbon equivalences for gas and oil consumption include emissions upstream of these two types of energy.

• Table 1: The Group's energy consumption and CO₂ equivalents, by division in 2011

Divisions	Year	Water (m ³)	Electricity (kWh)	Mt CO ₂	Recycling and/or cogeneration (kWh)	Mt CO ₂	Gas (kWh)	Mt CO ₂	Oil (litres)	Mtt CO ₂	Total MtCO ₂
Lagardère Publishing	2011	77,012	39,390,036	13,438	3,575,130	697	25,619,930	5,946	938,381	2,761	22,842
	2010	82,796	40,524,000	13,555	1,935,277	377	27,438,100	6,368	971,437	2,858	23,158
Lagardère Active	2011	42,348	31,038,524	8,785	1,629,000	318	3,240,554	752	290,476	855	10,710
	2010	69,115	46,485,167	15,419	2,218,000	433	4,514,183	1,048	356,017	1,048	17,948
Lagardère Services	2011	462,468	95,248,665	28,663	605,511	118	19,898,504	4,618	1,230,984	3,622	37,021
	2010	409,002	91,540,123	26,742	373,631	73	19,663,711	4,563	1,392,387	4,097	35,475
Lagardère Unlimited	2011	148,455	5,930,295	1,621	1,690,607	330	7,021,696	1,630	8,660	25	3,606
	2010	10,108	2,653,143	920	85,000	17	667,172	155	7,160	21	1,113
Other Activities	2011	6,313	4,622,510	393	460,600	90	2,390,321	555	3,257	10	1,048
	2010	151,773	6,997,781	595	2,609,300	509	8,297,422	1,926	2,557	8	3,037
Total	2011	736,596	176,230,030	52,900	7,960,848	1,553	58,171,005	13,501	2,463,098	7,273	75,227
	2010	722,794	188,200,214	57,231	7,221,208	1,409	60,580,588	14,060	2,729,558	8,032	80,732

The Group's energy consumption levels in 2011 were therefore the following:

- Water: 736,596 m³
- Electricity: 176 GWh
- Gas: 58.2 GWh
- Oil: 2.5 million litres
- Recycling of domestic waste and/or combined heat and power production (cogeneration): 7.96 GWh.

Altogether, these consumption levels are equal to slightly more than 75,000 tonnes of CO₂ equivalent. This figure is down slightly on the previous year, primarily due to the change in the reporting scope, especially in the Lagardère Active division with the sale of IMP in early 2011. The division also recorded a drop in electricity consumption.

Water consumption levels fluctuated drastically between 2010 and 2011 in the Lagardère Unlimited division (10,108 m³ in 2010 compared with 148,455 m³ in 2011) and for Other Activities (151,773 m³ in 2010 compared with 6,313 m³ in 2011). This is simply a result of the transfer of Lagardère Paris Racing Ressources, which manages the Croix Catelan site, from Other Activities to Lagardère Unlimited.

• Table 2: The Group's energy consumption and CO₂ equivalents, by country

Countries	Water (m ³)	Electricity (kWh)	Mt CO ₂	Recycling and/or cogeneration (kWh)	Mt CO ₂	Gas (kWh)	Mt CO ₂	Oil (litres)	Mtt CO ₂	Total MtCO ₂
France	219,734	60,761,283	5,165	7,075,324	1,380	21,351,633	4,955	297,478	876	12,376
Spain	27,497	10,936,882	3,828	-	0	2,969,004	689	286,744	844	5,361
USA	111,172	13,999,585	7,826	-	0	11,865,362	2,754	6,019	18	10,598
Belgium	14,399	15,027,076	3,907	-	0	8,273,389	1,920	289,355	851	6,678
Switzerland	36,334	3,672,532	95	390,700	76	59,830	14	151,600	446	632
United Kingdom	11,146	10,076,137	5,089	90,000	18	2,632,767	611	250,048	736	6,453
Hungary	15,660	8,344,707	2,871	-	0	4,649,814	1,079	268,820	791	4,741
Poland	824	3,637,127	2,397	-	0	-	0	220,638	649	3,046
Australia	10,417	6,803,145	6,266	-	0	-	0	-	0	6,266
Germany	54,721	11,675,332	4,717	90,013	18	665,000	154	75,700	223	5,111
Canada	196,888	11,808,316	2,173	-	0	908,088	211	65,626	193	2,577
Czech Republic	6,651	7,458,581	3,931	122,459	24	562,213	131	58,821	173	4,258
Total	705,443	164,200,703	48,263	7,768,496	1,515	53,937,100	12,518	1,970,849	5,800	68,095

This table shows how much the carbon produced by electricity can vary depending on the country where it is produced. To illustrate this point, electricity consumption in France is six times higher than in the United Kingdom, but the countries register a very similar CO₂ equivalent (5,165 and 5,089 respectively).

