

5.3 CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP – ETHICS

AFR

5.3.1 CSR – KEY OBJECTIVES AND STRATEGY

Create purpose. Foster personal fulfilment at work. Combine excellence with corporate responsibility. Align respect for targets with respect for the planet. These are all key objectives for the Lagardère group.

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

The well-being and personal development of our employees are constant priorities within the Group's HR policy, and safeguarding natural resources (notably forests) and reducing our energy footprint are our two principal environmental objectives.

Our media operations – which involve publishing and producing content for highly diverse target populations – make our social responsibility even greater, against the backdrop of a constantly evolving environment particularly marked by an ever-faster pace of digital development.

Above and beyond the responsibility we have towards our numerous stakeholders – authors and other artists, readers and listeners, internet users and television viewers, employees and suppliers, rights holders and advertisers, concession granters and the travelling public, and customers and shareholders – we also take steps to forge strong ties with the community at large, and particularly its most vulnerable members.

In order to meet these objectives the Group has developed a CSR approach structured around four priorities that contain twelve commitments. The four priorities are:

- ▶ asserting our position as a responsible employer;
- ▶ developing our business in an environmentally friendly way;
- ▶ promoting access to information and knowledge;
- ▶ contributing as a media group to the wider community.

The Sustainable Development Report, which is available on Lagardère's website for the fifth consecutive year, describes this overall approach, based on the guidelines of the Global Reporting Initiative (GRI).

This chapter sets out labour, environmental and social reporting data in the order required under the implementing order for article 225⁽¹⁾ of France's Grenelle 2 law of 12 July 2010.

A cross-reference index is available at the end of the chapter to align the information contained in this document with the disclosure requirements listed in article R. 225-105-1 of the French Commercial Code (Code de commerce).

5.3.1.1 CSR PLAYERS

The Group's divisions are independent and autonomous, and each has its own CSR policy led by a Sustainable Development/CSR manager, who coordinates the networks of internal correspondents. The operating processes of the various CSR units within the divisions are described in sections 5.3.2.1 and 5.3.2.2 A.1 below.

At Group level, a Sustainable Development Department, which reports to the Human Relations, Communications and Sustainable Development Department, coordinates a Steering Committee composed of CSR managers from each business line and representatives from several cross-functional departments. The Committee is chaired by the Group's Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing partner of the Lagardère group.

This Committee is in charge of devising the Group's CSR strategy and action to be undertaken, and liaising 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 takes great care to respect the rules established by national and international bodies regarding business enterprises, and those it has drawn up internally for application by its employees and partners.

Its Code of Conduct, for example, was updated in 2012, and now contains seven chapters: Upholding Fundamental Rights; Relations within the Group; Relations with External Partners and Competitors; Relationships with Clients; Respect for Shareholders; Social Responsibility; Environment.

The Sustainable Development Report lists all related documents, in particular those issued by the International Labour Organisation (ILO) and the Organisation for Economic Cooperation and Development (OECD), as well as the ISO 26000 standard.

The Report also describes the Group's various in-house charters⁽²⁾, while Section 5.3.2.2 of this Reference Document, on social information, provides information on the Group's new rules for supplier relations.

This Reference Document also underlines the commitment of the Group's General and Managing Partner, Arnaud Lagardère, to the principles of the Global Compact.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) Decree 2012-557 of 24 April 2012 on companies' disclosure requirements concerning social and environmental matters, amending articles R. 225-105-1 and R. 225-105-2 of the French commercial Code.

(2) For example, the "Charter on trading in Lagardère SCA shares by Group employees".

With operations on all continents, the Lagardère group is one of the world's leading media companies. As an international Group, we must be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation 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 businesses to operate responsibly.

In addition to this basic commitment, Lagardère is a member of the Global Compact France 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 in 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 that they are not complicit in human rights abuses.

LABOUR

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

5.3.2 IMPLEMENTATION OF THE CSR POLICY

5.3.2.1 LABOUR INFORMATION

The Lagardère group's performance depends directly on the skills of its employees and the suitability of its resources. To allow for optimum leverage of human resources and adaptation to the nature of the Group's various business lines, the operating units manage their own human resources but follow priorities, principles and commitments common to all the divisions and formalised at Group level in agreement with the business lines' Human Resources Directors.

All of the labour information required under article R. 225-105-1 of the French Commercial Code is provided in this Reference Document (see sections A-G below).

Most of this information can also be found in the Sustainable Development Report which describes Lagardère's CSR approach based on its four priorities, the first of which is "asserting our position as a responsible employer".

This priority is divided into three commitments that the Group pursues on a continuous improvement basis:

- ▶ ensuring balance and diversity in the workforce;
- ▶ fostering harmonious working conditions;
- ▶ encouraging skills development.

In terms of **ensuring balance and diversity in the workforce**, the Group has undertaken to:

- ▶ adapt resources to organisations, manage changes in headcount (balancing recruitments/separations) and call upon external resources when necessary;

- ▶ ensure balance in the workforce, in particular by seeking to maintain a regular age pyramid;
- ▶ promote diversity, one of the key factors in the creativity that drives the Group's businesses.

In terms of **fostering harmonious working conditions**, the Group strives to support the quality of life of its employees and to attract the best talents to its ranks. To this end it offers employees remuneration that complies with legislation and labour agreements, rewarding individual performance and, as far as possible, related to the achievement of collective objectives.

The Group also promotes the creation of social welfare plans for its employees, action to protect health and safety at work, and effective labour relations.

In keeping with the policy of independence of the Group's individual business lines, measures to encourage **skills development** are managed by each entity.

However, all reflect the Lagardère group's commitment to invest in the development of the professional skills and individual responsibilities of staff, and foster fulfilling career development by increasing internal mobility.

In order to strengthen the Group's skills management initiatives, a specific Talent Management Policy was devised in late 2012. This policy – whose implementation is jointly overseen by the Group HR Department and the business lines' management teams and HR departments – covers all principles and procedures designed to ensure the identification, development, mobility, and succession of talented Lagardère employees.

In 2013, the policy was rolled out to all business lines: talent identification processes were put in place in each business line based on the proposed framework, and a review of the Group's succession planning measures was launched.

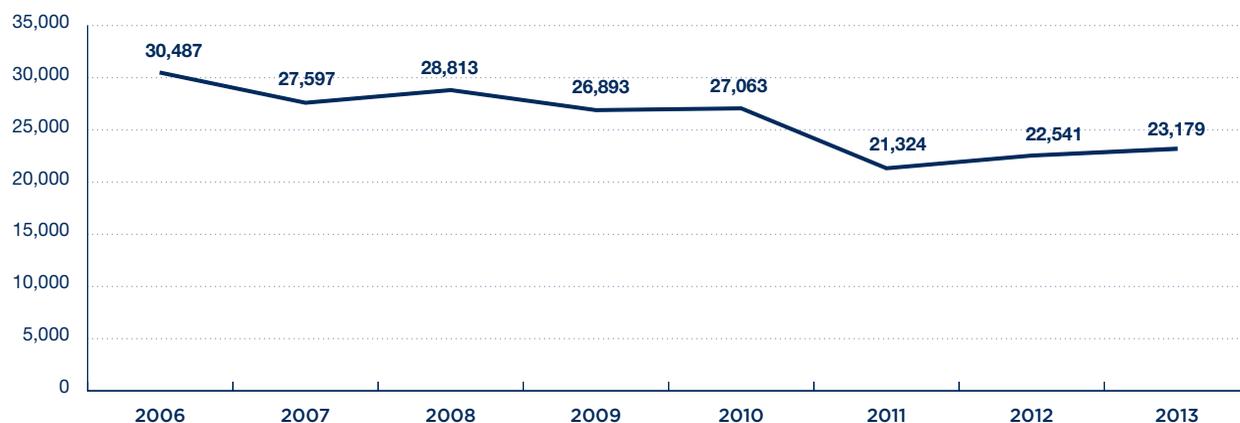
Also in 2013, the Group set up a project to encourage mobility between its business lines, offering new tools to the HR departments and designating specific internal mobility contacts.

A) EMPLOYMENT

A.1 Total workforce and breakdown of employees by gender, age and geographic area

Changes in the workforce

Changes in permanent workforce at 31 December, since 2006



At 31 December 2013, the permanent workforce⁽¹⁾ was up 2.3% on the previous year. This marks the second consecutive year-on-year increase after a 5.7% rise in 2012.

(1) Permanent workforce numbers set out here and in the following paragraphs correspond to the number of employees on permanent contracts who were actually in service on the last day of the year concerned. This calculation method differs from that used for "Full Time Equivalent" employees, under which the number of employees who worked for the Group during the year is calculated based on their standard working hours and the hours they actually worked over the twelve months concerned. The permanent workforce figure is also provided in Note 7 (Employee data) to Chapter 6 of this Reference Document.

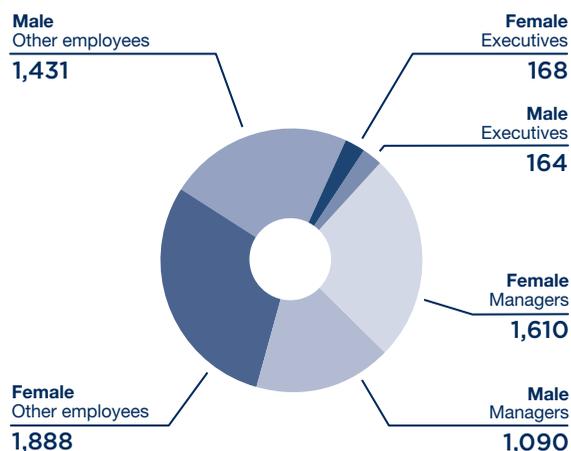
*Breakdown of workforce by gender***Breakdown of permanent workforce at 31 December, by gender**

Division	Women	Men	Total	Change	% Women	% Men
Lagardère Publishing	3,666	2,685	6,351	↘	58%	42%
Lagardère Services	7,043	4,646	11,690	↗	60%	40%
Lagardère Active	2,125	1,572	3,697	↘	57%	43%
Lagardère Unlimited	448	749	1,197	↗	37%	63%
Other Activities	100	145	245	↘	41%	59%
Total	13,382	9,797	23,179	↗	58%	42%

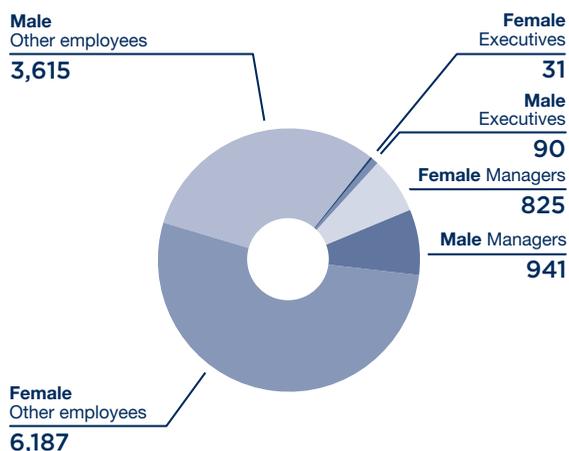
*Breakdown of workforce by occupational group***Breakdown of permanent workforce at 31 December, by occupational group, gender**

Division	Executives			Managers			Journalists and Photographers			Other employees			Total		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	M/W
Lagardère Publishing	51%	49%	332	60%	40%	2,700	-	-	0	57%	43%	3,319	58%	42%	6,351
Lagardère Services	26%	74%	121	47%	53%	1,766	-	-	0	63%	37%	9,803	60%	40%	11,690
Lagardère Active	27%	73%	95	57%	43%	1,488	57%	43%	1,117	62%	38%	997	57%	43%	3,697
Lagardère Unlimited	5%	95%	65	27%	73%	271	0	100%	1	43%	57%	860	37%	63%	1,197
Other Activities	19%	81%	32	37%	63%	108	-	-	0	51%	49%	105	41%	59%	245
Total	36%	64%	645	54%	46%	6,333	57%	43%	1,118	60%	40%	15,083	58%	42%	23,179

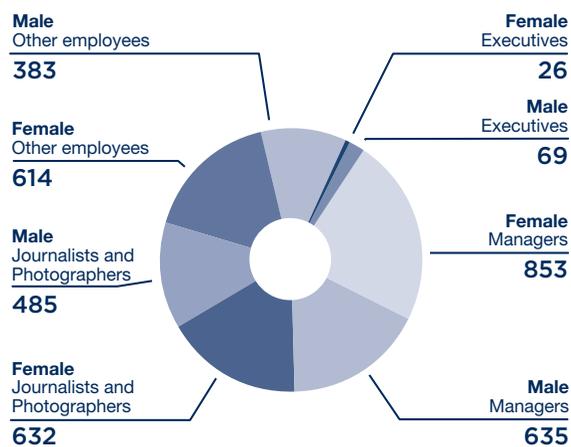
Lagardère Publishing



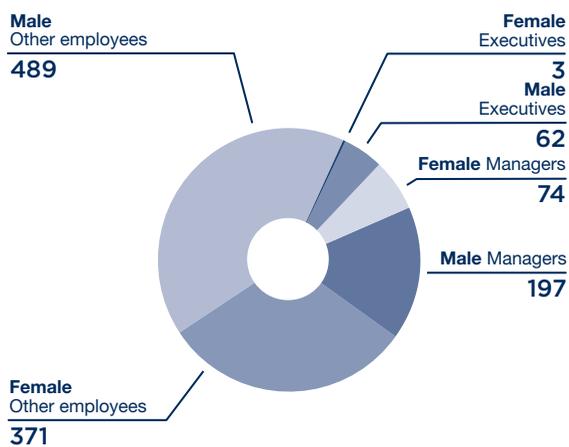
Lagardère Services



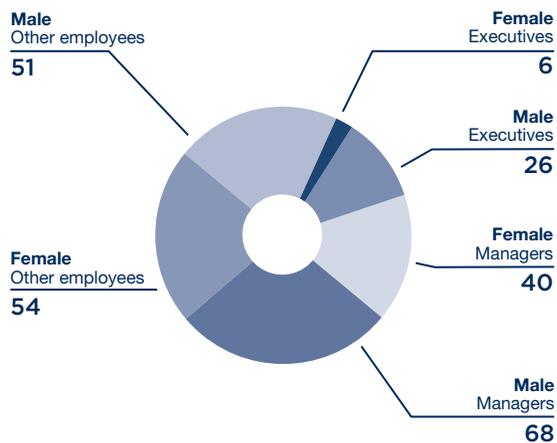
Lagardère Active



Lagardère Unlimited



Other Activities



The data on the Group's permanent workforce at 31 December 2013 shows slight decreases for Lagardère Publishing (1.40%) and Lagardère Active (0.36%), but tangible increases for the second consecutive year for Lagardère Services (6.30%) and Lagardère Unlimited (4.30%).

A more detailed analysis by business line is given below.

As usual, there was a high proportion of managerial staff within Lagardère Publishing, with more than 48% of the total workforce occupying management or executive positions. The year-on-year decrease in headcount was due to the sale of part of the distribution business of Diffulivre and the business line's entity in New Zealand.

The overall rise in Lagardère Services' workforce in 2013 was attributable to the acquisition of LS Travel Retail Roma and an increase in employee numbers for both the business line's travel retail business (in the Aelia group, in China, Australia and the Czech Republic) and the distribution business (mainly in Hungary and Spain).

Like Lagardère Publishing, Lagardère Active also had a high proportion of managerial staff (over 42%), and saw a slight year-on-year decrease in overall headcount (0.36%). However, the number of journalists and photographers working for the business line edged up compared with 2012.

The relative stability in total headcount was due to the combination of the following factors:

- ▶ a 9% decrease in the number of employees within Lagardère Publicité, reflecting a job-saving plan implemented in one of its subsidiaries;
 - ▶ a 9% contraction in headcount within the international radio business, stemming from the implementation of a cost-saving plan in Poland and the restructuring of a radio network;
 - ▶ an increase in headcount due to the acquisition of e-commerce companies (LeGuide.com, BilletsRéduc) and the company TV Replay;
 - ▶ a rise in the number of employees at Lagardère Entertainment.
- Meanwhile, Lagardère Unlimited reported an increase in its permanent workforce for the second consecutive year. While the rise in 2012 was attributable to the acquisition of new companies in Germany and Australia, in 2013 it was primarily due to internal growth in Germany (Sportfive and Upsolut). In addition, the talent representation agency, Gaylord – which has been renamed Lagardère Unlimited Arizona – was included in the Group's HR reporting system for the first time.

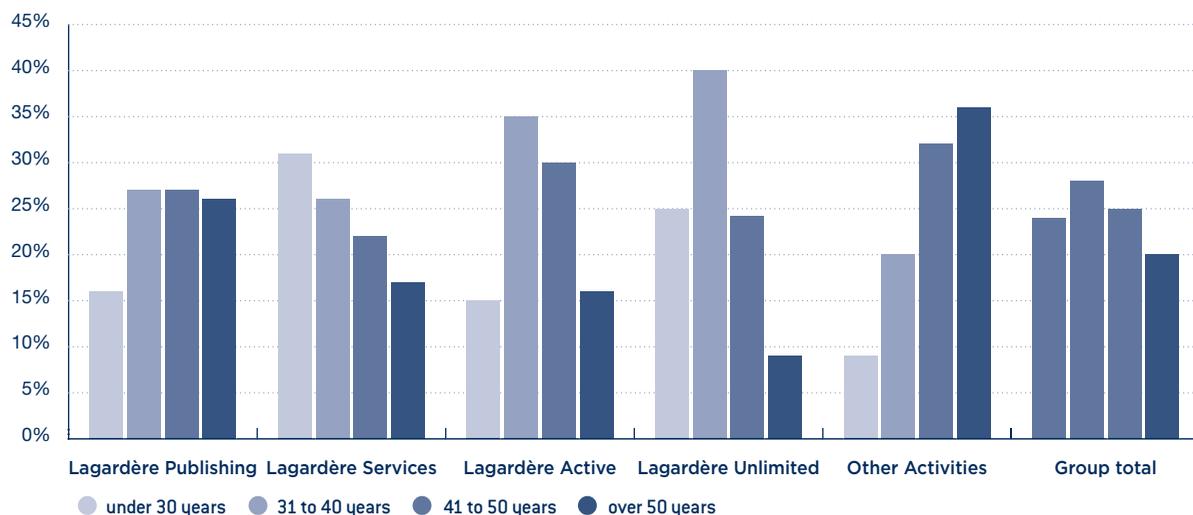
The permanent workforce of "Other Activities" (comprising Lagardère Ressources and Matra Manufacturing & Services) was broadly unchanged.

Breakdown of workforce by age group

The structure of the Group's age pyramid was stable year on year, with the balance maintained between experience and youth (20% of employees over 50, 46% over 40 and almost a quarter under 30).

This balance helps to ensure the Group's sustainability and stability, while paving the way for its future.

