



INFORMATION ON THE BUSINESS ACTIVITIES OF THE COMPANY AND THE GROUP

5.1 BUSINESS ACTIVITIES AND STRATEGY AFR	24	5.3 CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP - ETHICS AFR	46
5.2 THE GROUP'S PRINCIPAL ACTIVITIES AND MAIN MARKETS - OPERATIONS DURING 2014: LAGARDÈRE MEDIA AFR	25	5.3.1 CSR – Key objectives and policy	46
5.2.1 Lagardère Publishing	25	5.3.2 Implementation of the CSR policy, the five priorities	49
5.2.2 Lagardère Services	30	5.3.3 CSR methodology and indicators	77
5.2.3 Lagardère Active	35	5.3.4 Report of the independent third-party entity	82
5.2.4 Lagardère Unlimited	42		

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

5.3 CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP – ETHICS



5.3.1 CSR – KEY OBJECTIVES AND POLICY

Create purpose. Foster personal fulfilment at work. Offer guidance to its employees and diversity in talent. Combine excellence with corporate responsibility in a changing society. Align respect for targets with respect for the planet. These challenges are directly related to the businesses of Lagardère – a diversified media group – and reflected in its social and environmental commitments. Lagardère has implemented a Corporate Social Responsibility (CSR) policy guided by three objectives: meet increasing regulatory requirements, adapt its CSR practices to Group strategy, and strengthen stakeholder relations.

Given the growing needs of stakeholders, tighter regulations and the Group's changing activities, Lagardère has decided to update its CSR policy. Until 2014, this policy was structured around four priorities and twelve commitments. Lagardère has now set a new roadmap for 2015-2020 with five strategic priorities:

- ▶ promote access to culture and entertainment;
- ▶ support corporate efforts to advance diversity and social transformation;
- ▶ ensure responsible management of the paper cycle and digital expansion;
- ▶ strengthen sustainability of content, services, products and sites;
- ▶ guarantee high standards of business ethics.

5.3.1.1 CSR POLICY OBJECTIVES

A) MEETING INCREASING REGULATORY REQUIREMENTS

The CSR reference framework applies both nationally and internationally.

In France, non-financial disclosure requirements have become stricter over the years. For the third year in a row, in application of

the implementing order of article 225⁽¹⁾ of France's Grenelle 2 law of 12 July 2010, the Lagardère group⁽²⁾ has the disclosure and fairness of the social and environmental information in this report verified by an independent third-party entity⁽³⁾. For 2014, the required disclosures were organised under the five strategic priorities redefined by Lagardère and modelled after the GRI G4 guidelines⁽⁴⁾.

Labour information is covered under the priority to *support corporate efforts to advance diversity and social transformation*.

Environmental information is included in the priorities to *ensure responsible management of the paper cycle and digital expansion* and to *strengthen sustainability of content, services, products and sites*.

Social information is described under the priorities to *support corporate efforts to advance diversity and social transformation* and to *promote access to culture and entertainment*.

An initial cross-reference index is provided at the end of the chapter to compare the information disclosed in this report with the requirements listed in article R. 225-105-1 of the French Commercial Code, in line with article 225 of the Grenelle 2 law. A second cross-reference index is also included to find the information corresponding to the indicators set out in the G4 Guidelines.

The Sustainable Development Report, which is available on Lagardère's website for the sixth consecutive year, describes these five priorities, providing examples and personal testimonies.

Internationally, Lagardère follows a number of founding documents on CSR, such as the ILO principles and the OECD guidelines aimed at multinational corporations.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère maintains his commitment to the principles of the United Nations Global Compact in the statement below.

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

(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 2014, Hachette Livre is also subject to the verification requirement concerning the disclosure of information listed in the French Commercial Code.

(3) The information deemed irrelevant to Lagardère is listed in section 5.3.3.

(4) G4 Guidelines are the fourth version of the sustainability reporting guidelines published by the Global Reporting Initiative, which Lagardère has used as a reference since 2009.

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

Numerous standards offer the Lagardère group guidance in conducting its operations. For example, ISO 26000 was used as a basis in drafting the Lagardère Group Code of Conduct, which was updated in 2012 (see 5.3.2.5.A).

Lagardère's CSR practices also apply Unesco's Convention on the Protection and Promotion of the Diversity of Cultural Expressions and Unicef's Implementation Handbook for the Convention on the Rights of the Child (see 5.3.2.1.B).