• **Table 3: The Group's energy consumption and CO₂ equivalents, in France**

Divisions	Water (m ³)	Electricity (kWh)	Mt CO ₂	Recycling and/or cogeneration (kWh)	Mt CO ₂	Gas (kWh)	Mt CO ₂	Oil (litres)	Mt CO ₂	Total MtCO ₂
Lagardère Publishing	36,907	13,274,080	1,128	3,475,130	678	9,747,314	2,262	291,921	859	4,927
Lagardère Active	35,337	14,118,668	1,200	1,629,000	318	2,639,111	612	800	2	2,133
Lagardère Services	1,155	25,904,123	2,202	-	0	210,021	49	-	0	2,251
Lagardère Unlimited	140,022	2,841,902	242	1,510,594	295	6,364,866	1,477	1,500	4	2,018
Other Activities	6,313	4,622,510	393	460,600	90	2,390,321	555	3,257	10	1,048
Total	219,734	60,761,283	5,165	7,075,324	1,380	21,351,633	4,955	297,478	876	12,376

Under the Group's ambition to **increase use of low-carbon emission energy sources**, the premises of the Parisian head office of Lagardère Publishing are heated by Compagnie Parisienne de Chauffage Urbain (CPCU). 63% of the energy supplied by CPCU comes from natural gas or gas produced by cogeneration (28%) and recycled domestic waste (35%). Lagardère Active's Europa building in Levallois is heated by the Levallois Energie Maintenance (LEM) and is comparable to the Paris system.

The same applies to the head office of the Lagardère group, which opted for this same energy mix several years ago to heat one of its two sites (both in Paris), accounting for 17% of its heating consumption.

Lagardère Services reduced energy consumption at its sales outlets in France through the implementation of a certain number of measures. In 2011, initiatives continued to design the most eco-efficient stores possible, in particular reducing energy consumption.

Relay also incorporates High Environmental Quality (HQE) construction data into its building projects, such as the use of heat recovery ventilators, cutting energy consumption by 35%, for example at the Purpan Hospital in Toulouse or Cochin Hospital in Paris.

As part of a vast energy-efficiency plan, AMP took out subscriptions from suppliers with green certificates for all of its Belgian sites. AMP also installed a large-scale solar power system at its Mollem site.

At its new 35,000 m² warehouse, LMPI decided to revamp the entire electrical system, investing in a new system to reduce electricity consumption by 20% to 35%.

C.3 WASTE MANAGEMENT

The wide disparity in situations and local constraints leads the divisions to conduct local improvement operations, while making use of the Group's exchanges of best practices.

In the course of 2011, Lagardère Active rolled out a waste sorting system for its establishments in the Paris area to increase the volume of recyclable materials collected (primarily paper) and ultimately reduce the volume of waste. Thanks to a local paper recycling system set up between the Levallois facilities and a paper supplier, about 270 tonnes of high-quality paper was recycled, considered valuable in the paper industry.

At Lagardère Services, Relay France minimises its waste production:

- a waste sorting system was introduced at the head office;
- the Garonor warehouse uses recycled cardboard for its business and outsources the treatment and recycling of cardboard and plastic wrapping.

LMPI in North America set up a new distribution chain to permanently replace cardboard packaging with a lighter, recyclable plastic film. This measure reduced the weight of packaging by 80% and its carbon footprint for transport.

As part of the ISO 14001 certification of the Croix Catelan site, considerable focus went to improving the waste sorting system. Waste is sorted into green waste, hazardous waste, non-hazardous industrial waste and WEEE and is collected by different organisations depending on type. The waste collected from the Croix Catelan site breaks down as follows for 2011:

- 315 m³ of green waste
- 1.4 tonnes of hazardous waste
- 510 m³ of NHIW
- 140 kg of WEEE

C.4 CERTIFICATION PROCESSES

ISO 14001 and ISO 9001 certification

- La Croix Catelan site obtained ISO 14001 certification in December 2009 and carried out its second follow-up audit in December 2011. In addition to the measures taken for this certification and those already mentioned above, the Croix Catelan site also included a biodiversity factor, which mainly entails gradually increasing the number of trees and planted areas. As for water conservation, biodiversity issues only apply to this specific entity within the Lagardère group, as the Group's other businesses are purely service-related.
- In 2011, 70% of the initial target set for increasing the number of trees was met, with 12 trees planted out of the 17 planned.
- Lagardère Publishing continued its efforts to encourage its partners to initiate ISO 14001 environmental certification procedures. To date, 98% of the paper bought by Lagardère Publishing in France comes from ISO 14001-certified factories [compared to 97% in 2010, 92% in 2009, 95% in 2008, 90% in 2006 and 80% in 2005].
- The Matra Manufacturing & Services electric vehicle manufacturing site in Romorantin (Loir-et-Cher department, France) renewed its ISO 9001 certification (obtained in 2008) and ISO 14001 certification covering the eco-design, assembly and distribution of Light Electric Vehicles.
- Since 2009, all French printers selected by Lagardère Active have obtained the Imprim'Vert quality label or ISO 14001 certification. At Lagardère Publishing, 44% of printers worldwide were ISO 14001-certified in 2010.

FSC or PEFC certification

At Lagardère Publishing, the proportion of paper manufactured with pulp made from wood from FSC or PEFC-certified sustainably managed forests has continued to increase, from 35% in 2005 to 50% in 2006, reaching 65% in 2008 and 70% in 2010.