Breakdown of permanent workforce by age group and business line

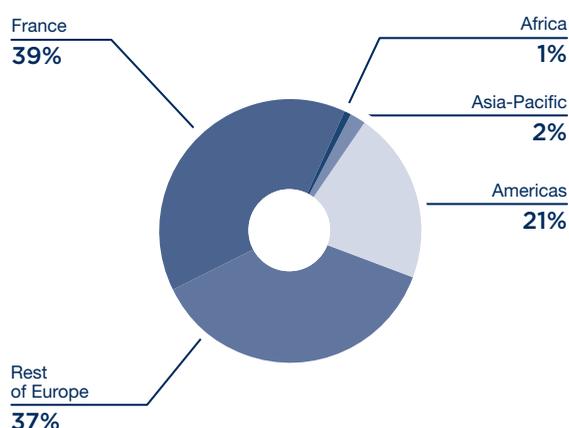


Breakdown of workforce by geographic area

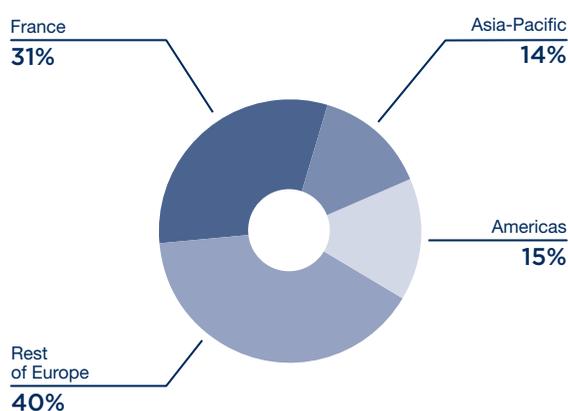
Breakdown of workforce by geographic area and business line at 31 December 2013

Division	Africa	Asia-Pacific	Americas	Rest of Europe	France	Total
Lagardère Publishing	77	112	1,331	2,377	2,454	6,351
Lagardère Services	0	1,607	1,793	4,666	3,624	11,690
Lagardère Active	0	0	0	718	2,979	3,697
Lagardère Unlimited	0	245	62	529	361	1,197
Other Activities	0	0	0	0	245	245
Total	77	1,964	3,186	8,289	9,663	23,179

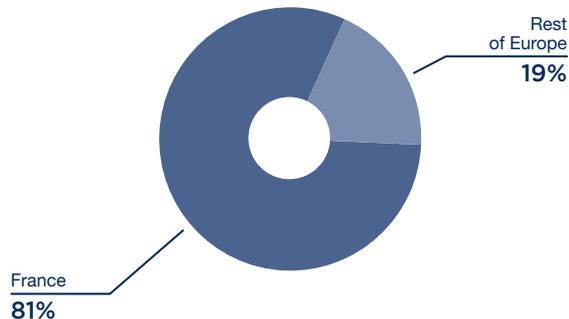
Lagardère Publishing



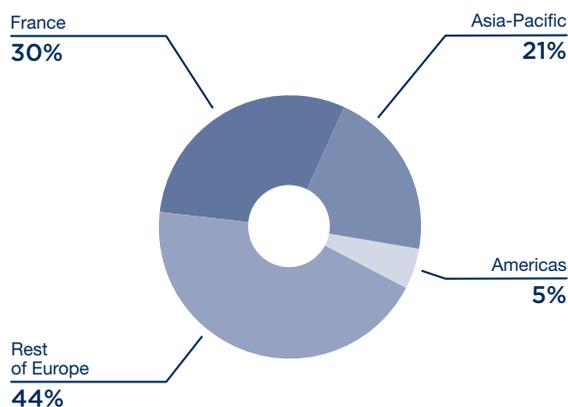
Lagardère Services



Lagardère Active



Lagardère Unlimited

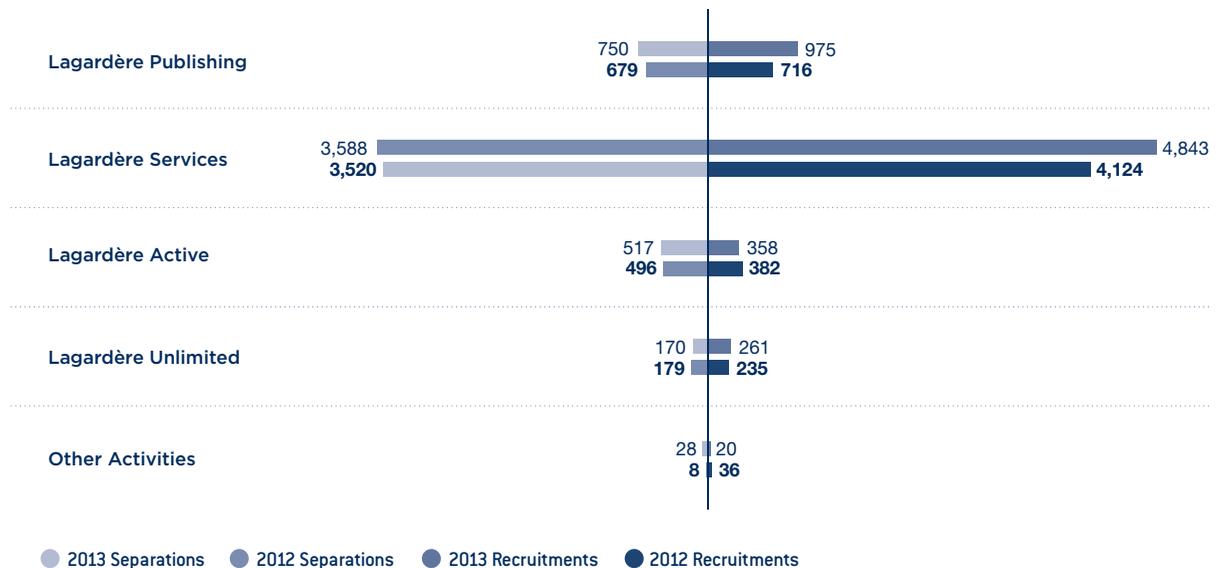


The breakdown of employees by geographic area in 2013 shows that the Lagardère group remains highly international, with over 58% of its permanent workforce based outside France (on a par with 2012).

There was a sharp rise of over 10% in headcount in the Asia-Pacific region in 2013 – especially for Lagardère Services and Lagardère Unlimited.

With a headcount of 9,663, France again had the highest number of employees within the Group, up 1% on 2012. Outside France, the countries with the highest headcounts were Spain (1,853), Canada (1,642) and the United Kingdom (1,599).

In the Asia-Pacific region, Australia had the highest number of employees (1,000, working for Lagardère Services, Lagardère Unlimited and Lagardère Publishing), followed by China and Singapore, where the aggregate headcount was 692.

A.2 Workforce movements*Movements by business line***Changes in the breakdown of recruitments/separations by business line**

The recruitments/separations data shows that there were more employee movements than in 2012, with 6,457 recruitments in 2013 (up by more than 17%) and 5,053 separations (up by a slight 3.5%).

Lagardère Services recorded another sharp year-on-year rise in recruitments due to a significant number of new employees joining the Travel Retail business (mainly as a result of acquisitions) and to internal growth of the Distribution business in some European countries.

The number of separations was stable compared to 2012 (up 2%). At Lagardère Publishing, recruitments were up by a steep 36% but this effect was partly offset by a +10.5% rise in separations. The increase in recruitments mainly concerned Hachette Book group USA and Hachette Book Group UK, as a result of higher

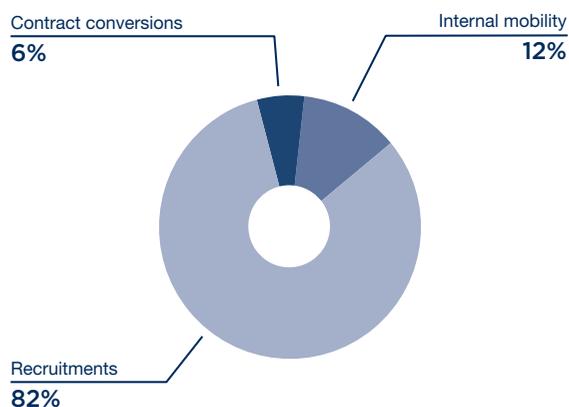
business volumes. The main contributors to the rise in the number of separations were Diffulivre and Hodder Headline New Zealand, reflecting the Group's sale of part of these entities' Distribution businesses.

Lagardère Active saw a 6% decrease in recruitments and a slight 4% rise in redundancies due to the restructuring measures put in place within the business line – particularly in its press business – as well as the difficulties experienced in advertising sales brokerage.

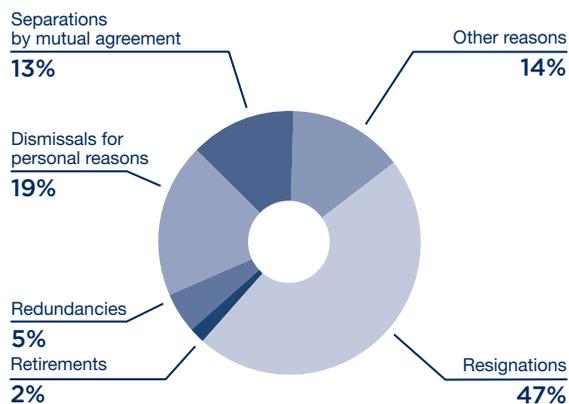
Lastly, at Lagardère Unlimited there was a considerable +11% rise in recruitments, reflecting the business line's internal growth as explained above.

Breakdown by type of recruitment/separation

Breakdown by type of recruitment in 2013



Breakdown by type of separation in 2013



The breakdown by type of recruitment for 2013 again shows a predominant proportion of new hires (representing 82% of recruitments, up 3 points on 2012), which demonstrates the Group’s continued appeal as an employer.

The 11.8% decrease in internal mobility⁽¹⁾ was chiefly due to a lower number of promotions, given that movements within or between divisions increased by 18%.

The proportion of fixed-term contracts converted into permanent contracts was up 31%, which is an excellent CSR indicator.

The breakdown by type of separation shows that the number of resignations was on a par with 2012, and that the 48% year-on-year decrease in the number of redundancies was offset by a rise in the number of separations by mutual agreement and dismissals based on grounds specific to the employee concerned (“dismissals for personal reasons”).

The number of separations due to retirement was slightly lower than in 2012.

Based on all the above elements, the Group’s total staff turnover rate⁽²⁾ for 2013 was higher than in 2012 (25.5% versus 22.7%) but the unexpected turnover rate⁽³⁾ was slightly lower (14.1% compared with 14.7%).

A.3 Remuneration and salary increases

In a highly competitive environment, the Group’s approach to remuneration reflects its policy of providing attractive packages in tune with prevailing market practices (in terms of business activity and the economic and labour conditions in the relevant country).

The Group’s objective is to control its labour costs while maintaining its employees’ purchasing power and encouraging their commitment and performance.

Remuneration policy

The Lagardère group’s remuneration policy follows fair, equitable and consistent practices.

Remuneration practices comply with local legislation and are also aligned with 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 wage and general pay increase scales).

In countries where the minimum wage is far lower than market practice, or where there is no minimum wage, salaries are defined according to local market levels.

Over 84% of the Group’s employees work in a company which has defined a minimum wage (on a par with 2012).

(1) Internal mobility may be a transfer between two companies in the same business line, an inter-business line transfer, or an internal promotion, such as a promotion from “Other employees” to a managerial category.
 (2) 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.
 (3) The unexpected turnover indicator corresponds to the calculation of staff turnover based on departures not initiated by Lagardère (resignations, deaths, retirement and other).

Average gross salary in euros in 2013 for permanent workforce, by occupational group and geographic area⁽¹⁾

Geographic area	Executives	Managers	Journalists and Photographers	Other employees
Africa		€40,496.70		€7,298.21
Asia-Pacific	€234,422.36	€53,477.91		€24,141.85
Americas	€220,858.69	€71,169.45		€19,326.25
Rest of Europe	€120,331.71	€46,154.88	€16,098.11	€25,960.24
France	€198,258.54	€55,631.30	€58,313.26	€25,289.18
Group total	€166,413.86	€54,252.04	€50,331.55	€24,135.63

The average annual salary worldwide for all socio-professional categories combined (including bonuses and variable remuneration) was approximately €38,000 in 2013 compared with €39,141 in 2012.

The differences observed in the table above are due essentially to different kinds of job, different levels of responsibility, and differences in age, length of service and level of qualifications.

The Lagardère group promotes equal pay for women and men, for equal work and qualifications.

The salary scales put in place in the Group's subsidiaries are one means of achieving this. In 2013, over 71% of all employees worked in an entity which has defined salary ranges for each job level, a figure that has stabilised after a very steep rise between 2011 and 2012 when the Group made significant progress in this area.

Pay rise policy: rewarding progress in the contribution made by employees and maintaining purchasing power

It is Group policy to favour pay rises 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 work in, individual rather than collective pay rises are therefore increasingly common.

In return for these individually tailored pay measures, to ensure optimum transparency between staff and their management on remuneration, the Group encourages annual interviews, which give employees a better perception of their fulfilment of the requirements of their job.

Each entity is largely free to award individual and/or collective pay rises appropriate to its business line and operating environment.

According to the 2013 data, over 55% of Lagardère's permanent employees received a pay rise (down from the 2012 figure). This fall was seen in all business lines.

Individual variable remuneration: 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 and variable pay.

These practices allow an employee's remuneration to be linked to the achievement of personal targets and collective objectives at the level of the subsidiary concerned. Over 46% of the Group's workforce had some form of variable remuneration in 2013, up 2 points on 2012.

The figure naturally varies by business line and activity, reaching over 50% at Lagardère Active and Lagardère Publishing, but falling to less than half the workforce at Lagardère Services (under 37%) and Lagardère Unlimited (over 47%).

Wherever variable remuneration or equivalent systems apply, the Group encourages use of target-based pay systems involving annual performance interviews to provide employees with full visibility and transparency.

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 local legislation and the local context as well as to the specific nature of its business.

In 2013, over 52% of the workforce were covered by a profit-sharing scheme based on collective performance with this figure coming in at around 73% for France.

(1) Behind these salary averages – which are provided for information purposes – lie widely varying situations (due to the nature of the activities and their location, with lifestyles and the cost of living varying greatly from country to country), and no general conclusions or comparisons should be drawn from them.

*Employee savings schemes: encouraging savings***Proportion of workforce belonging to a savings scheme**

Division	Proportion of workforce
Lagardère Publishing	57%
Lagardère Services	45%
Lagardère Active	75%
Lagardère Unlimited	40%
Other Activities	100%
Group total	53%

Overall, 53% of the Group's employees belong to an employee savings scheme.

In France the percentage is almost 92%.

In addition to this, 2.13% of the shares issued by the Group are held by employees, including 0.56% held through mutual funds.

Free shares: retaining fast-track employees

The Group has a specific policy of sharing profit with employees according to their level of responsibility, performance and results, and seeks to build loyalty among fast-track employees with the regular allocation of shares in the parent company, Lagardère SCA.

Until 2006, this allocation took the form of share options but since 2007 the Group has used free share awards (see the 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 have supplementary health and social welfare plans partially funded by the employer. Some 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 offered to employees in other countries, depending on the state systems in place and local practices.

Each entity pays payroll taxes depending on the obligations and practices in force in its country.

Payroll taxes, in thousands of euros, by business line

Division	2013	2012	Change
Lagardère Publishing	84,464	81,734	2,730
Lagardère Services	70,932	64,710	6,222
Lagardère Active	116,726	123,368	-6,642
Lagardère Unlimited	11,066	12,995	-1,929
Other Activities	9,962	8,645	1,317
Group total	293,150	291,452	1,698

Payroll taxes, in thousands of euros, by geographic area

Geographic area	2013	2012	Change
France	227,184	230,156	-2,972
European Union	44,875	38,113	6,762
Rest of Europe	6,564	8,373	-1,809
USA and Canada	12,936	13,872	-936
Asia-Pacific	1,041	354	687
Other (Middle East, Africa, Latin America)	550	584	-34
Group total	293,150	291,452	1,698

The above payroll taxes also include contributions to social welfare organisations paid to staff representative bodies in accordance with local practices.

B) ORGANISATION OF WORKING HOURS**B.1 Organisation of working hours***Working hours*

The maximum working hours by geographic area were as follows in 2013:

Working hours by geographic area

Geographic area	Maximum number of hours worked per day	Maximum number of days worked per year
France	7	218
Rest of Europe	8	241
The Americas	8	248
Asia-Pacific	8	251
Africa	8	286

Group entities have put in place work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment.

This flexibility – which is required for the organisation of working time – does not, however, jeopardise the Group's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Non-permanent employees (temporary staff and employees on fixed-term contracts)⁽¹⁾

The use of non-permanent employees (employees on fixed-term contracts and temporary staff) is inherent in some activities, e.g.,

for seasonal peaks in business at Lagardère Publishing (literary releases, generally scheduled from September to November in France, school orders and Christmas).

The work organisation scheme also enables the Group to cope with the constraints related to the Distribution and Travel Retail activities at Lagardère Services (replacing store managers on leave, extensive opening hours, training of store managers, etc.) and the organisation of sporting events at Lagardère Unlimited.

Changes in the number of employees on fixed-term contracts and temporary staff between 2012 and 2013 were as follows:

Changes in employees on fixed-term contracts (FTE-basis)

Division	2013	2012	2012/13 change
Lagardère Publishing	349.22	381.78	↘
Lagardère Services	1,088.25	1,024.51	↗
Lagardère Active	253.41	217.16	↗
Lagardère Unlimited	103.00	94.94	↗
Other Activities	13.31	2.08	↗
Group total	1,807.19	1,720.47	↗

(1) The number of non-permanent employees is calculated on a full-time equivalent (FTE) basis. The FTE figure is obtained by adding together all the employees who worked for the Group during 2013, based on their standard working hours and the hours they actually worked over the twelve months concerned. For example, an employee who works half a week for six months of the calendar year is counted as 0.25 FTE (0.50 x 0.50). This measure is particularly relevant for analysing the non-permanent workforce, given that reporting a figure as at 31 December would not reflect the actual situation for this employee category.

Changes in temporary staff (FTE-basis) and number of hours worked during the year

Division	2013		2012		2012/13 change
	Number of hours	FTE	Number of hours	FTE	
Lagardère Publishing	797,353.66	459.57	826,897.35	476.60	↘
Lagardère Services	478,274.27	275.66	422,587.00	243.57	↗
Lagardère Active	17,885.58	10.31	47,079.00	27.13	↘
Lagardère Unlimited	67,740.00	39.04	69,027.60	39.79	↘
Other Activities	13,376.00	7.71	4,143.00	2.39	↗
Total	1,374,629.51	792.29	1,369,733.95	789.47	→

Overtime⁽¹⁾

Companies within the Lagardère group also use overtime as a means of achieving work flexibility, especially for distribution activities (Lagardère Services and Lagardère Publishing).

This solution has the twofold advantage of:

- ▶ enabling the company to adapt to changes in business volumes;
- ▶ while raising purchasing power for employees who agree to take on the overtime hours.

Changes in overtime hours (FTE-basis) and number of overtime hours worked during the year

Division	2013		2012		2012/13 change
	Number of hours	FTE	Number of hours	FTE	
Lagardère Publishing	96,628.60	55.69	87,392.34	50.37	↗
Lagardère Services	281,955.00	162.51	270,296.40	155.79	↗
Lagardère Active	9,642.45	5.56	9,236.33	5.32	→
Lagardère Unlimited	4,590.25	2.65	15,939.72	9.19	↘
Other Activities	1,971.62	1.14	406.28	0.23	→
Total	394,787.92	227.54	383,271.07	220.91	↗

Analysis of work flexibility arrangements

Overall, the 2013 data on work flexibility shows that there was very little change compared to 2012, as the number of FTE employees on fixed-term contracts only increased by 5%, the use of temporary staff was unchanged, and the number of overtime hours worked was up only 4.3%.