B) ADAPTING CSR TO GROUP STRATEGY

As Lagardère's activities change, so do the degree and type of its CSR impacts, which are mainly due to:

- ▶ *the development of digital businesses*, which are gaining importance over paper-related activities, with the decline in Press and Distribution and the growth in e-books and Lagardère Active's online businesses. Although the responsible management of the entire paper life cycle remains a priority, especially for Lagardère Publishing and Lagardère Active, CSR issues related to digital activities (training in new digital fields, personal data protection, piracy, waste electrical and electronic equipment recycling, etc.) are increasingly crucial for Lagardère;
- ▶ *the development of new businesses*, such as the Lagardère Services division's Food Services business. While the expansion of Travel Retail implies greater attention paid to the eco-efficiency of its stores (which can be an advantage when responding to tenders), the growth of the Food Services businesses by definition makes food hygiene a key issue;
- ▶ *the development of businesses in new markets*, such as those launched in 2014 in Africa, especially with Lagardère Active. In addition to its economic impact on local populations, the expected growth of Lagardère Entertainment's Audiovisual

Production businesses in Africa will naturally incorporate the CSR issues of promoting talent and cultural diversity and providing access to content.

All divisions must continuously exercise a duty of care and responsibility to uphold business ethics, compliance and sustainable procurement.

C) STRENGTHENING STAKEHOLDER RELATIONS

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, customers and shareholders, and others. Lagardère's numerous stakeholders – internal, external, public or sector – are taking on a more participative role.

Social media can amplify that role. These networks become a sounding board that can have a positive or negative impact on the business, requiring companies to monitor their reputational risk closely.

The increasing sophistication of online tools brings granular knowledge about customers and audiences, offering Lagardère brands new opportunities to create value and forge stronger relations with stakeholders. But this more advanced targeting requires adherence to ethical rules as one way of guaranteeing the trust which all Lagardère businesses should strive to build.

In late 2014, the Group's Sustainable Development Department began putting together a stakeholder panel made up of Lagardère CSR experts and representatives of the Group's main stakeholders. Based on open and constructive dialogue, this new guidance committee is tasked with assisting the implementation of Lagardère's CSR strategy. It is expected to meet for the first time at the end of the first half of 2015.

5.3.1.2 CSR PLAYERS AND GOVERNANCE

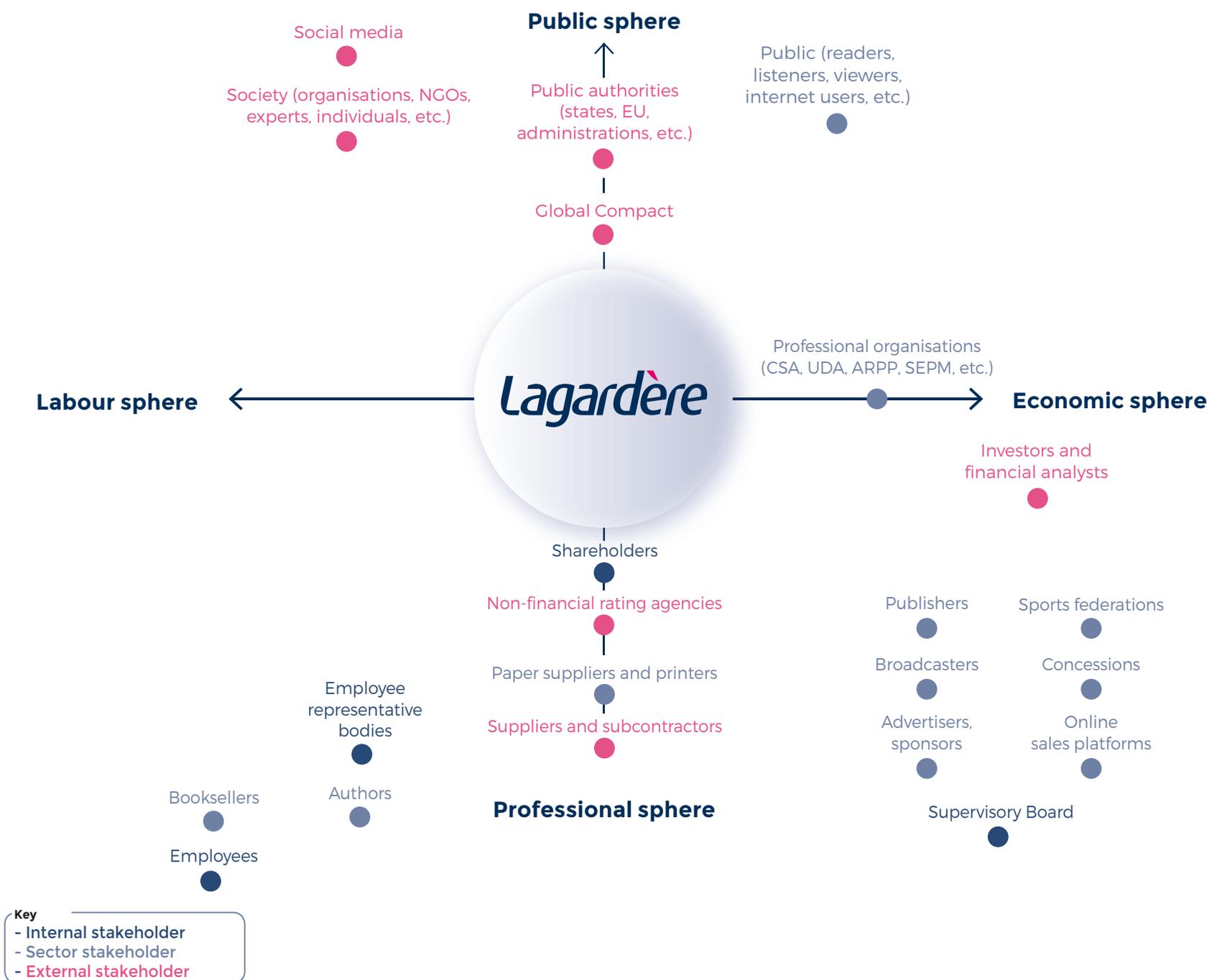
The Group's divisions are independent and autonomous, and each has its own CSR policy led by a Sustainable Development/CSR manager, who coordinates the networks of internal correspondents or forms local steering committees. Generally, each business line draws on the relevant departments for the environmental matter concerned (e.g., use of paper, energy consumption, etc.), including the purchasing, technical, office management, financial, legal and human resources departments.