In 2011, pulp from certified forests and recycled pulp together accounted for 72.5% of the total for all types of paper purchased by Lagardère Publishing⁽¹⁾.

At the beginning of 2010, Lagardère Active instigated a certification process for the paper control chain. HFA, Lagardère Active's magazine publishing company, was awarded PEFC certification in early 2011. It was then extended to each copy room so that the certification logo could be included in the magazine's masthead. About fifteen magazines had been certified by the end of 2011. The Sustainable Development Report elaborates further on the certification procedure.

C.5 AWARENESS-RAISING OPERATIONS

The Lagardère group implemented a growing number of these operations in 2011, which took various forms: CSR awareness seminar for the Group's Human Resources departments, half-day training for Hachette Livre publishers, forum on the sustainable development projects implemented by Lagardère Active for all employees who also took online training on climate change and carbon audits. Additional details on these programmes are provided in the Sustainable Development Report.

C.6 ECOLOGICAL INITIATIVES FOR NON-MEDIA ACTIVITIES

In addition to the policies aimed at enhancing control and reducing the environmental impact of its business activities, through its subsidiary Matra Manufacturing & Services, the Group has been involved since 2006 in the development, manufacture and European distribution of electric propulsion vehicles (electric bicycles and scooters, light electric quadricycles).

In 2011, Matra Manufacturing Services delivered its second order of Quadéos to the French Post Office, for a total of 95 small electric vehicles now used for deliveries. In December, MMS also presented Bat'Lib, the first system of battery charging and distribution stations for electric scooters.

The first sustainable mobility days were organised in September for Matra Manufacturing Services employees, which also followed up on the experimental "Île d'Yeu territoire exemplaire" project, an electric vehicle rental system implemented for the island's busy summer tourism season.

(1) Until 2009, the proportion of recycled pulp used was close to 0. In 2011, thanks to the action undertaken in connection with the carbon audit, the proportion is now 4%.

• Cross-reference index with Articles R. 225-104 and R. 225-105 of the French Commercial Code

Information	Subject	Paragraph	Section
Labour	Employment	Total workforce and breakdown of employees	5.3.2.1-A1
		Recruitments and redundancies/dismissals	
		Remuneration and salary increases	5.3.2.1-B1
	Organisation of working hours	Organisation of working hours	5.3.2.1-B2
		Absenteeism	
	Employee relations	Organisation of employee relations	5.3.2.1-B3
		Summary of collective agreements	
	Health and safety	Health and safety conditions at work	5.3.2.1-B2
		Summary of health and safety agreements entered into	
		Frequency and severity of work-related accidents and sick leave	
	Training	Policies implemented	5.3.2.1-C1
		Total number of training hours	
	Equal opportunities	Measures taken to promote gender equality	5.3.2.1-A3
		Measures taken to promote the employment and integration of disabled persons	
		Anti-discrimination policy	
	Promotion of and compliance with the ILO fundamental conventions	Respect and freedom of association and right to collective bargaining	5.3.1.2
Elimination of discrimination in respect of employment and occupation			
Elimination of forced or compulsory labour			
Effective abolition of child labour			

Information	Subject	Paragraph	Section
Environmental	General policy	Organisation of the company and assessment and certification processes	5.3.1.1 and 5.3.2.3-C4
		Employee information and training initiatives	5.3.2.3-C5
		Measures taken to prevent environmental risks and pollution	7.4.1.5-C7
		Amount of provisions and guarantees set aside for environmental risks	
	Pollution and waste management	Measures taken to prevent, reduce and clean up discharge into the air, water and soil	5.3.2.3 (introduction)
		Measures taken to prevent, recycle and eliminate waste	5.3.2.3-C3
		Mitigation of noise or other forms of pollution related to a business activity	5.3.2.3 (introduction)
	Use of sustainable resources	Water consumption and supply in accordance with local constraints	5.3.2.3-C2
		Consumption of raw materials and measures taken to improve efficiency of use	5.3.2.3-A&B
		Energy consumption, measures taken to improve energy efficiency and use of renewable energy	5.3.2.3-C2
		Land use	5.3.2.3 (introduction)
	Climate change	Greenhouse gas emissions	5.3.2.3-C1&C2
	Climate change	Adaptation to the consequences of climate change	5.3.2.3-C1&C2
	Preservation of biodiversity	Measures taken to preserve and develop biodiversit	5.3.2.3-C4
Social	Territorial, economic and social impact of the company's activities	Regional employment and development	5.3.2.2 (introduction)
		Resident or local populations	
	Relations with people or organisations with an interest in the company's activities	Relations with these people or organisations	5.3.2.2-B
		Partnership or sponsorship operations	
	Subcontractors and suppliers	Recognition of social and environmental issues in the procurement policy	5.3.2.2-A1
		Importance of subcontracting and recognition of subcontractors' and suppliers' corporate social responsibility in relations with them	5.3.2.2-A2
	Fair business practices	Action undertaken to prevent corruption	5.3.1.2
		Measures taken to ensure consumer health and safety	5.3.1.2
Other action undertaken to promote human rights	-	5.3.1.2	