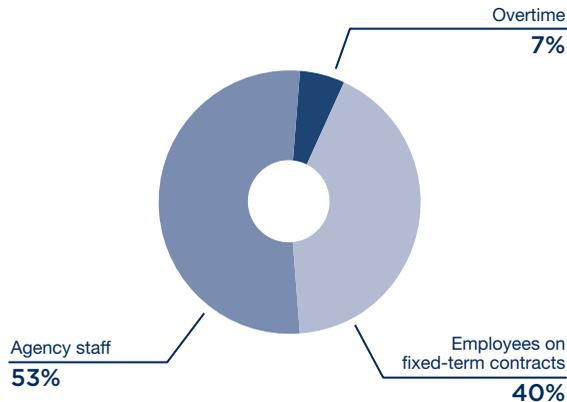
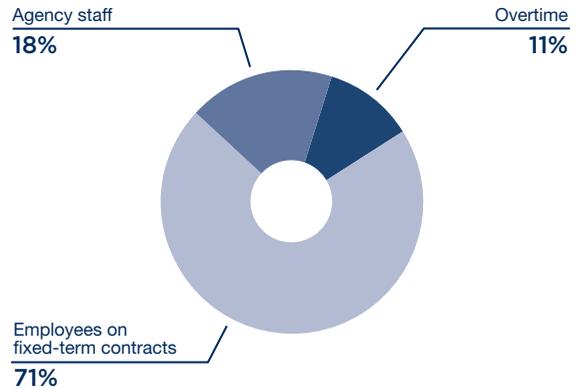
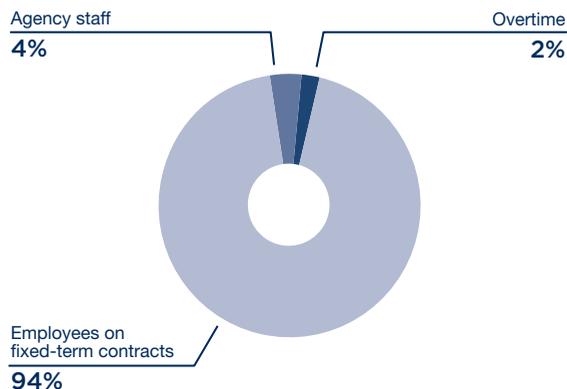
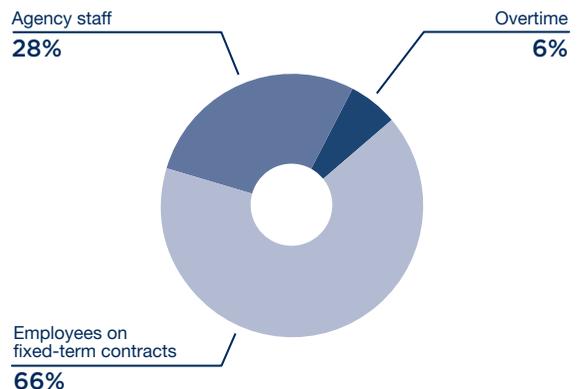
As in 2012, the use of fixed-term contracts was the preferred method of managing staffing levels for the business lines, and represented 63% of the overall flexible working arrangements used in 2013 (on an FTE-basis), unchanged from the previous year.

The two divisions that drew most on measures to adapt the workforce to their business needs were Lagardère Publishing and

Lagardère Services, which together employ some 80% of the Group's employees on fixed-term contracts and over 93% of its temporary staff. This is because these two divisions are the most subject to fluctuations in business levels (distribution and publishing) for reasons including seasonal peaks of activity (e.g., Christmas and the back-to-school period for Lagardère Publishing, and the summer holiday period for Lagardère Services).

However, it is important to note that the total number of employees on fixed-term contracts and temporary staff only accounted for 11.5% of the Lagardère group's total workforce, which is in line with its 12% ceiling.

(1) The conversion of overtime hours and hours worked by temporary staff into FTE employees is obtained by dividing the total number of hours by the average number of hours worked during the year within the Lagardère group.

Work flexibility by business line in 2013⁽¹⁾**Lagardère Publishing****Lagardère Services****Lagardère Active****Lagardère Unlimited**

A closer analysis by business line shows that, as in the past, Lagardère Publishing favoured the use of temporary staff to provide the work flexibility it needs. This reflects the highly seasonal nature of the business line's business and its very short peak periods, notably Christmas and the September back-to-school period.

For Lagardère Services the relative proportions of different work flexibility arrangements were unchanged from 2012 and the business line again favoured fixed-term contracts over the use of temporary staff and overtime.

Lagardère Active's use of employees on fixed-term contracts, temporary staff and overtime is lower than for the other business

lines, as this business line uses more "occasional" employees for its operations.

The proportion of employees on fixed-term contracts was up, however, year on year, and represented around 94% of Lagardère Active's total flexible human resources (compared to 87% in 2012), much higher than the level of temporary staff and overtime.

Lastly, Lagardère Unlimited saw an 8.5% rise in its work flexibility arrangements in 2013, mainly due to higher business volumes for its German events management agency Sportfive GmbH & Co. KG. The use of fixed-term contracts remained this business line's preferred work flexibility method, representing 66% of the total.

(1) The breakdown of flexible human resources by business line is obtained by converting into an FTE figure hours worked by temporary staff and employees on fixed-term contracts as well as overtime hours. This total FTE figure is then used as the basis for the breakdown.

Occasional employees

In France, due to the nature of its press, audiovisual and live entertainment production activities, the Lagardère group calls on the services of specific types of employees, namely freelance journalists, entertainment workers, and other occasional employees such as proof readers and events and hospitality staff.

As in 2012, the number of occasional employees⁽¹⁾ rose steeply (up 31.5% in 2013 and 39% the previous year).

Part-time work

Part-time workforce at 31 December 2013

Division	Female	% female part-time	Male	% male part-time	Total part-time workforce	% part-time
		Total female workforce		Total male workforce		Total workforce
Lagardère Publishing	431 ↘	11.76%	50 ↘	1.86%	481 ↘	7.57%
Lagardère Services	1,651 ↗	23.44%	573 ↗	12.33%	2,224 ↗	19.03%
Lagardère Active	278 ↗	13.08%	161 ↗	10.25%	439 ↗	11.87%
Lagardère Unlimited	59 →	13.17%	63 ↗	8.41%	122 ↗	10.19%
Other Activities	7 ↘	7.00%	2 ↗	1.38%	9 ↘	3.67%
Group total	2,426 ↗	18.13%	849 ↗	8.67%	3,275 ↗	14.13%

The number of part-time employees rose 6.6% in 2013, following a slight 3.6% decrease in 2012, pushing their proportion of the Group's total workforce up to 14.13%. Women again accounted for the largest proportion of part-time employees – at just under 75% of the total – unchanged from 2012.

The main contributors to the overall increase were Lagardère Active (up 21%, or 188 FTE employees), because of its audiovisual activities, and Lagardère Unlimited (due to the production of a new musical called Disco by Lagardère Unlimited Live Entertainment). Lagardère Publishing also saw an increase in its occasional employees during 2013 (up by 27 FTE employees).

As a result, Lagardère Active's proportion of the Group's overall entertainment workers fell significantly, from around 98% in 2012 to 90% in 2013.

Lagardère Services had the highest number of part-time employees within the Group (nearly 19% of the business line's total workforce), well ahead of Lagardère Active.

It accounted for over 68% of the Group's total for this category of workers, far more than the other business lines, reflecting the fact that part-time work is inherent to the Travel Retail business and other retail operations.

B.2 Lost time

Time lost to work accidents and sick leave⁽²⁾ for permanent employees

Division	Sick leave	Work accidents
Lagardère Publishing	5.90 ↗	0.55 ↘
Lagardère Services	6.79 ↘	0.88 ↘
Lagardère Active	7.32 ↗	0.17 ↗
Lagardère Unlimited	3.93 ↘	0.17 ↘
Other Activities	6.27 ↗	0.00 →
Group total (2013)	6.49 ↗	0.63 ↘
2012	6.03	0.69
2011	5.8	0.79

The lost time data for 2013 shows that for the second consecutive year, the average number of days of absence due to work accidents was down on the previous twelve months (12.6% and 8.7% decreases in 2012 and 2013 respectively).

At 6.7%, the decrease was particularly marked for Lagardère Publishing, whose distribution and returns centres at Maurepas and Longjumeau recorded respective decreases of 30% and 19%.

Lagardère Services also registered a fall of 11% in the average number of days' absence due to work accidents, under the combined impact of a 2% reduction in total days' absence and a tangible rise in headcount.

Lagardère Active and Lagardère Unlimited both recorded the same average number of days' absence, at 0.17. The total number of days' absence at both divisions is – quite naturally, in the light

(1) Occasional employees cover two main categories:

- freelance journalists, who are paid on a piece-work basis (for example per character or page for an editor, by length of the work in the audiovisual field, by number of pictures for a photographer, etc. They do not therefore form part of the editorial staff;
- entertainment workers: employees who alternate between periods when they are in and out of work. An entertainment worker is an employee (or registered under the status of an employee) of a performing arts, cinema and/or audiovisual company who is employed under successive fixed-term contracts.

(2) Lost time is calculated by dividing the total number of days of absence by the number of permanent FTE employees.

of their activities and workforce – much lower than at Lagardère Services and Lagardère Publishing.

The rise in time lost to sick leave seen in 2012 continued in 2013 (up +7.6%).

Only Lagardère Unlimited posted a substantial decrease in this indicator (down 16.6%), with the other three business lines' reporting increases. For Lagardère Services the overall average figure was lower than in 2012 but as this was due to a rise in the business line's headcount the underlying trend is still an upward one.

C) LABOUR RELATIONS

C.1 Organisation of labour relations, notably procedures for informing, consulting and negotiating with employees

Labour relations are an essential part of the Lagardère group's human resources policy, based on the acknowledged principle of maintaining a balance between economic and labour issues, at all levels of the organisation (entities, divisions and Group).

Representation at Group level

Although it practices a policy of independence for its business lines, the Group also promotes cooperation and dialogue with employee representative bodies and between the various subsidiaries in France and the rest of the world.

Two 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. Following elections that took place on 1 July 2012, France currently holds 15 seats and the remaining 15 seats are held by representatives from eight other European countries – Belgium, the Czech Republic, Germany, Hungary, Poland, Romania, Spain and the United Kingdom.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary meeting.

In addition to these annual meetings, extraordinary meetings or meetings between committee members and union representatives may be held if the situation so requires.

Labour relations were a particular focus for the Group in 2013.

In addition to the ordinary meetings, there were discussions of the transformation of the Press business and the changes within the Group following the sale of its EADS shares.

An information meeting and extraordinary meeting of the Group Employees' Committee were held on 22 April and 21 October 2013 respectively to discuss the sale of certain Lagardère Active magazines and the members of the bureau of the European Works Committee met on 25 October to discuss the same subject.

As is the case every year, the plenary sessions of the European Works Committee and the Group Employees Committee (12 September and 26 November 2013 respectively) reviewed the Group's businesses and financial statements, and the outlook for the business lines.

Lastly, in connection with the sale of Lagardère's EADS shareholding and in accordance with newly introduced French legislation, a Special Negotiations Group negotiated the payment of a special profit-sharing bonus to all employees in France.

The negotiations – which led to the signing of an agreement on 24 July 2013 – served as a best practice in labour relations for the Group's people worldwide.

Local employee representation

Geographic area	Number of employees covered by employee representation	Percentage of the workforce covered by employee representation
Africa	77	100%
Asia-Pacific	915	47%
Americas	1,943	61%
Rest of Europe	5,081	61%
France	9,363	97%
Total	17,379	75%

C.2 Summary of collective agreements

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

Geographic area	% of employees covered by collective agreements on health, safety and working conditions	% of employees covered by collective agreements on the integration of people with a disability	% of permanent employees covered by collective agreements on remuneration	% of permanent employees covered by collective agreements on gender balance in the work place	% of permanent employees covered by collective agreements on working hours	% of permanent employees covered by collective agreements on training	% of permanent employees covered by collective agreements on employee welfare
Asia-Pacific	69%	0%	72%	0%	71%	0%	71%
Americas	57%	11%	58%	11%	11%	56%	11%
Rest of Europe	54%	29%	62%	36%	61%	22%	45%
France	75%	37%	82%	71%	96%	39%	72%
Total	64%	27%	70%	44%	69%	32%	54%

At 31 December 2013, there were 624 collective agreements in force within the Group, representing a 4% decrease on 2012. A total of 112 agreements were signed in 2013, versus 121 in 2012. Europe (excluding France) saw the highest year-on-year increase (up 68%).

Significant progress was noted in collective agreements in the Asia-Pacific region during the year, with high increases in the proportion of employees covered by agreements on remuneration (up 19 points), working hours (up 20 points) and social security (up 19 points).

In France, there was a sharp rise in the proportion of employees covered by a collective agreement concerning the integration of people with disabilities, after an in-depth review on this topic within the Aelia group (Lagardère Services).

D) HEALTH AND SAFETY

D.1 Health and safety conditions at work

The Group's business activities are mainly concentrated in the services sector, which has **low exposure to health and safety risks**.

Entities with logistics and distribution activities, however, have a greater "safety culture" than other Group companies.

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

In 2013, over 16,000 health and safety training hours were given, representing a 7% decrease compared with 2012.

The proportion of employees covered by an agreement on health, safety and working conditions is relatively high (over 64% worldwide and 75% in France). In addition, some 85% of the Group's employees have a specific body in charge of health and safety at work, and 78% have regular medical check-ups organised by their employer.

D.2 Work accidents: frequency and severity rates⁽¹⁾

Division	Number of accidents	Frequency rate	Severity rate
Lagardère Publishing	129 ↘	12.03 ↘	0.32 ↘
Lagardère Services	368 ↗	17.93 ↗	0.48 ↘
Lagardère Active	22 ↗	3.55 ↗	0.10 ↗
Lagardère Unlimited	11 ↗	5.65 ↗	0.09 ↘
Total	530 ↗		

The data for work accidents in 2013 shows that there were 49 more accidents in 2013 than in 2012, with increases recorded by all divisions except Lagardère Publishing.

Lagardère Services reported a particularly strong increase, up by 16%, after a campaign to report all accidents, whether serious or not. This business line also kept up its health and safety training drive, and the severity rate was down by 14% in 2013 owing to a drop in days' absence.

Lagardère Publishing recorded another decrease in the number of work accidents, continuing the positive trend that began in 2011. This business line also kept up its training drive – despite a slight

dip in the number of training hours given compared to 2012 – which had a positive effect on the severity rate, which declined by 6%.

The number of work accidents at Lagardère Active and Lagardère Unlimited – which is generally lower than for the other two divisions in view of the nature of their businesses – was on a par with 2012, with just one more accident for Lagardère Active and three more for Lagardère Unlimited.

The accident severity rate showed a marked decline at Lagardère Unlimited, but rose slightly at Lagardère Active.

(1) Frequency rate = (number of work accidents resulting in lost time x 1,000,000)/number of hours worked. Severity rate = (number of days of lost time x 1,000)/number of hours worked.

D.3 Summary of collective agreements related to health and safety

Division	Number of employees covered by collective agreements on health, safety and working conditions
Lagardère Publishing	44%
Lagardère Services	81%
Lagardère Active	67%
Lagardère Unlimited	10%

Lagardère Services – whose business is particularly exposed to health and safety risks – is the Group's business line that has the highest proportion of employees covered by a workplace safety agreement (81%, unchanged from 2012).

The lower coverage rate at Lagardère Publishing (44%) reflects the fact that employees in the "Industry and Services" business – which covers logistics and distribution – are covered by a health and safety agreement.

However, all reflect the Lagardère group's pledge to invest in the skills and individual responsibilities of staff and foster fulfilling career development by increasing internal mobility.

In 2013, the Lagardère group invested €8,181,258 in training. This amount is lower than the 2012 figure due to a change in the calculation method used by Lagardère Publishing which used to include the cost of participants' salaries.

The average training budget per employee in 2013 was €364.

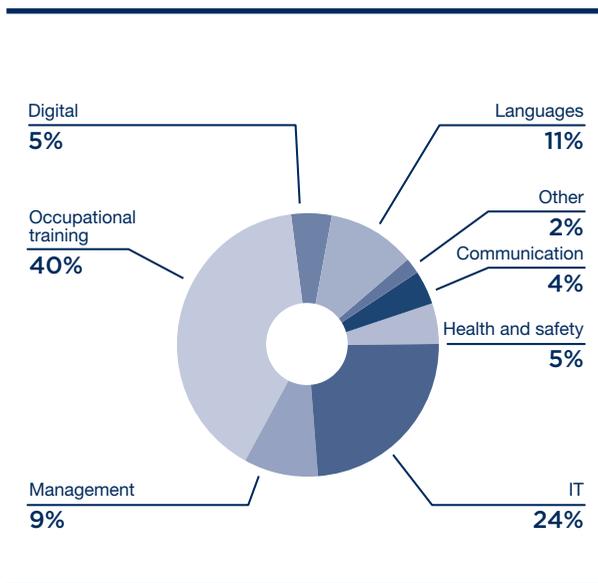
In France it was €660, on a par with 2012.

E) TRAINING

E.1 Training and skills development policies

In keeping with the policy of independence of the Group's business lines, skills development and internal mobility are managed by each entity.

Breakdown of training hours by type



The breakdown of training hours by type again illustrates the importance accorded to "occupational" training, reflecting the Group's aim of supporting the business lines' business development.

Although the relative proportion of "digital" training decreased in 2013, the total number of training hours devoted to this area was almost 4% higher than in 2012. This was attributable to a very considerable rise in the number of training hours on information technology, due to a major IT training drive at Hachette Book Group USA on the introduction of new management software.

The increase in training hours within Hachette Book Group had an impact on the overall number of training hours, which rose to over 300,000 in 2013 from 230,000 in 2012.

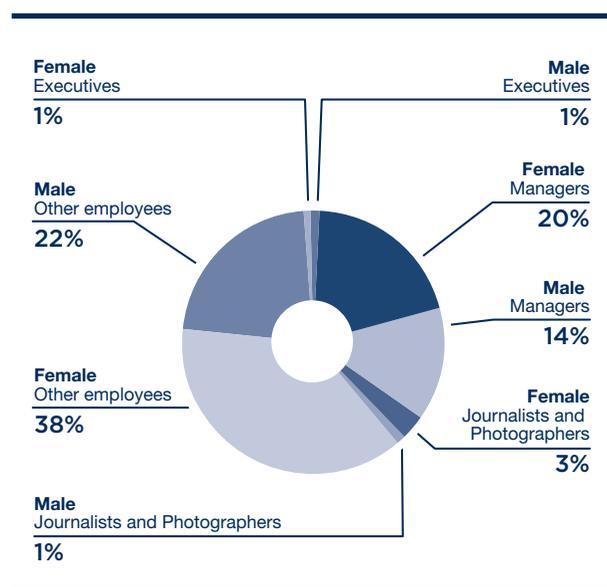
The Group also strives to establish a corporate culture among its managers, and foster development of the key values of creativity, independence, courage and entrepreneurship.

These values are presented in a specific course offered by the in-house university "Media Campus".

Two programmes – "Leadership" and "Integration" – provide support to managers and serve to strengthen their management skills. Some 160 managers took part in the programmes during 2013.

E.2 Total number of training hours and breakdown

Breakdown of training hours by occupational group and gender



The breakdown of training hours by occupational group and gender shows that women accounted for 62% of the total training hours received and that employees with lower qualification levels ("Other employees") represented 60% of the total.

F) EQUAL OPPORTUNITIES

The Lagardère group adheres to two major principles: equal opportunity and respect for everybody.

The Group's divisions are highly diverse, as reflected in their wide range of business activities and their employees' broad array of expertise. As media operators and distributors, they have a particular obligation to reflect the society to which they belong.

Lagardère endeavours to promote and develop cross-divisional action for diversity, particularly by identifying best practices in its entities and sharing them throughout the Group.

Internal mobility by gender

Breakdown of internal mobility moves by type and gender

2013	Recruitments		Conversions		Internal mobility		Promotions	
	Women	Men	Women	Men	Women	Men	Women	Men
Lagardère Publishing	412	245	53	28	11	6	151	69
Lagardère Services	2,714	1,553	131	60	37	65	159	124
Lagardère Active	116	94	36	18	43	15	20	16
Lagardère Unlimited	75	86	13	25	2	4	12	44
Other Activities	5	8	1	1	1	1	2	1
Total	3,322	1,986	234	132	94	91	344	254
Breakdown	63%	37%	64%	36%	51%	49%	58%	42%

In 2013, 58% of promotions within the Group concerned women, with particularly high percentages for Lagardère Publishing and Lagardère Services.

In line with this, three aspects are focused on:

- ▶ the place of women in the Group;
- ▶ people with a disability;
- ▶ the integration of young people from inner cities.

Following a 2012 audit on all forms of diversity (disability, equality, seniors, ethnic origins etc.), Lagardère Active has drawn up and begun to roll out a multi-year action plan called Active Diversity.

For 2013 the business line's priority was social and ethnic diversity. Two key measures were put in place: relaying the findings of the audit to the top managers of the business's departments, and training delivered by a firm specialised in diversity in the media industry. During the year 169 people were given 676 hours of training.

F.1 Measures taken to promote gender balance

Women accounted for nearly 58% of the total workforce in 2013. Consequently, at Lagardère, professional equality is no longer a question of the number of women employees compared with male employees, but is more about ensuring equal career opportunities. In 2013, 36% of executive posts were occupied by women (unchanged from 2012).

Lagardère Publishing has reached a near-perfect gender balance in top management positions, with women making up 51% of its executives.

There is still some room for improvement, however, in the other business lines.

In terms of middle management, women represented 54% of the Group total (60% at Lagardère Publishing and 57% at Lagardère Active). Lagardère Services has a better balance in this management category than for executives, with 47% of middle management posts occupied by women.

While these breakdowns by gender provide interesting data on numbers of female employees they only give a snapshot view. Recruitment and internal mobility data, on the other hand, provides a more dynamic vision of women's career development within the Group.

For example, women accounted for almost 63% of new hires during 2013.

At the same time, there was a very even gender balance for internal mobility moves (94 for women and 91 for men), with a much higher level of mobility for women than men in Lagardère Active.

*Collective agreements on gender equality in the workplace***Collective agreements on gender equality in the workplace**

Division	Number of permanent employees covered by collective agreements on gender balance in the work place
Lagardère Publishing	45%
Lagardère Services	46%
Lagardère Active	47%
Lagardère Unlimited	12%
Other Activities	62%
Total	44%

F.2 Measures taken to promote the employment and integration of people with a disability*Integration of people with a disability***Number of employees with a disability**

Division	Americas	Rest of Europe	France	Total
Lagardère Publishing	1 →	21 →	45 →	67 →
Lagardère Services	2 →	40 ↗	55 ↗	97 ↗
Lagardère Active	0	1 ↘	33 ↗	34 ↗
Lagardère Unlimited	0	3 →	7 →	10 →
Other Activities	0	0	11 →	11 →
Group total	3 →	65 ↗	151 ↗	219 ↗

In 2013, the overall number of employees with a disability was 23.70% higher than in 2012.

This positive trend was particularly marked at Lagardère Services, where the increase reached 86.50%, including 100% in France, after action by Aelia and in the Czech Republic.

In the Group's other businesses the number was more or less unchanged from 2012.

Actions undertaken by the Group

In 2012 the Group commissioned a disability audit, and in 2013 each business line took action based on the audit's findings, including internal awareness-raising and training initiatives, hiring and inducting employees and interns with disabilities, working with sheltered-sector organisations (Esat), and improving accessibility.

Following an awareness-raising campaign at Aelia France, for example, twelve employees were officially classified as workers with a disability, and a significant number of new hires were people with disabilities. In 2014 managers will be given training on the business line's disability policy in order to increase recruitment of people with a disability.

In Canada, LMPI employs around twenty people with disabilities, who label and package magazines.

Lagardère Publishing uses the services of 21 Esat⁽¹⁾ sheltered-sector organisations and all Larousse's job offers are advertised

through AGEFIPH, a French public sector body that promotes the employment of people with disabilities.

Lagardère Active's Mission Handicap project aims to change people's perception of disability, and it continued to promote the integration of people with disabilities, with permanent contracts, work-study placements and work experience. Four new contracts were signed in 2013 (permanent/fixed-term and work-study contracts) and 16 interns were taken on, making a total of 46 contracts and 119 internships since 2007.

Lagardère Active also continued to use the sheltered workshop APR2 to recycle its computer and office equipment and to collect and recycle magazines. Several production companies chose Sabooj – France's first sheltered-sector corporate communications agency – to partner the launch of their websites on the Lagardère Entertainment portal.

Mission Handicap teams had 57 initiatives with a total of 15 sheltered-sector organisations.

In December 2013, in conjunction with the Ministerial Office for People with Disabilities, the French broadcasting authority (CSA) launched a draft **Charter for promoting the training and professional integration of people with disabilities in the audiovisual communications sector**. Lagardère Active's Radio TV activity signed the document in February 2014.

(1) Esat: Etablissements et services d'aide par le travail (sheltered-sector organisations in France).

Collective agreements on the integration of people with a disability**Collective agreements on the integration of people with a disability**

Division	% of employees covered by collective agreements on the integration of people with a disability
Lagardère Publishing	19%
Lagardère Services	31%
Lagardère Active	40%
Lagardère Unlimited	1%
Other Activities	0%
Total	27%

F.3 Outreach to young people in inner cities

Since 2006 the Lagardère group has partnered the non-profit Nos Quartiers ont des talents (Our neighbourhoods have talent), with the aim of helping qualified young people from underprivileged urban areas and backgrounds to gain a foothold in the world of work.

This partnership has led to concrete actions: a mentoring programme in which the Group's experienced managers help young people with their job search. Lagardère also attends annual forums that put qualified young people in contact with corporate managers. On 27 November 2013 the Group took part in the fourth Rencontres nationales pour L'égalité des chances (France's equal opportunities forum) held at the Cité du Cinéma in the north of Paris.

Since 2013 the Group has also been a member of the Steering Committee of Nos Quartiers ont des Talents alongside members of the organisation's bureau and young people it has helped into work and who wish to give the organisation greater visibility. These initiatives are paying off, and some 20,000 young people have received help from the organisation to date, 72% of whom have been hired for posts that correspond to their qualifications.

F.4 Anti-discrimination policy**Formal discrimination litigation**

Only two new cases of formal litigation were recorded in 2013.

Neither of the two cases identified in 2012 have resulted in any sanctions against the Lagardère group.

The Lagardère Group Code of Conduct

Chapter 2 of the Lagardère Code of Conduct, entitled "Relations within the Group" summarises the Group's commitments to combating discrimination as follows:

"The Lagardère group is committed to treating all its Employees equally, and to maintaining fair employment practices. The Group is opposed to all forms of discrimination based on a person's origin, lifestyle, age, sex, political or religious opinions, trade union affiliation or disability.

The Group believes that companies should be secular entities, and so is neutral with respect to all religions. The Group respects its Employees' beliefs, opinions and religious practices provided that these do not adversely affect the Group's internal organisation or operations. As regards the observance of religious holidays, the Group bases its policy on the legal framework in its various countries of operation.

Discrimination by any Employee against any other Employee, for any reason, will not be tolerated."

G) PROMOTING AND COMPLYING WITH THE FUNDAMENTAL PRINCIPLES OF THE INTERNATIONAL LABOUR ORGANISATION (ILO)

As described in the first chapter of its Code of Conduct entitled "Upholding fundamental rights", covering human rights and working conditions, the Group fully adheres to the stated objectives of the ILO's declaration on fundamental principles and rights at work. It also complies with article R. 225-105-1 of the French Commercial Code (*Code de commerce*), which notably refers to the following rights and freedoms:

- ▶ upholding freedom of association and recognising the right to collective bargaining;
- ▶ eliminating discrimination in respect of employment and occupation;
- ▶ eliminating forced or compulsory labour; and
- ▶ effectively abolishing child labour.

The principle of upholding freedom of association (and notably the right to set up an employee representative body within the Lagardère group) is dealt with in section C above on labour relations. As explained in that section, Lagardère has a very proactive labour relations policy both at Group and local level.

The Group's policy on eliminating discrimination is described in section F above. Notable practical examples of this policy include measures put in place to ensure gender balance within the Group, outreach programmes aimed at helping young people from inner cities find a job and initiatives to promote the employment of people with a disability.

Concerning the elimination of forced or compulsory labour and the effective abolition of child labour, in 2012 the Lagardère group decided to put in place a system for identifying any cases of formal litigation related to these issues, as part of its HR reporting process carried out each year. Once again, no official claims were filed in 2013.

5.3.2.2 ENVIRONMENTAL INFORMATION

Lagardère is a media corporation, with a highly diversified range of activities focused on the services sector, and this mitigates its direct environmental risks.

However, Lagardère is well aware that its status as a media corporation in no way exempts it from important environmental requirements (related to its activities as a publisher and producer of books, magazines and digital content), and it strives to extend these requirements to all its foreign subsidiaries.

This Reference Document provides the environmental disclosures required under the French Commercial Code – in the prescribed order – but as the majority of Lagardère's activities are carried out in the services sector not all of the data concerned is considered

relevant to the Group, particularly data relating to the primary and secondary sectors of the economy.

This notably concerns:

- ▶ data relating to land use and measures taken to prevent, reduce and clean up discharges into the air, water and soil that seriously affect the environment;
- ▶ data on the use and supply of water in line with local constraints. This data is not really relevant as the vast majority of the water consumed by the Group is domestic water used in its offices. However, water consumption at the Croix Catelan site⁽¹⁾ owned by Lagardère Paris Racing Resources (LPRR) – which is part of the Lagardère Unlimited business line – is strictly monitored;
- ▶ data on the mitigation of noise and other forms of pollution related to a business activity.

A) GENERAL ENVIRONMENTAL POLICY

A.1 Introducing environmental concerns into the organisation of the Group's businesses and environmental assessment and certification processes

Each of the Group's divisions operates autonomously and independently and needs to take into account environmental factors specific to its business. Consequently, each business line manages the environmental components of the Group's CSR policy at an operational level.

Certain divisions – such as Lagardère Publishing in France, the United States and the United Kingdom – have set up internal environmental steering committees, and generally, each business line draws on the relevant departments for the environmental matter concerned (e.g., use of paper, energy consumption, etc.), including the purchasing, technical, office management, financial, legal and human resources departments.

Through these very active steering committees, Hachette UK in the United Kingdom and Hachette Book Group (HBG) in the United States closely monitor the carbon footprint of their works as well as their FSC (Forest Stewardship Council) and PEFC (Program for Endorsement of Forest Certification) accreditations. They also set themselves clear environmental objectives. In 2013, HBG increased the proportion of recycled fibres in its paper purchases to 8%, which is a very commendable figure in view of the scarce supply of such fibres.

At Lagardère Services' headquarters, sustainable development is handled by the Strategy and Innovation Department and each country has a sustainable development officer who co-ordinates local initiatives.

At Relay France, the "Sites Department" has changed its name to the "Architecture and Sustainable Development Department", demonstrating the increasing importance that Lagardère Services places on this issue.

At Lagardère Active, the Sustainable Development Department forms part of the Human Resources Department, whereas at Lagardère Publishing it is the Communications Department that is responsible for sustainable development issues.

At Lagardère Unlimited, venue management activities and consulting for owners of sports grounds – such as LULE (Lagardère Unlimited Live Entertainment) and LUSS (Lagardère Unlimited Stadium Solutions) – are increasingly incorporating environmental issues into their operations. Responses to bids now take account of environmental factors, calling on local service providers and specific transport solutions that reduce traffic and improve accessibility to sports grounds and performance venues.

The Matra Manufacturing & Services⁽²⁾ electric vehicle manufacturing site at Romorantin in central France is ISO9001 (2008) and ISO14001 certified, covering the eco-design, assembly and distribution of light electric vehicles.

Certifications concerning paper suppliers and printers are referred to in the section concerning supplier relations (see section 5.3.2.3 C2).

The ISO14001 certification awarded to the Croix Catelan Site owned by Lagardère Paris Racing has been suspended since 3 December 2013 for the duration of the renovation works being carried out on the Club House. Until the site resumes the certification process in 2015, however, LPR will maintain environmental protection at the site, sorting hazardous waste, protecting the soil, raising staff awareness, and prevention processes and emergency plans.

A.2 Training and information provided to employees on environmental protection

Each of the Group's divisions also organises and manages its own training courses and awareness-raising campaigns on environmental protection. For several years now, each of the divisions has organised a number of different seminars, e-learning sessions, workshops and forums with a view to helping employees understand the environmental concerns specific to their particular business and the tools and measures available for managing them.

At Hachette UK, for example, the induction process for new hires includes an e-learning module on sustainable development practices and particularly FSC and PEFC accreditations.

A.3 Measures taken to prevent environmental risks and pollution

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 of this Reference Document.

A.4 Amount of provisions and guarantees set aside for environmental risks

No provisions or guarantees were set aside for environmental risks in 2013.

(1) The water used for the site's two swimming pools and watering of landscaped areas. In 2013, 1,500 cubic metres of dechlorinated swimming pool water was used to water lawns. In 2014 the site intends to extend the use of swimming pool water.

(2) The operations conducted by Matra Manufacturing & Services – which are included in the "Other Activities" segment and described in Chapter 5, section 5.2 of this Reference Document – are very different from the activities of the Lagardère group's four media business lines and account for an extremely small proportion of consolidated net sales.

B) POLLUTION AND WASTE MANAGEMENT

B.1 Measures taken to prevent, recycle and eliminate waste

The Lagardère group's various entities strive to limit and recycle their different types of waste (office paper, waste electrical and electronic equipment [WEEE], etc.). The main waste management challenge faced by the Group relates to book and magazine returns. Lagardère Publishing, Lagardère Active and Lagardère Services pay particular attention to reducing and recycling this waste.

Managing returns

For **Lagardère Publishing**, the rate of returns for books in volume terms was 23.91% in 2013. Out of these total returns, 60.32% were pulped and recycled. Returns that are not pulped are added back to inventories.

The above rates relate to operations managed by Hachette Livre Distribution, i.e., all distribution activities in France, Belgium, Switzerland and Canada as well as global export.

For **Lagardère Services'** magazine distribution operations outside France, 100% of unsold copies not returned to the publishers by Lagardère Services' distribution companies are recycled.

Effectively managing returns is a key priority for **Lagardère Active**. Its Magazine Publishing business takes action upstream to reduce the rate of returns by optimising the number of copies of each title sent to sales outlets. Returns are an inevitable part of newsstand sales, but to manage them as effectively as possible, the business

regularly adjusts quantities printed and delivered via specialised software used by the sales managers of each title.

These actions have reduced its rates of returns to levels well below the average national rate for around twelve years.

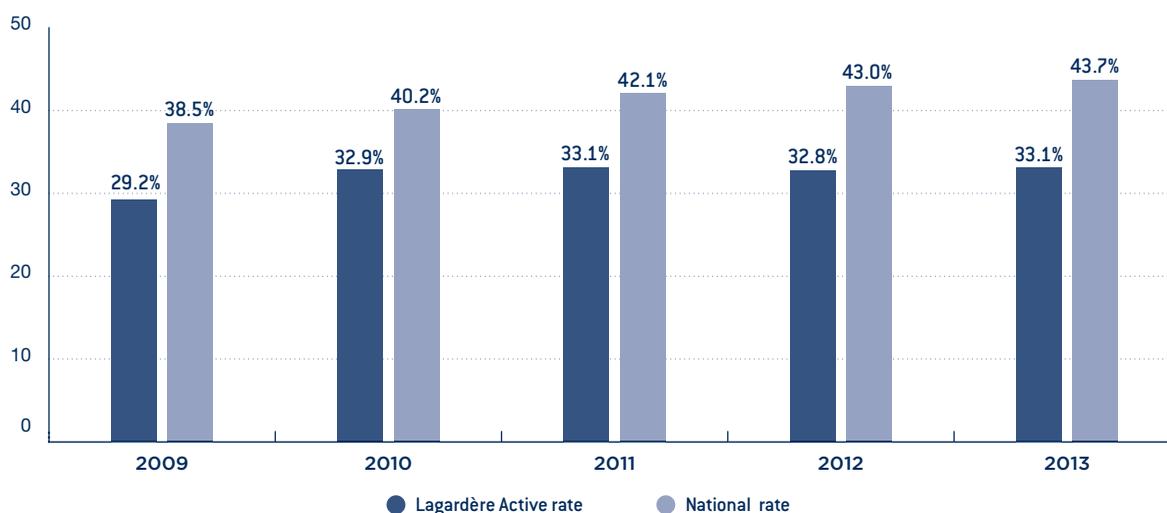
In 2013, the average rate of returns for magazines in France was 43.7%. The rate of returns at Lagardère Active during the year was more than 10 points lower, at 33.1%. Given the decrease in newsstand sales, maintaining this level of returns required extremely strict monitoring of the number of copies supplied.

On average, 90% of returns generated by the French press distribution system for newsstand sales are recycled and the remaining 10% are recovered and returned to the publishers at their request, either for archiving or for re-marketing.

Lagardère Active's recycling rate is higher than the national average as nearly 93% of magazines are recycled and only 7% returned to the publishers.

Faced with the important economic, environmental and social impacts of waste management, particularly the recovery and recycling of press titles that are sold or distributed free of charge, a group of professional bodies from the press industry in France (including SEPM, the French Union of Magazine Publishers) have agreed on the wording of a "Voluntary Agreement to Raise Awareness on Sorting, Recovering and Recycling Paper in the Press Industry", jointly with the French Ministry of Ecology, Sustainable Development and Energy, the Ministry of Culture and Communication, and Ecofolio (an organisation accredited by the French government that promotes the recycling of graphic paper).

Comparison of rates of magazine return in France

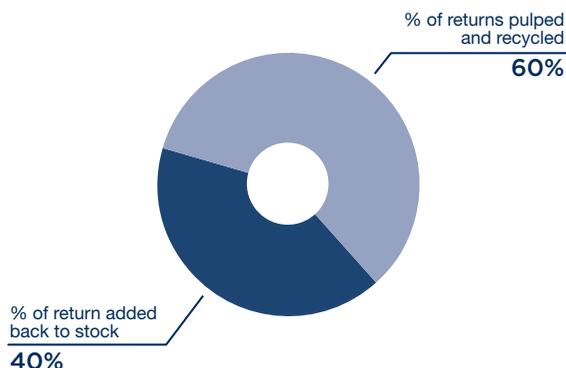


Source: Presstalis survey, December 2013.

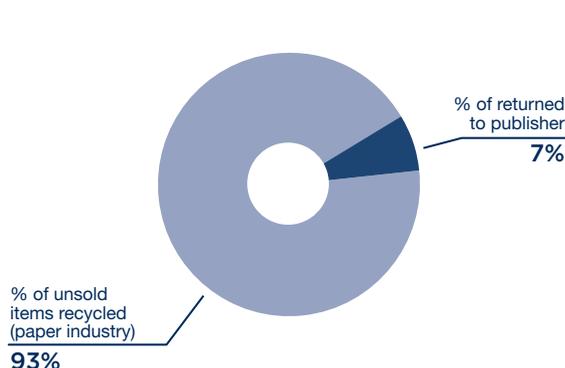
The rate of returns for newsstand sales varies substantially between title categories and sub-categories. For example, the national rates of returns for January to December 2013 in France were:

- 40.7% for current affairs titles;
- 42.8% for news titles;
- 42.7% for women's magazines;
- 46.0% for the fashion/beauty category;
- 51.2% for the motor category;
- 21.8% for TV magazines;
- 60.2% for the home category.

Returns at Lagardère Publishing



Returns at Lagardère Active



The aim of the agreement – which was signed in July 2013 and includes Lagardère Active as a member of the SEPM – is to provide a three-year framework on how press publishers can contribute to raising the public's awareness by providing free advertising space and including in their publications information related to the campaign to promote waste sorting. The first campaigns covered by the agreement were launched in 2013 and over 70 pages of advertising were devoted to the Ecofolio campaign in 23 of Lagardère Active's magazines⁽¹⁾.

Other types of waste

Although the issue of managing types of waste other than paper is much less relevant to the Group's operations, certain entities measure their waste and strive to reduce it.

Because of widely differing circumstances and local constraints, the divisions conduct improvement operations locally, while making use of the Group's best practices.

Lagardère Publishing set up a sorting system for its office waste at its Garamond building in the south of Paris in 2012. A centralised document printing system was set up at the same site, based on a "sustainable printing" policy that involves default duplex printing, user identification for printing, and a reduced number of printers.

At Lagardère Services, Relay France minimises its waste production thanks to:

- ▶ a waste sorting system at head office;
- ▶ and the Garonor warehouse's use of mainly recycled cardboard for its operations.

In addition, Relay cashiers have been instructed to give out bags on customer request only, and in 2013 a specific indicator was introduced to monitor compliance with this requirement (which was initially put in place in France).

The results show that in 2013, of 100 checkout visits at Relay France, only nine bags (all recyclable) were given to customers. Aelia also has a policy of responsible bag distribution, using bags that are 100% recyclable.

In early 2011, Lagardère Active rolled out a waste sorting system for its main sites in the Paris area. In 2013, this system enabled 407.4 tonnes of waste (cardboard, paper, WEEE, furniture etc.) out of a total 767 tonnes (excluding food waste) collected to be recovered and then either recycled or turned into energy through incineration. The tonnage of sorted waste accounted for 53.1% of the total tonnage collected in 2013. Residual waste is also turned into energy through incineration.

At the Croix Catelan site, one tonne of hazardous waste (cans of swimming pool and phytosanitary products; pots of paint, varnish and glue; used neon lights, batteries and accumulators; and lubricating oil) as well as 400 kg of WEEE were collected during 2013.

Aware of its environmental footprint in the digital domain⁽¹⁾, in 2013 the Lagardère group decided to create an indicator to monitor the weight of WEEE collected within the Group and transferred to state-approved organisations for processing and recycling. A total of 33 tonnes of WEEE were collected for recycling by the Group's various entities in France in 2013.

(1) See the Sustainable Development Report for further information.

C) SUSTAINABLE USE OF RESOURCES

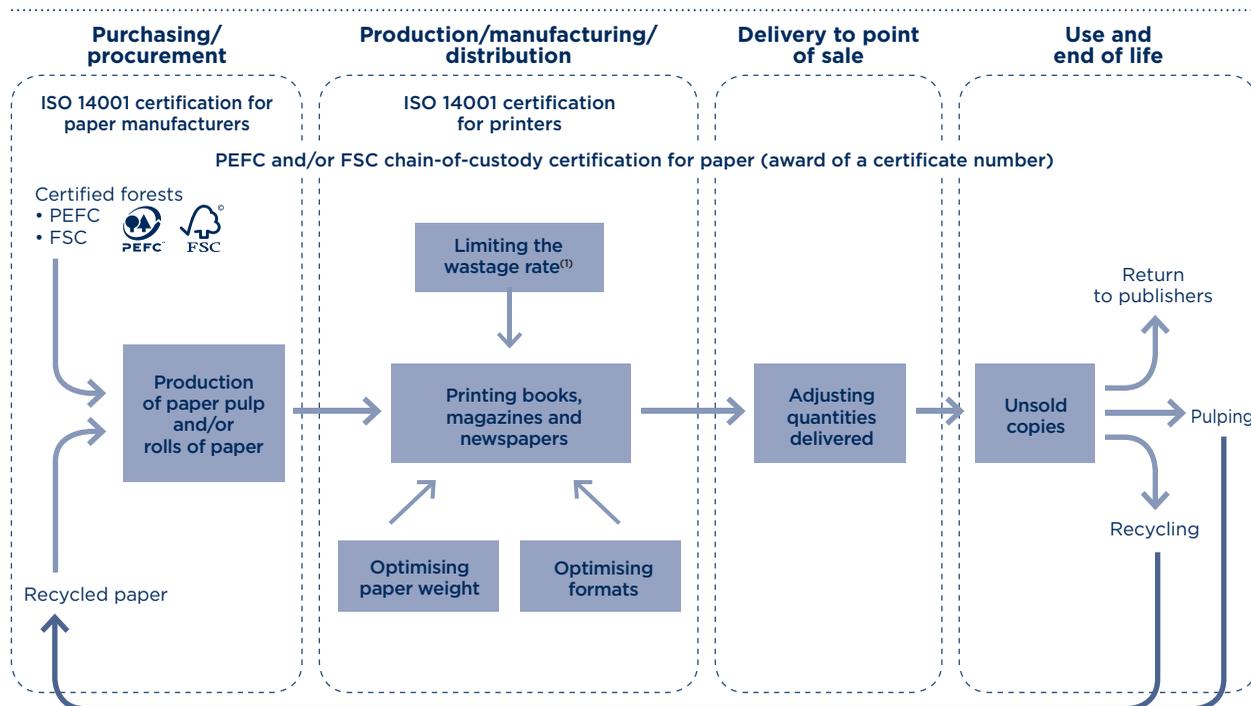
C.1 Consumption of raw materials and measures taken to improve efficiency of use

The Lagardère group is keenly aware that responsible paper management plays a key role in preserving natural resources and has made this one of its environmental priorities, exercising this responsibility throughout the paper life cycle, from supply to production and ending with the management of returns (see above).

The main raw material used to make paper is wood, which is a renewable resource. The wood is processed into a pulp which is used to make reels of paper. The reels are then shipped to the printer to be made into books, magazines and newspapers. Once used, these products can be collected and recycled to be used as a raw material for the production of recycled paper pulp.

In 2013, the Group bought almost 213,100 tonnes (213.1 kilotonnes) of paper for the Lagardère Publishing and Lagardère Active business lines.

The Paper Cycle

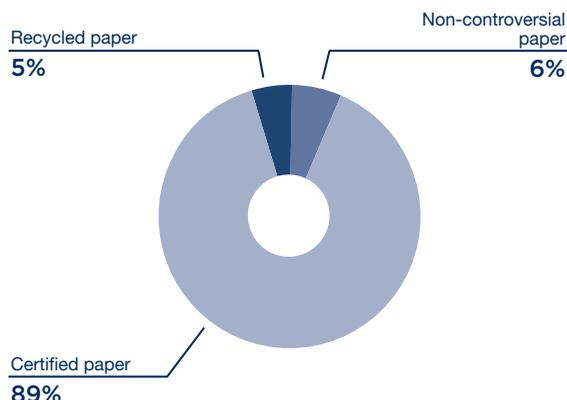


Total weight of purchased paper



(1) Wastage rate: the percentage of paper wasted during the manufacturing process.

Proportion of paper purchased directly by Lagardère Publishing (%)



Paper from sustainably managed forests and recycled paper

Lagardère's goal is to increase the proportion of certified paper (paper from sustainably managed forests) it purchases every year, and to use recycled paper whenever possible.

At Lagardère Publishing, the proportion of FSC or PEFC-certified fibres and recycled fibres contained in the paper it purchases directly has steadily increased over recent years, from 70% in 2010 to 73% in 2012, then 79% in 2013.

In 2013, certified paper⁽¹⁾ accounted for 89% of total paper purchased directly by Lagardère Publishing (see diagram above), and recycled paper represented another 5%.

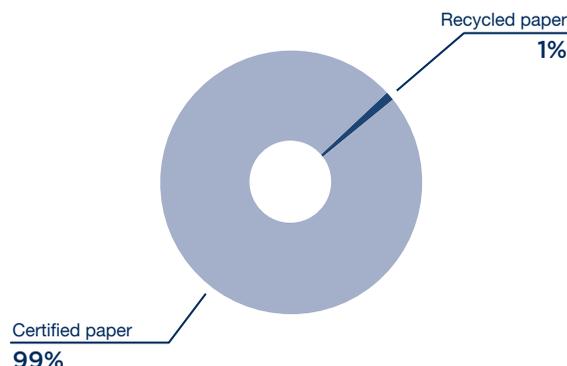
At the beginning of 2010, Lagardère Active launched a PEFC chain-of-custody certification process for paper. Since late 2011, all of the paper purchased by Lagardère Active for its magazines is certified (which guarantees that at least 70% of the fibres contained in the paper are certified and that the remaining 30% or less comes from non-controversial sources).

In early 2011, HFA, Lagardère Active's magazine publishing company, received authorisation to include the certification logo in magazine mastheads or credits. This PEFC chain-of-custody certification process is audited annually by an accredited independent firm. At end-2013, 37 magazines were certified, including five weekly publications.

In 2011, Lagardère Publicité, a subsidiary of Lagardère Active, carried out research into the sourcing of paper used for advertising inserts provided by its advertisers. Inserts produced by Lagardère Publicité are printed on recycled or PEFC-certified paper and particular attention is paid to their production (notably in terms of wastage rates). For the inserts produced by the advertisers used by Lagardère Publicité, based on the reports provided by these advertisers, almost 90% of their inserts were printed on recycled or PEFC/FSC-certified paper in 2013, up 10% on 2012.

At Lagardère Active, recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. On the other hand, the supply of recycled paper for magazines is still limited because of the volumes required and the number of suppliers in the market. As a result Lagardère mainly uses certified paper for its magazines.

Proportion of paper purchased directly by Lagardère Active (%)



Efficient management of book and magazine production

A range of different methods are used to reduce paper consumption during the manufacturing process.

Managing wastage rates

As part of their strategy to limit paper wastage during the production process, Lagardère Publishing and Lagardère Active have adopted a number of initiatives.

The wastage rate – which corresponds to the percentage of paper wasted during the manufacturing process – is calculated by comparing the quantity of paper used in the printing process with the quantity of paper delivered in the form of books or magazines. This wastage, which is inevitable in the manufacturing process, corresponds to the paper wasted during the printing phase (and in particular calibration, involving settings for ink, positioning etc.) and the after-press stage (format adjustments, binding and assembly) of the books and magazines. The wastage rates vary greatly depending on the printing technology used (type of machine, colours) and the number of books and magazines produced (print-run).

As part of the policy for reducing the business line's paper wastage rate, teams at **Lagardère Publishing** determine the best technical parameters and carry out detailed calculations of the amount of paper to be allocated to the printer.

Paper consumption and wastage rates are regularly monitored in France and abroad. This monitoring makes it possible to:

- ▶ validate the choices of printers, printing techniques and paper (optimisation of reel width and paper size);
- ▶ identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- ▶ inform editorial managers of the most economical formats to help them best meet market requirements;
- ▶ define and validate the best paper allocation schedules in conjunction with each supplier.

At Lagardère Active, improving wastage rates is also a key factor in negotiations with printers for the Magazine Publishing business's Production and Purchasing Departments. To limit the wastage rate as much as possible at the printing phase of each magazine print-run, the Magazine Publishing business determines the optimal

(1) In a bid to harmonise the methods used by Lagardère Publishing and Lagardère Active for calculating these proportions, the Group decided that as from 2013 it would present a table setting out the percentage of certified paper rather than fibres (see section 5.3.3.2).

technical parameters and calculates the number of copies to print according to sales statistics. On the basis of this data, precise print-run instructions are given to the printer. This policy to limit paper wastage is primarily carried out through rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, unwrapping the paper reels on the unwinders, etc.).

At Lagardère Publicité, the production of advertising inserts for French magazines, which represents significant volumes of paper (around 6,800 tonnes per year) is the focus of particular attention. Between 2008 and 2010, the wastage rate for these items was halved, and in 2011 the modernisation of machines reduced the binder surplus rate⁽¹⁾ from 3% to 2%. This level was maintained in 2013.

Optimising formats

Lagardère Publishing offers a large number of compact text books which have proved popular with teachers and buyers and pupils, who saw a reduction in the weight of their school bags.

By regularly monitoring its paper consumption levels and using new technical possibilities, Lagardère Active has also been able to propose optimised formats to editorial managers. These new formats not only meet market demand but also reduce the weight of paper consumed and transported. For example, since December 2012, the weekly *TV magazine, Télé7Jours*, has been published in a compact format. Other compact formats were launched in 2013, such as the *Journal de Mickey* and *Paris Match*, and a single format was introduced for a number of titles, such as *Elle à Table* and *Public*, which has also helped save paper.

Digital technology

With the resources of the Technologies Department, Lagardère Active has transformed the main physical flows required in its business operations into digital flows, using electronic transfer and validation circuits. This has helped the business line to reduce the transportation of documents and physical media, streamline validation circuits and increase the efficiency of these operations.

Digitisation has been adopted for financial and purchasing applications, for press and multimedia editorial flows (electronic flatplan, integration of digital pre-press), for advertising sales brokerage (digital transfer of advertising materials for press and audiovisual media, portal for adverts appearing in the press, electronic data interchange) and for TV channels (tape-free sending of productions and advertisements).

The business line is looking to further reduce its paper consumption by optimising its subscription renewal processes, creating an increasingly paperless customer relations environment and using the web to win customers, notably through its subscription site *jemabonne.fr*, which is currently being streamlined.

Printing on demand at Lagardère Publishing

At Lagardère Publishing, print-on-demand (POD) technology – which limits greenhouse gas emissions arising from production, storage and transport – is used for certain works to enable the business line to only print the volume of books that are actually sold.

The Group has increased its use of this technology:

- ▶ in France, where Hachette Livre had more than 8,000 POD titles available at end-2013, and where several thousand new titles are likely to be added to the catalogue in 2014; Hachette Livre is also using this technology as part of a large-scale project it has launched in association with France's national library (Bibliothèque Nationale de France). As part of this project an initial 66,000 copyright free titles will be marketed via Hachette Livre's bookstore network, selected from the 200,000 digitised books available through Gallica, the Bibliothèque Nationale de France's digital library;
- ▶ in the USA, where Hachette Book Group had 1,901 POD titles available at the end of 2013, the average print-run of which is 52 copies. This catalogue is also expected to increase in 2014;
- ▶ in the United Kingdom, where Hachette UK had around 750 POD titles at end-2013.

C.2 Energy consumption, measures taken to improve energy efficiency, and use of renewable energy

In 2012, the Lagardère group launched a project to enhance its environmental reporting with the two-fold objective of redefining the Group's environmental priorities and making the calculation and reporting of its environmental data more reliable. This project is underpinned by a continuous improvement approach aimed at enabling the Group to finetune its panel of indicators and extend its reporting scope year on year. This continuous improvement process is also planned for the reporting phase dedicated to actual production of the data.

Data reported for 2013 concerns the France reporting scope, which represents 174⁽²⁾ companies and 42%⁽³⁾ of the Group's workforce. As in 2012, the Group's French entities were able to draw on an environmental reporting system that clearly sets out the calculation methods to be used and the processes to be applied for reporting indicators (see section 5.3.3 for further details). This system was updated in 2013 with several new indicators⁽⁴⁾.

The data on energy consumption disclosed below therefore concerns the energy used to produce and supply the goods and services related to the Group's activities in France as well as that used to heat and light the premises and sites where the Group's employees work in France (offices, storage warehouses and retail outlets).

Data on Lagardère Active's electricity consumption also includes electricity used by the radio broadcasting sites that are directly managed by the Group.

(1) Paper wasted during the binding phase (attaching the cover to the text-block with sewn or glued binding).

(2) Source: financial reporting.

(3) Source: HR reporting.

(4) See section 5.3.3. CSR Methodology and Indicators.

The Group's energy consumption in France en 2013

Division	Year	Gas (kWh)	Oil (litres)	Electricity (kWh)	District heating system (kWh)
Lagardère Publishing	2013	11,436,498	319,753	15,611,817	3,341,070
	2012	11,187,264	310,071	15,998,808	2,794,826
Lagardère Services	2013	2,060,968	0	41,731,749	0
	2012	744,754	214,679	39,329,544	0
Lagardère Active	2013	5,786,304	6,050	15,382,137	1,945,000
	2012	5,780,256	0	15,630,544	1,955,000
Lagardère Unlimited	2013	5,025,031	80,772	3,164,525	2,550,000
	2012	6,655,652	500	2,939,857	1,730,287
Other Activities	2013	14,282	4,757	4,676,141	410,110
	2012	12,495	3,957	3,598,965	410,400
Total	2013	24,323,083	411,332	80,566,369	8,246,180
	2012	24,380,421	529,207	77,497,718	6,890,513

Year-on-year increases and decreases in energy consumption varied by branch and source, but in general the rises reported reflected:

- ▶ changes in organisational structure, with new entities entering the environmental reporting Scope;
- ▶ a better understanding within an entity of the various sources of energy consumption;
- ▶ internal organisational changes (often due to refurbishment or renovation works), that may be temporary or permanent, and lead to increases or decreases in energy consumption.

For example, at Lagardère Services, the sharp rise in gas consumption was due to two factors:

- ▶ changing the head office heating system from fuel oil to gas (which also explains why there was no longer any fuel oil consumption for Lagardère Services in 2013);
- ▶ the use of more detailed analyses of consumption at the two Relay warehouses.

The increase in electricity consumption was due not only to a larger reporting Scope (with more sales outlets in 2013 than in 2012) but also to a difference in the mix of operations covered (e.g., growth in food services in 2013, which consumes more energy than the traditional press sales business).

At Lagardère Unlimited the significant reduction in gas consumption reflected a corollary sharp rise in the consumption of fuel oil due to renovation works at Lagardère Paris Racing's Croix Catelan site, where the gas boilers used to heat the two swimming pools and the club house have been removed and replaced by a temporary oil-fired burner.

Lastly, "Other Activities" reported a steep rise in electricity consumption, after one of the Group's two head office buildings extended its reporting scope for electricity-consuming items to include the computer servers housed at the site.

In line with the Group's objective of increasing its use of low-carbon energy sources, several of the Group's premises in Paris are heated by a district heating system supplied by Compagnie Parisienne de

Chauffage Urbain (CPCU). Out of the energy supplied by CPCU, 71% comes from natural gas or gas produced by cogeneration (29%) and recycled domestic waste (42%). The remaining 29% comes from coal (19%) and ultra-low sulphur heating oil (10%).

Similarly, the head office of the Lagardère group opted for the same energy mix several years ago to heat one of its two sites in Paris, and Lagardère Publishing also uses it for its Paris head office (which will move in late 2014).

Two of the office buildings housing Lagardère Active in Levallois are heated by Levallois Energie Maintenance (LEM), which is comparable to the above-described Paris district heating system. When Lagardère Entertainment relocated to Boulogne, it chose a building certified as HQE (built to High Quality Environmental Standards) and BBC (the French standard for low-energy buildings).

At Lagardère Unlimited, one of Lagardère Paris Racing's two sites also runs a district heating system.

At Lagardère Services, in 2013 Aelia's new warehouse was awarded BREEAM (Building Research Establishment Environmental Assessment Method) certification, thanks to the measures taken to reduce its energy consumption such as low-density insulating materials, a centralised technical management system, and high output, low energy, external lighting.

A green team has been set up at Lagardère Services to raise employees' awareness about simple actions they can take to save energy and resources, such as switching off lights whenever possible, reducing personal water use, and promoting video-conferencing.

Lastly, in 2013, the Lagardère Services Hubiz network of sales outlets fitted doors on the majority of its fridges to save energy⁽¹⁾. This best practice has also been applied at Aelia and has been monitored since 2013 through an indicator that is specific to Lagardère Services and is currently only being used in France. As a result, at end-2013 58% of refrigerators in Lagardère Services' sales outlets had been fitted with doors, which is an encouraging ratio for a relatively recent initiative.

(1) See the Sustainable Development Report for further details.

D) CLIMATE CHANGE

D.1 Greenhouse gas emissions

The emissions factors used by the Group in its calculations of greenhouse gas emissions and conversion into CO₂ equivalents are determined by reference to the Base Carbone, which is a French national public database containing a set of emissions factors and source data. The emissions factors used include all “upstream and combustion” factors.

The greenhouse gas emissions data shown in the table below only concerns the previously mentioned energy consumption.

The emissions are specified for each type of energy consumed (gas, oil, electricity, district heating) and then grouped together by “Scope”, i.e. by category of emissions.

Scope 1 includes direct greenhouse gas emissions, and notably direct emissions from fixed sources of combustion (gas and oil). Scope 2 comprises indirect emissions related to purchases of energy, and notably consumption of electricity and district heating.

CO₂ equivalents of the Group's tertiary energy consumption in France in 2013 (in eq. t CO₂)

Division	Year	Scope 1			Scope 2			Total Scope 1 + Scope 2
		Gas	Oil	Total	Electricity	District heating system	Total	
Lagardère Publishing	2013	2,676.14	1,023.21	3,699.35	1,124.05	648.17	1,772.22	5,471.57
	2012	2,617.82	992.23	3,610.05	1,151.91	542.20	1,694.11	5,304.16
Lagardère Services	2013	482.27	0.00	482.27	3,004.69	0.00	3,004.69	3,486.96
	2012	174.27	686.97	861.24	2,831.73	0.00	2,831.73	3,692.97
Lagardère Active	2013	1,354.00	19.36	1,373.36	1,107.51	505.70	1,613.21	2,986.57
	2012	1,353.00	0.00	1,353.00	1,125.00	508.00	1,633.00	2,986.00
Lagardère Unlimited	2013	1,175.86	258.47	1,434.33	227.85	494.70	722.55	2,156.88
	2012	1,557.42	1.60	1,559.02	211.67	335.68	547.35	2,106.37
Other Activities	2013	3.34	15.22	18.56	336.68	79.56	416.24	434.80
	2012	2.92	12.66	15.58	259.13	79.62	338.75	354.33
Total	2013	5,691.61	1,316.26	7,007.87	5,800.78	1,728.13	7,528.91	14,536.78
	2012	5,705.43	1,693.46	7,398.89	5,579.44	1,465.50	7,044.94	14,443.83

As energy consumption for the Group's French operations increased overall in 2013, so did the related greenhouse gas emissions.

Bilans Carbone® audits on the business lines' operations

At Lagardère Publishing, in line with the action plan approved following the first carbon audit of Hachette Livre France, two new measures have been implemented since 2012 that directly impact employees:

- ▶ the Technical Department is now required to indicate cost in both euros and CO₂ on each quote so that publishers can factor in this criterion;
- ▶ Group publications are now labelled with a symbol showing whether the fibres they are made from are certified or recycled, along with the individual carbon cost of their manufacture and transport. The sticker on each book includes a link to a website that explains to customers in a clear and detailed way the overall approach to sustainable development adopted by Hachette and its publishers.

This environmental sticker system won Hachette Livre the 2013 prize for innovation awarded by the Lagardère group.

In late 2012, Hachette Livre carried out its second carbon audit for its operations in French-speaking countries, which found that the action plans from the first audit brought total emissions down by 16%. Total emissions now come to 200,000 tonnes of CO₂ equivalent and the carbon footprint of each book has been reduced from 1.4 kg to 1.2 kg of CO₂ equivalent.

D.2 Adapting to the consequences of climate change

The Lagardère group has elected to disclose in this section of the report the various measures it takes to limit greenhouse gas emissions.

Streamlining transport

In addition to helping reduce forestry greenhouse gas emissions – which, as described above, the Group achieves by purchasing certified and recycled paper – another key priority for Lagardère is limiting transportation emissions, notably by being more fuel-efficient.

Transport generates high levels of greenhouse gas emissions and is a critical environmental concern for the Group as it is used both for the manufacturing and distribution of newspapers, magazines and books.

Lagardère Publishing outsources the distribution of books to transport firms that can plan the most efficient and shortest routes in accordance with the constraints imposed by customers.

At **Lagardère Services**, LS distribution's four European subsidiaries (AMP, SGEL, Lapker and Naville) operate an intense logistics activity and cover several tens of millions of kilometres a year to transport print media from the printers to the vast network of sales outlets. Most of this distance is covered by lorries.

Transport is a major concern for LS distribution. There are several ways of streamlining transport: optimising delivery routes, reducing fuel consumption through environmentally friendly driving, and using green vehicles. LS distribution regularly adjusts its routes to reduce total distance. In Switzerland, Naville Presse estimates that the environmentally friendly driving lessons given to its drivers in

2011 enable it to save around 13,000 litres of fuel per year. In Belgium, AMP has introduced green energy cars and vans, and in Spain, some of the vans used by SGEL for its press distribution activities in Madrid are Euro 4 certified.

Lagardère Active constantly seeks to optimise transport in the manufacturing cycle by working with closely situated paper suppliers, printers, binders and transporters, and opting for transport methods that emit less CO₂ (train or boat where possible). In 2013 Lagardère Active's purchasing department repatriated the printing of the monthly comic strip *Picsou* to France from Italy.

The business line also extended its use of multimodal transport (boat/train + lorry instead of lorry only). Six of its eight main paper suppliers based outside France used multi-modal transport in 2013 to reduce the CO₂ emissions generated by transport between their paper production plants and the printing sites in France.

Reducing greenhouse gas emissions during the filming of dramas

The police drama "Jo", which was broadcast on the French mainstream TV channel TF1 in 2013, was produced in 2012 in line with Ecoprod⁽¹⁾ recommendations, reducing its carbon footprint to 580 tonnes of CO₂ equivalent for the eight episodes.

Monitoring the environmental footprint of magazines

As a member of the Sustainable Development Commission of the French national magazine publishers union (SEPM), Lagardère Active participated in the process for designing a system to assess the overall environmental impact of magazines, which was officially launched in June 2012. This system is aimed at measuring all of the environmental impacts related to the magazine publishing business and encouraging the industry to improve its practices. It turned out to be highly complex, however, and will be simplified in 2014. The SEPM has set up a page on its website listing best CSR practices for magazine publishers.

Ecological initiatives taken by Matra Manufacturing & Services⁽²⁾

For more than five years now, Matra Manufacturing & Services (Matra M&S) has been involved in developing and distributing new urban mobility solutions (primarily electric bicycles and scooters).

In 2013, Matra M&S brought out a new high-density lithium-ion battery offering a low-cost alternative to petrol-powered scooters. It has also played a role in the increased use of electric bicycles in France with the launch of a new range equipped with an automatic gear-shifting system, which was elected the city bicycle of 2014 at the Paris Cycle Show.

E) PROTECTING BIODIVERSITY

E.1 Measures taken to preserve and develop biodiversity

The Lagardère group's activities do not have a significant impact on biodiversity. The only aspects of its operations for which the protection of biodiversity could potentially be relevant are the use of wood and paper (see the section above on natural resources) and responsible forestry management.

However, respecting biodiversity is one of the factors covered by the environmental-protection measures put in place at Lagardère Paris Racing's Croix Catelan site in the bois de Boulogne. These measures include a tree-planting programme, under which 12 trees were planted at the site in 2011, none in 2012 and three in March 2013.

5.3.2.3 SOCIAL INFORMATION

Lagardère Publishing's corporate mission is to publish, sell and distribute innovative high-quality works (books and e-books) that meet reader expectations in terms of knowledge, information, culture and entertainment.

In the aim of meeting the expectations of all of its audiences, **Lagardère Active** is committed to producing varied content (political, youth-oriented, sports-related, entertainment, health, music, social, etc.) through various modes of production, distribution and consumption (magazines, newspapers, websites, radio stations, television networks, production companies, mobile devices and tablet computers). In this way, it promotes access to culture, information and a diverse range of opinions and ideas.

The autonomy and independence of publishing houses at Lagardère Publishing and Lagardère Active contribute to the extensive array of editorial content produced by these two business lines.

Lagardère Services, which operates an international network of more than 4,000 stores, distributes and sells newspapers and magazines in over 20 countries and sells a wide range of products (notably in transport hubs) in countries with highly diverse cultures.

Lagardère is a diversified media activities Group, and this plays a key role in its social responsibility, as it reflects changes and technological advances that are transforming society. With its involvement in the worlds of culture, knowledge, information, entertainment, sport and travel, it enjoys close relations with various stakeholders which carry a particular responsibility.

The increasing importance of digital technology (and notably social networks) brings with it new challenges for the Group, both in terms of new financial models that need to be created and jobs that need to be rethought (such as for journalists), as well as new forms of public relations that need to be managed.

The most important corporate social responsibility issues for the Lagardère group include promoting creativity in all its forms, ensuring that writers can continue to produce their work in all types of media, defending authors across the globe, respecting intellectual property, promoting cultural diversity, combating piracy and protecting personal data, championing young talent in sport and culture, and helping internet users to understand the new digital world.

These issues underpin two of Lagardère's four CSR priorities – "Promoting access to information and knowledge" and "Being a media group that fosters social cohesion" (both of which are described in the Sustainable Development Report) – as well as the six related commitments:

- ▶ defending information pluralism and ensuring content diversity;
- ▶ facilitating access to content and listening to various audiences;
- ▶ supporting the digital transformation of society;
- ▶ fuelling dialogue about sustainable development and key social issues;
- ▶ making a commitment to promote culture and sport;
- ▶ showing solidarity and promoting the emergence of young talent.

In addition to these specific areas of corporate social responsibility, the Lagardère group also has responsibilities to its suppliers and subcontractors and society at large.

Sections A, B and C below set out – in the order required by the French Commercial Code – the CSR disclosures required for all companies, with the majority of the more specific disclosures for media groups included in sections D and E.

(1) An ecological production group whose main members are the ADEME (France's environmental agency), the Audiens group, France TV, TF1 and the local authority of the PACA region in France.

(2) See the note in A.1) above concerning Matra Manufacturing & Services' activities.

A) TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITIES

A.1 On regional employment and development

Wherever they are located, the divisions take account of the local impact of their activities on jobs and regional development.

Lagardère Publishing employs a large number of people outside major cities and pays close attention to local specificities. For example, in Spain, Barcanova (which publishes in Catalan), Salvat and Vox are based in Barcelona, as is Larousse España. Algaida is based in Seville, and Xerais, which publishes in Galician, is located in Vigo. Similarly, Hachette Book Group employs over 300 people in Boston and Nashville in the United States.

Most of the business line's distribution centres are also located outside capital cities, such as the Maurepas site in France, Bookpoint (Oxfordshire, England), LBS (West Sussex, England), and HBG Distribution Services (Indiana, United States).

Lagardère Services' dense network of more than 4,000 stores is highly integrated into the transport infrastructures used by numerous people on a daily basis and also plays an important role in the development of the surrounding areas.

In Bulgaria, for example, LS travel retail has operations in a large number of small, mid-size and large towns and contributes to reducing unemployment in the regions where it is based by hiring a large proportion of local people.

Altogether, 93.95% of the Group's executives are hired locally.

A.2 On resident and local populations

In view of the fact that its operations are mainly services-related – including outside France – the Group does not consider that its business adversely affects local residents and populations. However, the CSR commitments made by certain Group entities outside France (see section B2) have had a positive impact on the local people.

B) RELATIONS WITH PEOPLE OR ORGANISATIONS WITH AN INTEREST IN THE COMPANY'S ACTIVITIES

B.1 Dialogue with these people or organisations

Lagardère has chosen to present below the relations it fosters in particular with educational institutions and students, in line with its CSR commitment of "promoting the emergence of young talent".

In addition to the close relations that it enjoys with the Institut d'Études Politiques (IEP) in Paris, the Lagardère group partners several universities. Each entity has an extensive exchange programme with schools and universities, involving work experience and work-study programmes.

These contracts are particularly advantageous for both the Group and the trainees. They allow 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 2013, the Lagardère group took on 880 work-study students (871 in 2012), primarily within Lagardère Services and Lagardère Publishing. A total of 1,425 students followed a work experience programme within a Group business line in 2013 (1,508 in 2012).

In addition to arranging work experience and work-study programmes, certain Group entities contribute to Lagardère's commitment to young talent by organising special contests for students.

For example, in 2013 Hatier launched a contest called "Le Tremplin Prépabac" for secondary school students, with a prize of €5,000 to

finance the winner's career project. Eleven projects have been put forward for 2014 on the website www.tremplinprepabac.fr.

At **Lagardère Active** in 2013, the Sunday newspaper *Le Journal du Dimanche* and the school of journalism at the IEP – in partnership with Presses Universitaires de France – held the fourth edition of its best feature article contest. The prize for the winning student is a four-month work placement in the newspaper's editorial department, and their article is published on the newspaper's website.

Paris Match organised its tenth Grand Prix for student photojournalism in 2013, in partnership with Puresse, the JDD, RFM and MCE⁽¹⁾. This contest is open to all students from business schools and universities, with prizes awarded to four students and the winner's work published in Paris Match.

For several years now, Europe 1 has awarded the Lauga-Delmas scholarship, which gives the best journalism students a fixed-term contract in the radio station's editorial department. The two 2013 winners were graduates of the ESJ and CFJ schools of journalism in Lille and Paris respectively, and both were given three-month work placements in the editorial department of Europe 1.

In late 2012 the Lagardère group signed a new partnership with the non-profit Alter'Actions, which enables students from prestigious higher-education establishments and universities to receive special CSR training and take part in non-profit or NGO projects. As well as giving financial support, the companies that partner Alter'Actions invite their employees to mentor these students and provide them with practical help throughout their assignments. Five such students were mentored by Lagardère group managers in 2013⁽²⁾.

B.2 Partnership or sponsorship operations

In addition to the work of the Jean-Luc Lagardère Foundation and the Elle Foundation, all of the Group's divisions again committed to community and partnership initiatives in 2013, which are described in further detail in the Sustainable Development Report.

Lagardère Active also provided free advertising space worth around €2,170,000 in 2013 in its various types of media in support of major charitable causes.

The foundations' sponsorship operations

The **Jean-Luc Lagardère Foundation**, which was created in 1989 under the auspices of the Fondation de France, is central to the Group's relations with the wider community. It was set up to implement Lagardère's commitment to culture, community and sport and it aims to boost confidence, promote excellence and foster social cohesion.

Every year since 1990, the Foundation has awarded culture and media scholarships to talented young people under the age of 30 (or under 35 for certain categories). Scholarships are awarded by prestigious juries in ten categories: Writer, Film Producer, Television Scriptwriter, Musician, Bookseller, Print Journalist, Photographer, Documentary Film-maker, Animated Film-maker and Digital Artist.

Since it was created, 230 beneficiaries (11 in 2013) have received a total of €5,120,000, including €235,000 awarded in 2013. In view of the outstanding quality of the projects presented, the Authors jury awarded two scholarships in 2013. The Musicians scholarship was not awarded, however.

The Jean-Luc Lagardère Foundation also focuses on encouraging sport as a way to promote a sense of community.

In 2007, the Foundation teamed up with the prestigious French business school, Sciences Po to create an educational programme (CSHN) for high-level athletes who are still in their sporting career to prepare their professional future after retirement from sport.

(1) Ma Chaine Etudiante (a specialist French TV channel).

(2) See the Sustainable Development Report for further details.

A total of 31 “students” signed up to the programme in the 2013/2014 academic year, twelve of whom were new participants. On 25 November 2013, graduation certificates from the programme were presented to nine sportspeople.

Of all the actions undertaken by the Foundation in 2013, two merit particular attention in this Reference Document.

First, on 25 November 2013, the Jean-Luc Lagardère Foundation and the Institut du Monde Arabe (IMA), under their partnership signed in 2008, awarded the first ever Prix de la Jeune Littérature Arabe to the Lebanese author Jabbour Douaihy for his book, *Saint Georges regardait ailleurs* (Actes Sud/Sindbad)⁽¹⁾. To be eligible for this literary prize authors must be nationals of an Arab League country writing about the young generation in the Arab world.

In addition, after the full refurbishment of the IMA’s museum in 2012 (which the Foundation also supported), the Foundation further demonstrated its commitment to cultural activities and the conservation of heritage by enabling the IMA to create an Arabic version of its new museum catalogue.

The Foundation also pursued its communication drive with Lagardère’s employees by organising events with some of its prize-winners for the teams at Lagardère Ressources (Other Activities). A total of nine such events attended by former prize-winners have taken place since this initiative was launched in 2012: a book-signing with Valentine Goby (winner of the special Authors prize in 2002) and Rosa Aoudia-Tandjaoui (who won the Booksellers prize in 2005), as well as four audiovisual projections and four exhibitions by prize-winning photographers, including *Femmes, après coup* by Hiên Lâm Duc (the 1996 winner), organised in partnership with the NGO Médecins du Monde.

The **Elle Foundation** 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 its creation in December 2004, it has sponsored some 50 projects promoting women’s education in France and other countries worldwide.

In 2013 the Foundation provided €211,390 worth of support to projects in France and abroad.

As well as pursuing its multi-year commitments both in France (with Force Femmes, Elle Solidarité mode, and Sciences Po) and abroad (Afghanistan, Madagascar, the Philippines and Mali), the Foundation financed six new projects in 2013:

- ▶ in Chechnya: the Laram vocational training centre for Chechen women;
- ▶ in Morocco: a programme aimed at supporting young women through higher education;
- ▶ in Congo: a programme to help young women from Pointe-Noire off the streets and out of prostitution;
- ▶ in Afghanistan: a teacher training project; and
- ▶ in France: *Odette & Co* magazine launched by women jobseekers, as well as *L dans la Ville*, in conjunction with the non-profit Sport dans la Ville, to help women in Drancy (a Paris suburb) and the 19th arrondissement of Paris.

The Elle Foundation also organised a number of events and forums in 2013, including the Elle Active Forum in April attended by over 2,000 women at the CESE⁽²⁾.

Alongside the Elle Foundation, Lagardère Active has set up a Solidarity Department that enables employees to volunteer for charitable projects. A total of 160 employees have taken part in these projects, either on a one-off or a long-term basis, particularly helping journalism students or from under-privileged areas. In 2013, an event was organised at Lagardère Active’s head office which was attended by the founders of the *Odette & Co* magazine with

Elle employees (journalists, typesetters and sellers of advertising space).

Partnerships with non-profit organisations

The Group’s divisions are involved in numerous partnerships, some of which are discussed in the *Sustainable Development* Report. This Reference Document provides a few examples.

At **Lagardère Publishing**, Hachette Livre is a founding member of the Pen Club publishers circle, and Hachette and Hatier are involved in Savoir Livre, an organisation that works with the French national education authority and the Books and Reading Department of the Ministry of Culture (see section E below).

For the past several years Dunod has supported the action of Bibliothèques sans Frontières (Libraries without Borders) in its programmes for promoting reading and learning.

At **Lagardère Services**, in 2013 LS pursued its partnership with the Action Against Hunger charity by organising collections of donations in its Travel Retail outlets in France, the United Kingdom and Switzerland. The funds raised will help Action Against Hunger to step up its measures to fight malnutrition, particularly for children who are often the first to suffer.

Vocational integration organisations

In 2013, the Lagardère group furthered its partnership with the non-profit organisation Nos Quartiers ont des talents (Our neighbourhoods have talent), helping young people from underprivileged backgrounds to gain a foothold in the job market.

At **Lagardère Publishing**, a new partnership was put in place in December 2012 with Fresnes prison to encourage prisoners to read.

Hachette Livre’s Charitable Action Committee, which was created in 2010, supported a dozen charitable projects in 2013 that were proposed by employees. These included a project to assist a non-profit organisation which gives free French classes for non-French speakers and helps immigrants of all ages to integrate into French society.

At **Lagardère Active**, the *Les femmes Version Femina* prize, demonstrates the business line’s commitment to working closely with local non-profit organisations. It is awarded to women whose remarkable action in areas such as community relations, education and preserving cultural heritage has impacted their region and improved lives. Readers of each participating regional daily newspaper vote for a local candidate to represent their region in the final. Three winners are then selected from 15 finalists by a distinguished panel of judges.

The winner of the 13th prize, in 2013, was Sandra Cléaux from the Saône-et-Loire region of France for her “Basket Fauteuil” wheelchair basketball association and for her work coaching the Elan Chalon wheelchair basketball club, which has 16 players (two of whom do not have a disability) and is sponsored by the professional basketball player Jordan Aboudou. Ms. Cleaux’s aim is to change people’s view of disability.

Also in 2013, the Europe 1 radio station organised the second edition of its Solidarity awards. The winner was Audition Solidaire, a charity that helps homeless people who have a hearing impairment by giving them both technological and personal support. The prize was a free advertising campaign and promotional interviews on Europe 1.

Environmental protection organisations

Gulli took part in Earth Day for the fifth time in 2013 – a worldwide event that takes place every 22 April – with a concert in Nantes in

(1) See the Sustainable Development Report for further details.

(2) CESE: the French Economic, Social and Environmental Council.

western France, to promote solidarity and eco-responsibility. The event was attended by 6,891 people. As it does every year, Gulli undertook to donate €1 per concert-goer to Surfrider Foundation Europe. As €1 enables 5 sq.m of coastline to be cleaned up, 34,455 sq.m of beaches were cleaned in 2013 thanks to Gulli.

Children's aid organisations

In China, Lagardère Services Travel Retail teamed up with the China Social Welfare Foundation for a large-scale campaign called "Bring your books to the village", for children from poor families living in isolated areas. The company's employees took part in the campaign directly by corresponding with the children and visiting them during the summer of 2013 to bring them books and clothes⁽¹⁾.

In Australia and New Zealand, Lagardère Services' teams support Canteen, a non-profit organisation that helps teenagers suffering from cancer.

At Lagardère Active, in 2013 Gulli tracked, both on its TV channel and website, the Initiatives Coeur boat in the Vendée Globe round-the-world sailing race, which was raising money for Mécénat Chirurgie Cardiaque, a charity that pays for heart surgery in France for children from countries where the operations they need are not possible, and the "Polar Odyssey" expedition organised by the child protection charity, Fondation Action Enfance.

C) SUBCONTRACTORS AND SUPPLIERS

C.1 Recognition of social and environmental issues in the procurement policy

In 2012, the Lagardère group – which has long taken social and environmental challenges into account in its purchasing policy – launched a special sustainable procurement project for all its business lines. This project is overseen by the Procurement Department and the Sustainable Development Department and is designed to take into account the growing importance, complexity and diversity of procurement for all the Group's entities. Today, more than ever, the Group seeks to manage procurement in line with its sustainable development strategy.

An audit was conducted throughout the four divisions based on the seven core subjects of ISO 26000. An action plan then set out four new key projects. The first project, on governance for sustainable procurement⁽²⁾, started with the drafting of a new Sustainable Procurement Policy to replace the Procurement Policy the Group has been using since 2008. The purpose of the new policy is to increase the overall performance of procurement.

It offers the Group's procurement specialists information on respect for the environment, diversity and social inclusion, the quality of governance, easier access for VSEs and SMEs, as well as taking into account the cash flow of small suppliers and selecting sustainable suppliers.

The suppliers' charter drafted in 2005 was rewritten within the scope of the work conducted on governance to reflect the Lagardère group's diverse activities which involve a large number of suppliers and subcontractors. The charter makes it possible to draw on good practices that have been tried and tested in various divisions (see below). Other documents have also been drawn up, such as supplier questionnaires and files containing information on sheltered-sector organisations that have already worked with one of the Group's entities.

C.2 Importance of subcontracting and the recognition of subcontractors' and suppliers' corporate social responsibility in relations with them

Drafting principles

► Responsible Supplier Charter

The new Responsible Supplier Charter is based on a certain number of international standards, such as the OECD Guidelines, the International Labour Organisation Conventions and the UN Global Compact.

The criteria set out under the new charter, which applies to all foreign subsidiaries, concern:

- the prohibition of child labour and the elimination of all forms of forced or compulsory labour;
- the prohibition of all forms of discrimination;
- compliance with applicable employment law and regulations;
- the application of workplace health and safety standards;
- respect for the fundamental principles of environmental protection;
- the rational use of natural resources and raw materials;
- compliance with environmental regulations in force particularly regarding public health and safety;
- respect for intellectual property;
- anti-corruption measures;
- promotion of the above principles to business partners.

At Lagardère Publishing, all new Technical Department suppliers have been required to systematically sign up to this Charter since 2013.

A total of 48 suppliers had signed up by end-2013, and the scope will be gradually extended to the majority of suppliers (including existing suppliers) of both the Technical Department and Hachette Collections.

At Lagardère Active, 17 suppliers (Chinese importers and factories) signed a two-year contract in early 2013 that included the Responsible Supplier Charter.

► Other framework documents

At **Lagardère Publishing**, the publishing houses of Hachette Collections drew up a Code of Ethics in 2007 for all their suppliers and subcontractors, restating the fundamental principles of human rights and children's rights.

This document asserts the right of the publishing houses to verify that these principles are applied by their suppliers and subcontractors and to initiate compliance audits during the term of the manufacturing contracts concerned, at the suppliers' and subcontractors' premises or at any of their production sites. If the Code has been breached, the contract may be terminated and financial penalties levied against the defaulting party. In line with its Code of Ethics, Hachette Collections commissioned six independent compliance audits in 2013. Four of these audits confirmed plant compliance, while two detected anomalies. Following corrective action, the two plants concerned were confirmed compliant by a second audit.

At **Lagardère Services**, some suppliers manufacturing in Asia have also signed an undertaking to follow the same rules. Regular audits are carried out to check that the plants are compliant.

Supplier-partner awareness raising and performance tracking

As a matter of policy, **Lagardère Publishing** promotes environmental and labour issues with its paper suppliers and printers, both in and outside France, by encouraging certification.

(1) See the Sustainable Development Report for further details.

(2) Governance is one of the seven core subjects of ISO 26000 and covers all of the policies and tools used in the implementation and communication of the sustainable procurement policy.

As regards paper, initiatives focusing on traceability and monitoring the quality of paper purchased by printers have made it possible to significantly reduce the proportion of fibres used for publications whose origin cannot be traced and/or to ensure that no fibres are used from forests that are not replanted.

Hachette Livre has asked its suppliers in Asia to ban certain qualities of paper that do not meet the requirements set (traceability, fibres from sustainably managed forests, etc.). As regards the environmental management system, 97% of the paper suppliers from which Lagardère Publishing bought paper in 2013 are ISO 14001 certified, and almost all Lagardère Active's paper suppliers also are ISO 14001 certified.

Each new supplier is also required to answer a questionnaire with some 50 questions relating to labour, health and safety, quality and environmental issues.

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

Most of Lagardère Publishing's printers in Asia have already obtained OHSAS 18001 certification (a universally recognised standard for health, safety and working conditions) or have signed a framework agreement including a labour clause. As regards production in Asia of books published in French, 90% of the printers Hachette Livre works with have signed the Code of Ethics or obtained OHSAS 18001 certification. These awareness-raising operations apply to both subcontractors outside Europe and to Lagardère Publishing's European printers which currently handle over 80% of the business line's printing work.

As a result, an increasing number of Lagardère Publishing's French and European printers have signed framework agreements including a labour clause or have obtained labour-related certification.

D) FAIR BUSINESS PRACTICES

D.1 Action undertaken to prevent corruption

The Lagardère Group Code of Conduct, which was updated in 2012, includes provisions on the prohibition of corruption in France and abroad in the chapter entitled "Relations with external partners and competitors".

Furthermore, within the scope of the overall Compliance approach conducted within the Group, the Compliance Department has drawn up an anti-corruption programme (including a procedure for combating corruption). The rollout of this programme – based on awareness-raising measures – was begun in 2013 within Lagardère Unlimited's Europe-Africa region and is being overseen by the Head of Compliance at Lagardère Unlimited, who draws on a network of designated correspondents within the business line's operating units. The rollout will shortly be extended to Lagardère Unlimited's US and Asia regions and subsequently to the Group's other business lines⁽¹⁾.

D.2 Measures taken to ensure consumer health and safety

This topic can be addressed from different angles, for example looking at physical products such as Hachette Livre's box sets or the sale of catering products in Lagardère Services' retail outlets, or analysing the intangible impact of Lagardère Active's content.

Health and safety

At **Lagardère Publishing**, suppliers that produce box sets and accessories go through a listing procedure, and all production is

checked to ensure that products comply with safety regulatory requirements. Since the end of 2012, Hachette Livre provides compliance certificates on both a systematic and intermittent basis on a dedicated portal to French retailers and booksellers for products that require such certificates (toys, items in contact with food, etc.).

At **Lagardère Services**, hygiene and food safety are also a key priority in the sale of food and catering products. In order to guarantee that customers are sold safe products, Relay France has taken a number of measures. These include:

- ▶ Setting up an HACCP⁽²⁾ system for controlling food safety for both catering operations and the sale of packaged food items.
- ▶ Performing daily food hygiene and safety checks at each sales outlet, following strict and precise criteria, from the supplier delivery phase to final sale to the consumer. External controls are also performed by independent bodies that carry out hygiene audits and microbiological analyses of finished products, raw materials, the water supply and equipment.

Within Aelia, when entering into agreements with brands – which are generally owned by large French and international corporations that are subject to the same rules and requirements – Aelia systematically requires a commitment to comply with international agreements on the environment, protection, consumer health and safety, and product traceability.

At **Lagardère Active**, cover mounts that are offered with certain Group magazines all meet the applicable safety requirements. In accordance with regulations, full files containing EC compliance certificates, test reports and production data are kept and shown when requested. The plants that manufacture these cover mounts are audited and a quality control is performed for each production output before the products are dispatched. An annual review is carried out for importers and visits are organised with the correspondents in China twice a year.

The content produced and distributed by all **Lagardère Active** media is also carefully monitored for the benefit of the business line's consumers, namely readers, listeners, web users, spectators etc., and the topics addressed below are also included in this section about consumer health and safety.

Vigilance with respect to advertising

Like all players in the sector, Lagardère Publicité supports the Advertisers' Commitment Charter which is aimed at achieving more responsible communications. It monitors the content of advertising messages and condemns practices such as greenwashing.

Lagardère Publicité also follows the recommendations of the French advertising self-regulatory agency (*Autorité de régulation professionnelle de la publicité* – ARPP) and regularly submits the content of advertising messages for prior verification of compliance with the standards. As an advertising sales brokerage, Lagardère Publicité therefore provides advice to agencies and advertisers to ensure that their advertising messages comply with the ARPP's recommendations.

In general, Lagardère Publicité has self-regulation procedures concerning the advertisements it sells. It ensures compliance with advertising regulations with the support of Lagardère Active's Legal Department. The Legal Department answers any specific questions operational staff may have about the content of advertising messages broadcast through all media (television, radio, magazines and the Internet).

At **Lagardère Services**, particular attention is paid to all forms of advertising (posters, promotional displays etc.) in all the business line's sales outlets.

(1) See the Sustainable Development Report for further details.

(2) HACCP: Hazard Analysis Critical Control Point.

Preventing obesity

Lagardère Active's three youth channels – Gulli, Canal J and TiJi are keenly aware of their editorial responsibility to promote balanced and healthy diets among their viewers in order to help fight obesity.

The three channels joined the drive launched by the French government and the national broadcasting authority (CSA), and signed the first official "Food Charter"⁽¹⁾ on 18 February 2009, covering a five-year period.

In 2013, the fifth and last year of application of the 2009 Charter, Lagardère Active's three youth channels offered 314 hours and 49 minutes of programmes⁽²⁾ on obesity prevention, most of which referred to the guidelines of France's healthy eating campaign and advised viewers to visit the website set up by the French health ministry to encourage healthy eating and physical activity: <http://www.mangerbouger.fr/>.

In 2013, the three channels took part in discussions organised by the CSA on drawing up a new five-year Charter and reaffirmed their commitment by signing up to the new Charter on 21 November 2013. This new text – which came into force on 1 January 2014 – includes 14 pledges and stipulates a higher number of annual programming hours (between 30 and 40 for each channel with the possibility of pooling these hours among the three channels).

E) OTHER ACTION UNDERTAKEN TO PROMOTE HUMAN RIGHTS

Several human rights conventions, declarations and international charters cover issues that are particularly relevant to media groups, such as freedom of expression, the right to education, respecting and promoting cultural diversity, child protection and women's rights. These include the Unesco Convention on the Protection and Promotion of the Diversity of Cultural Expressions of 2005, the Charter of Fundamental Rights of the European Union of 2000, the United Nations Millennium Development Goals of 2000, the UN Convention on the rights of the Child of 1989, the Implementation Handbook for the Convention on the Rights of the Child published by Unicef in March 2012, the UN Global Compact and Save the Children's guidelines.

Lagardère has therefore chosen to present below social information related to its activities as a producer, publisher and broadcaster of media content, including the protection of children, the accessibility of content to vulnerable people, press freedom, the promotion of diversity and the protection of personal data.

All these topics have been discussed by a number of French media players as part of the Media CSR Forum. In association with the ORSE (French CSR monitoring body), in March 2014 the Forum published an initial document called *La RSE dans le secteur des Médias* (CSR in the media industry), which identifies the industry's main issues and contains a number of practical data sheets⁽³⁾.

Child protection

At **Lagardère Publishing**, Hachette and Hatier are members of the Savoir Livre non-profit, which monitors the education system through studies, surveys, conferences and debates with the underlying aim of giving children the best chance of succeeding in life.

In addition to this work, the Youth Works department at Lagardère Publishing offers a number of online activities for children. For example, Hatier's Ratus Poche site, designed for six to eight year olds, offers online games and digital post cards to write, and Annabac.com helps secondary school students prepare for their

exams. In 2013 Annabac.com had more than 20 million page views.

Lagardère Active's TV and radio broadcasters ensure compliance with the applicable laws and regulations, as well as with the agreements signed with the CSA. The Group's television channels are rigorous in applying the CSA's guidelines concerning the protection of minors.

Each of the Group's channels has signed an agreement with the CSA stipulating the permitted broadcasting times of programmes depending on their classification.

Meeting the strictest ethical standards is a number one priority for the Group's Youth channels, due obviously to their target audience, and also to the exceptional relationship of trust that they have forged both with children and teachers.

Fulfilling this specific responsibility is enshrined not only in the CSA agreements but also in the strict ethical guidelines and best practices that the youth channels and all their employees are required to respect.

All programmes pre-purchased and co-produced for Lagardère Active's Youth channels are closely monitored by the business line, both at senior management level and by each team concerned. This work is performed upstream, for example when characters, scripts, dialogue and graphics are selected.

In addition, Gulli and TiJi have each set up Ethics Committees of qualified individuals and independent experts tasked with monitoring the content of programmes and protecting children.

The membership of Gulli's Ethics Committee was completely overhauled in 2013 to give it a new impetus. Its first task was then to draw up a Code of Conduct, which should be finalised during 2014. Meanwhile, TiJi's Ethics Committee – which comprises a child psychiatrist, a psychologist and the head of a non-profit organisation – focused on the channel's relations with parents in 2013.

Lastly, Lagardère Active's youth channels draw on the expertise of *Observatoire Gulli*, a monitoring unit set up in 2007 dedicated to studying the behaviour of children and the family unit.

In their programming, the Group's music radio stations RFM and Virgin Radio ensure compliance with principles of respect for human dignity and the protection of children and teenagers. They take particular care to prevent any slips that could shock young listeners.

Radio stations and advertising sales brokerages are also involved in efforts to protect children by broadcasting advertisements and displaying online banner ads for organisations dedicated to child protection.

In addition, a moderator dedicated to the protection of minors has worked on the *Doctissimo.fr* website since 2007.

Making content accessible to the underprivileged

Accessibility covers both the issue of physical access to premises for people with a disability (e.g., wheelchair access to Lagardère Services' sales outlets, which is a constant focus for Relay France) as well as access to media content. This section concentrates on the latter.

In 2008, **Lagardère Publishing** set up Audiolib, an audiobook brand that enables people with a visual impairment to access fiction and non-fiction content (such as self-help titles). The Audiolib catalogue had 310 titles at end-2013, including 56 published that year. These audio books also help people with reading difficulties, such as young dyslexics.

Audiolib regularly enhances its website to make it more accessible for people with a visual impairment.

(1) A charter aimed at promoting healthy eating and physical activity through TV programmes and advertising.

(2) Broadcasting volume proposed in 2013 for validation by the CSA in January 2014.

(3) See the Sustainable Development Report for further details.

In 2013, Audiolib entered into partnership/sponsoring arrangements, under which it has agreed to donate audio books to several non-profit organisations, such as Confluences, Lire dans le Noir and Les non-voyants dans leurs drôles de machines.

All **Lagardère Active**'s channels are required to meet commitments made to assist the deaf and hearing impaired, but the initiatives taken by its youth channels go beyond these requirements.

In 2013 the number of hours of subtitled programmes for the deaf and hearing-impaired represented 40.80% and 41.85% of Gulli's and Canal J's annual programming respectively (compared with the 20% and 10% respective requirements stipulated in the channel's agreements with the CSA).

Moreover, in 2013 Gulli and Canal J continued to broadcast two programmes called *Mes tubes en signe* (which teaches children to sing songs in sign language and *Fais-moi signe*, which is dedicated to learning sign language).

During the year, the infant channel TiJi broadcast the first season of *Fais-moi signe* and in September it launched an innovative new programme called *Signe avec Rémi* that teaches sign language to very young children. TiJi also offers sign-language versions of three of its scheduled programmes.

Ethics in journalism, freedom of the press, freedom of expression

Lagardère's operations are focused on the publication of content, and as such the Group attaches special importance to freedom of the press and takes active measures to support the right to inform and be informed.

The Europe 1 journalist Didier François and photographer Edouard Elias and other journalists have been held hostage in Syria since 6 June 2013. This breach of international law and the basic right to inform tragically illustrates the need to fight for the freedom of the press every day. Since 6 June, Europe 1's support committee and teams have worked unrelentingly to secure the journalists' release and have organised numerous awareness-raising events and demonstrations.

The Jean-Luc Lagardère prize for journalist of the year was awarded on 13 February 2014 to Jean-Philippe Rémy and Laurent Van der Stockt for their reporting on the Syrian tragedy that featured in the *Le Monde* newspaper in 2013. Their work covered the use of chemical weapons by Bashar al-Assad's forces.

Since 1984, this prize – formerly the Louis Hachette prize – has been awarded to over a hundred journalists for the quality of their reporting, editorials, feature articles and photos in the press. It currently represents an amount of €10,000.

At **Lagardère Services**, for several years now the Relay network has supported the work of Reporters Sans Frontières (Reporters without Borders) on upholding freedom of expression, i.e. the right to inform and be informed as specified in article 19 of the Universal Declaration of Human Rights.

The 43rd edition of the book *100 Photos for Press Freedom*, dedicated to the dissident Chinese artist Ai Weiwei, went on sale in September 2013 at Relay outlets. Ai Weiwei, who is a talented photographer and architect, sculptor and film director, denounces all violations of the right to free expression.

The full €9.90 price of the book – which contains 100 photos – is donated to Reporters Sans Frontières to support its defence of a free press, providing assistance to journalists and their families and helping media organisations in need.

At **Lagardère Publishing**, efforts to defend freedom of expression include Hachette Livre's involvement (as a founder member) in the Pen Club's publishers' circle. The Pen Club is an NGO formed

in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide.

Promoting the diversity of opinions and cultures

Lagardère Publishing publishes novels, essays, short stories, articles, handbooks, youth books and dictionaries in a dozen languages worldwide, covering a diverse range of outlooks.

The business line's publishers offer a wide range of differing interests and opinions, and they may publish works that put forward opposing views on the same subject, which guarantees the diversity of opinions and stimulates debate.

The agreement signed between Hachette Livre and the Bibliothèque Nationale de France (see section C1 above) is a prime example of how the promotion of cultural diversity and literary heritage. The idea behind the agreement is to enable readers to access tens of thousands of out-of-print books from the BNF's archives through their local booksellers, thanks to on-demand printing of books that have been digitised by Gallica⁽¹⁾.

At **Lagardère Services**, the business line's worldwide press distribution operations also help to promote the diversity of cultures and opinions. In Canada, for example, LMPI distributes titles from twenty different nationalities.

Moreover, Lagardère Services' Travel Retail network, which operates in 26 countries, is increasingly developing local product offerings (including in its food services business).

Another example of how the business line promotes local diversity is the concept of showcasing regional products in the Discover Store souvenir shops in airports – a concept that has been deployed worldwide.

At **Lagardère Active**, the 78 international licences held by *Elle*, *Elle Décoration*, *Elle à Table*, *Elle Men* and *Elle Girl* in 43 countries also contribute to promoting cultural diversity. Similarly, Lagardère Entertainment's audiovisual productions are sold to over 58 countries and broadcast in the local language (dubbed and subtitled). The 17 channels of Lagardère Active's Radio business also broadcast outside France, in six countries (the Czech Republic, Germany, Poland, Romania, and Slovakia).

In France, the debates organised by **Lagardère Active** on its radio and TV channels and in magazine columns as well as the issues addressed in its audiovisual productions, also allow the Group to contribute to promoting diversity of opinion. Lastly, the Group's media entities regularly hold events that address major changes in society, such as the *Elle Active Forum*, the debates led by *Parents* magazine, and the broadcasting of the *Tolerance* concerts.

Promoting reading and combating illiteracy

All the many literary prizes awarded by the Lagardère group's various media entities help to encourage reading. This is the case for the awards organised by Hachette Livre (e.g., *Tremplin Black Moon*), Lagardère Active (e.g., the *Elle* readers' prize, the *Version Fémina* prize and the *Gulli* novel prize), Lagardère Services (e.g., the *Relay des voyageurs* prize) as well as the new *Prix de la jeune littérature arabe* launched in 2013 by the Jean-Luc Lagardère Foundation in partnership with the Institut du Monde Arabe⁽²⁾.

Hachette Livre – whose business is, by definition, permanently encouraging reading – takes part either directly, or indirectly via the SNE (the French Publishers Union), in all public events related to combating illiteracy and inciting reading.

In 2013, Éditions Jean-Claude Lattès partnered the "Young talent" contest held by the Bouygues Telecom Foundation. This contest for young writers was created by the Foundation in 2008 and the prize now includes publication of the winner's debut novel by Lattès,

(1) The BNF's digital library.

(2) See the Sustainable Development Report for further details.

which also jointly organises writing workshops sponsored by the Foundation as part of the Paris Book Fair.

Personal data protection

Personal data protection is the responsibility of the business lines, and of their IT and legal departments.

The Group's Compliance department is currently working on a special compliance programme related to personal data protection, which includes information on topics such as compliance policy, systems and procedures (charters, data compilation, statements, archiving etc.), training, and incident management.

The Group Risk and Internal Control Department, in collaboration with the IT, Legal and Compliance Departments, oversees the system for personal data protection. It does this partly through a self-assessment questionnaire, which is intended to raise awareness among the people concerned and ensure that best practices are being used in the Group's digital activities. The system focuses on three main areas:

- ▶ regulatory compliance;
- ▶ the implementation of technical protection resources (encryption, electronic signatures, the right to know);
- ▶ the creation of IT guidelines.

The Group applies regulatory and statutory provisions in force in France (the French Data Protection Act, CNIL reporting) and equivalent provisions in other countries in which it operates.

At Lagardère Active, these include rules relating to:

- ▶ the sending of marketing materials based on files compiled from magazine subscription forms on an "opt-out" basis;
- ▶ the sending of marketing materials to Internet users who have "opted in", i.e. ticked the box saying they wish to receive such information;
- ▶ database marketing;
- ▶ the protection of personal data, particularly regarding minors.

Lagardère Active's Technology Department ensures data security through all technical resources at its disposal, as regards both accessing data, and tracking and backing up data. Resources include the plan for backing up data, for example in the event of an incident, and the business continuity plan.

In 2012, Lagardère Publicité also signed a pan-European charter on extremely targeted advertising⁽¹⁾, allowing Internet users to have more control over how their personal data is collected, used, stored and shared by websites and online advertising sales brokerages.

Protecting intellectual property

Protecting intellectual property is a central priority at **Lagardère Publishing**, as its publishers are the custodians of their authors' rights. The business line's legal departments make sure that this protection is assured, filing lawsuits when any infringement is noted, such as plagiarism, parasitism or overuse of quotations. In order to counter the pirating of digital files – which is the most serious infringement of authors' rights – Lagardère Publishing uses a specialised company that carries out web monitoring, detects fraudulent use of files that are the property of the business line, and serves the offenders with notices to terminate their activities.

Meanwhile, **Lagardère Services** ensures that all the products sold in its stores scrupulously comply with the applicable regulations. To this end, suppliers are required to prove that they own the related rights and copyrights.

Lagardère Active protects its Press content from pirating by using a specialised company whose services were commissioned by the SEPM in 2012 for use by the union's members. These services entail monitoring over 400,000 sources 24 hours a day and sending requests for illicit content to be automatically deleted from host servers, as well as requests to search engines to remove pages containing illegal links.

Furthermore, Lagardère Active takes all appropriate legal measures if it learns about any cases of infringement concerning the content to which it holds the intellectual property rights.

5.3.3 CSR METHODOLOGY AND INDICATORS

In 2012, labour and environmental reporting guidelines were drawn up jointly by the Group's Human Resources Department and the Sustainable Development Department. Updated in 2013, these guidelines are exhaustive documents that cover all labour and environmental reporting procedures and indicators applied by Lagardère, and they serve as a support tool for reporting. Reporting is an annual process carried out over the twelve months of the calendar year.

The guidelines provide a description of the reporting procedures (summarised in the paragraphs below), as well as a detailed information sheet for each indicator in the reference base. These information sheets help reporting contributors understand how each indicator is defined and its relevance. They also explain the method of calculation and the basic documents needed for the reporting of each indicator.

These guidelines are distributed to each Group employee involved in the reporting process (contributors and validators) at the beginning of the reporting periods.

For the 2014 reporting process (for 2013 data), the labour guidelines, which are available in French, English and Spanish, were distributed to all contributors throughout the scope of reporting. So far, the environmental guidelines have only been distributed to

the French entities, exclusively in French. In 2014 they will also be relayed to the Group's West European entities.

In order to meet the reporting requirements for social data and facilitate the reporting process, in late 2013 the Sustainable Development Department drew up a questionnaire which was sent to the divisions to help them with their data compilation procedure. This document will be updated every year and for this first year served as the guidelines for reporting social data.

5.3.3.1 SCOPE OF CONSOLIDATION

The reporting system used to collect labour and environmental information is deployed in all the consolidated subsidiaries whose operations are managed by the Group, with the exception of:

- ▶ entities that were disposed of or deconsolidated during the fiscal year;
- ▶ entities acquired during the year, for which the reporting system will be implemented gradually as they are integrated into the Group (provided that the business line wants to immediately include the newly-acquired companies in the reporting system); and entities with fewer than five employees.

(1) Charter of IAB (Interactive Advertising Bureau) Europe of good practices and Internet-user rights.

Labour information presented in this document is reported using a dedicated software package, which covered 238 Group companies in 2013⁽¹⁾.

Environmental information presented in this document is reported using two processes. Data on energy consumption is integrated into the Group's financial data consolidation system. For France, this information relates to 174 companies in the Lagardère group.

Greenhouse gas emissions are calculated directly by the Group Sustainable Development Department based on the energy data mentioned above and in accordance with the methodology set out in the environmental guidelines and referred to in section D1 above on greenhouse gas emissions.

Other environmental data that is not integrated into the financial consolidation system is consolidated, verified and calculated directly at business line level based on the information provided by the subsidiaries, and is then sent to the Group Sustainable Development Department which performs a final consistency check.

The social data questionnaire covers the worldwide reporting Scope of the Group's three main divisions (Lagardère Publishing, Lagardère Services and Lagardère Active).

Changes in Scope

Changes in the scope of labour and environmental reporting arise from changes in the scope of fully consolidated companies. The list is presented in note 37 to the consolidated financial statements.

In general the scope of reporting may change depending on two parameters:

- ▶ disposals and/or acquisitions of new entities;
- ▶ new activities and/or termination of activities.

Beyond these two parameters, the decision to include or not include entities in the reporting system are left, to a certain extent, to the discretion of the divisions which are better placed to assess whether it is relevant from an operating perspective to include or exclude an entity.

5.3.3.2 REFERENCE BASE FOR INDICATORS AND REPORTING METHODS

Labour reporting follows the Group's Human Resources policy, taking the specific needs of each business line and/or geographic area into account. After an initial update in 2006, the reference base was revised again in 2010, to redefine the reporting base for indicators. This redefinition, which was more in line with the spirit of the GRI, provided an opportunity to streamline the reference base and make it more accessible to contributors. The reference base for labour indicators was reviewed again in 2012, in order to make it easier to understand for contributors and more relevant as regards the Group's divisions and activities, and to take into account the provisions of the implementing order of article 225 of France's Grenelle 2 law on corporate social responsibility.

The labour reporting guidelines were updated again in 2013 in order to factor in the comments formulated by contributors during the 2012 reporting campaign.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

In 2006, the Group incorporated environmental data concerning water and energy consumption (electricity, gas, oil and cogeneration), and paper procurement, into its financial data consolidation system.

In 2012, specific work was carried out on the reference base for environmental indicators in order to simplify it and make it more reliable, and most importantly to make it more relevant in view of the Group's many activities. The environmental reporting guidelines were also updated in 2013, with a particular focus on harmonising the methods used for calculating the proportions of certified and recycled paper contained in the paper purchased by Lagardère Publishing and Lagardère Active. The update also enabled new business-specific indicators to be added for Lagardère Services (concerning waste and energy), as well as a Group-wide monitoring indicator for WEEE in France.

Generally speaking, the updates of reporting guidelines aim to simplify and facilitate the work of contributors.

Regardless of the software used, overall, the reporting method for labour and environmental data follows the same process. Data is entered by a contributor for each Group subsidiary included in the reporting scope. This information is then validated/verified by the business line's Management (Human Resources Department or Finance Department). A second level of validation/verification is then carried out by each business line before the data is sent to the central departments concerned (Human Resources Department and Sustainable Development Department).

Consistency checks aim to ensure the quality and fair presentation of the data reported and include a comparison with the data for previous periods, contributing to the reliability of the reporting system.

Although the Group seeks to make contributors' work as easy as possible, to define clear parameters for the reporting process and to effectively factor in the international nature of its operations and activities (objectives that have been made easier to achieve since the reporting guidelines were put in place), a number of difficulties, which can create uncertainty, may arise during the reporting process:

- ▶ inaccurate assessments;
- ▶ calculation errors;
- ▶ poorly understood questions;
- ▶ data entry errors;
- ▶ problems defining an indicator;
- ▶ problems responding because of legal and/or political reasons.

(1) The figures given for the number of companies included in the reporting scope in 2012 (148) and 2011 (142) reflected the fact that several entities were combined into one company during those years, whereas since 2013 these entities have been counted separately.

5.3.3.3 CROSS-REFERENCE INDEX

Cross reference index with article R. 225-105-1 of the French Commercial Code

Information	Subject	Paragraph	Section	Page
Labour	Employment	Total workforce and breakdown of employees	5.3.2.1 - A1	50
		Recruitments and redundancies/dismissals	5.3.2.1 - A2	55
		Remuneration and salary increases	5.3.2.1 - A3	56
	Organisation of working hours	Organisation of working hours	5.3.2.1 - B1	59
		Lost time	5.3.2.1 - B2	62
	Labour relations	Organisation of labour relations	5.3.2.1 - C1	63
		Summary of collective agreements	5.3.2.1 - C2	64
	Health and safety	Health and safety conditions at work	5.3.2.1 - D1	64
		Summary of health and safety agreements	5.3.2.1 - D3	65
		Frequency and severity of work-related accidents and sick leave	5.3.2.1 - D2	64
	Training	Policies implemented	5.3.2.1 - E1	65
		Total number of training hours	5.3.2.1 - E2	66
	Equal opportunities	Measures taken to promote gender balance	5.3.2.1 - F1	66
		Measures taken to promote the employment and integration of people with a disability	5.3.2.1 - F2	67
		Anti-discrimination policy	5.3.2.1 - F3-F4	68
	Promotion of and compliance with the fundamental principles of the ILO	Compliance and freedom of association and right to collective bargaining	5.3.2.1 - G	68
		Elimination of discrimination in respect of employment and occupation		68
		Elimination of forced or compulsory labour		68
		Effective abolition of child labour		68

Information	Subject	Paragraph	Section	Page
Environmental	General policy	Organisation of the company and assessment and certification processes	5.3.2.2 - A1	69
		Employee information and training initiatives	5.3.2.2 - A2	69
		Measures taken to prevent environmental risks and pollution	5.3.2.2 - A3	69
		Provisions and guarantees set aside for environmental risks	5.3.2.2 - A4	69
	Pollution and waste management	Measures taken to prevent, reduce and clean up discharges into the air, water and soil	Not relevant	
		Measures taken to prevent, recycle and eliminate waste	5.3.2.2 - B1	70
		Mitigation of noise or other forms of pollution related to a business activity	Not relevant	
	Sustainable use of resources	Water consumption and supply in accordance with local constraints	Not relevant	
		Consumption of raw materials and measures taken to improve efficiency of use	5.3.2.2 - C1	72
		Energy consumption, measures taken to improve energy efficiency, and use of renewable energy	5.3.2.2 - C2	74
		Land use	Not relevant	
	Climate change	Greenhouse gas emissions	5.3.2.2 - D1	76
		Adaptation to the consequences of climate change	5.3.2.2 - D2	76
	Preservation of biodiversity	Measures taken to preserve and develop biodiversity	5.3.2.2 - E1	77
Social	Territorial, economic and social impact of the company's activities	Regional employment and development	5.3.2.3 - A1	78
		Resident and local populations	Not relevant	
	Relations with people or organisations with an interest in the company's activities	Relations with people or organisations	5.3.2.3 - B1	78
		Partnership or sponsorship operations	5.3.2.3 - B2	78
	Subcontractors and suppliers	Recognition of social and environmental issues in the procurement policy	5.3.2.3 - C1	80
		Importance of subcontracting and recognition of subcontractors' and suppliers' corporate social responsibility in relations with them	5.3.2.3 - C2	80
	Fair business practices	Action undertaken to prevent corruption	5.3.2.3 - D1	81
		Measures taken to ensure consumer health and safety	5.3.2.3 - D2	81
	Other action undertaken to promote human rights	-	5.3.2.3 - E	82

5.3.4 REPORT OF INDEPENDENT THIRD-PARTY ENTITY

REPORT OF INDEPENDENT THIRD-PARTY ENTITY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

Year ended December 31, 2013

For the attention of the Shareholders,

In our capacity as independent third-party entity, whose request for accreditation was deemed admissible by the French National Accreditation Body (COFRAC), and member of the Mazars network, Statutory Auditor of Lagardère, we hereby present you with our report on the social, environmental and societal information presented in the management report prepared for the year ended December 31, 2013 (hereinafter the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (Code du commerce).

RESPONSIBILITY OF THE COMPANY

The Supervisory Board of Lagardère is responsible for preparing a management report including the CSR Information provided by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by Lagardère (the "Reporting Criteria"), some of which are presented in the paragraph 5.3.3 of the management report named « The methodology and RSE information», throughout the management report and are available on request from the company's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY ENTITY

Based on our work, our responsibility is:

- ▶ to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);
- ▶ to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a six man team between November 2013 and March 2014 a period of around six weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the fairness opinion, ISAE 3000⁽¹⁾ (International Standard on Assurance Engagements).

1. ATTESTATION OF COMPLETENESS OF THE CSR INFORMATION

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We have compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological memo paragraph presented in the management report.

Based on our work and considering the aforementioned limits, we attest to the completeness of the required CSR Information in the management report.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of procedures

We held some thirty interviews with the persons responsible for preparing the CSR Information with the departments in charge of the CSR Information collection process and, when appropriate, those who are responsible for internal control and risk management procedures, in order to:

- ▶ assess the appropriateness of the Reporting Criteria with respect to its relevance completeness, reliability, neutrality and clarity, by taking into consideration, when relevant, the sector's best practices;
- ▶ verify the set-up of a process to collect, compile, process, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR information that we consider to be most significant⁽¹⁾:

- ▶ for the consolidating entity, we consulted the documentary sources and held interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations as well as the data consolidation and we verified their consistency with the other information shown in the management report;
- ▶ for a representative sample of entities⁽²⁾ that we selected according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented on average 30% of headcounts and on average 19% and 74% of environmental quantitative information.

Regarding the other consolidated CSR information, we have assessed its consistency in relation to our knowledge of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Informations cannot be totally eliminated.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information has been presented fairly, in all material aspects, in accordance with the Reporting Criteria.

Paris La Défense, March 31st 2014

The independent third-party entity

Mazars	Mazars
Emmanuelle Rigaudias	Bruno Balaire
Partner CSR and Sustainable Development	Partner

(1) Permanent staff at December 31st, permanent staff at December 31st displayed by gender, age, and geographical area, number of overtime hours worked during the year, total part-time staff displayed by gender, working time, absenteeism rate, collective agreements in place at December 31st and signed during the year, training skills development policies, total number of training hours and display by themes, organization of the company to take into account environment and, when appropriate, environmental evaluation or certification, overall weight of paper purchased by the Group and the breakdown between certified, 100 per cent recycled and other paper, overall weight of paper purchased by printers, tertiary energy consumption of the Group in France : electricity, gas and district heating, greenhouse gas emissions related to the energy consumption, conditions for dialogue with third people or organizations interested in company's activities, partnerships and sponsorship, actions in favor of health and safety of consumers.

(2) Entities selected for social and societal information verification: Hachette Livre SA (France) ; Hatier (France) ; HFA (France) ; Europe 1 (France) ; Relay (France); Aelia (France) ; Sportfive (France) ; Entities selected for environment information verification: Hachette Livre SA (France) ; HFA (France) ; Relay (France) for the energy consumption.

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