Each division coordinates its own employee training and awareness programmes on environmental protection issues. For example, Lagardère Publishing and Lagardère Active ran environmental awareness campaigns about the paper cycle and organised training on carbon audits. The divisions have also implemented various certification initiatives.

At Group level, a Sustainable Development Sub-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 Department also coordinates various focus groups to analyse key issues, such as responsible purchasing, in collaboration with the Group's Purchasing Department, and non-financial communication, working in liaison with the Internal Control, Human Resources, Investor Relations, Legal and Audit Departments.



5.3.2 IMPLEMENTATION OF THE CSR POLICY, THE FIVE PRIORITIES

5.3.2.1 PROMOTE ACCESS TO CULTURE AND ENTERTAINMENT

A) INTRODUCTION

With its involvement in the worlds of culture, knowledge, information, entertainment, sport and travel, Lagardère carries a particular responsibility as a diversified media activities group.

Lagardère offers a vast range of cultural entertainment (from books written by authors expressing diverse ideas, to the distribution of local cultural products in airports worldwide, to sports events on different channels, etc.). As a cross-media operator, the Group must continuously reassess its impact on society. This has prompted Lagardère to co-found the Media CSR Forum with CSR departments from other media groups⁽¹⁾. This body leads the development and exchange of best practices specific to the responsibility of the media sector. Through this forum, Lagardère's Sustainable Development/CSR Department helped draft a guide to CSR in the media industry which is available on the ORSE⁽²⁾ (French CSR monitoring body) website. The guide was presented to France's national library (*Bibliothèque nationale de France*) in March 2014.

This guide features practical data sheets on many of the topics discussed below, which will gradually be updated as needed.

In addition to its responsibility regarding its content, Lagardère also carries a responsibility to the community and to the society at large through its range of brands. Lagardère works to foster social cohesion by promoting culture, sport, the education and emancipation of women in France and worldwide, accessibility of content, and child protection through its many partnership and sponsorship operations.

This role is mainly embodied at Group level by the **Jean-Luc Lagardère Foundation**, which was created in 1989 under the auspices of the Fondation de France. It was set up to implement Lagardère's commitment to culture, community and sport and develops a number of programmes to promote cultural diversity, encourage creation and drive success.

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. In 2014, the Musicians scholarship was broken down into two sub-categories, Modern and Popular Music and Jazz and Classical Music.

B.3 Performance

Indicator	Unit	2014	2013	2012
Number of new books published in the Audiolib catalogue during the year	No.	70	55	53
Number of titles available in the Audiolib catalogue at year-end	No.	380	310	255
Percentage of Gulli air time with subtitled programmes	%	30	40.80	-
Percentage of Canal J air time with subtitled programmes	%	26	41.85	-
Number of hours of subtitled programmes broadcast on youth channels during the year	Hours	4,664h29m	-	-
Number of programmes that teach sign language	No.	5	4	4

Since it was created, 248 beneficiaries (18 in 2014) have received a total of €5,375,000, including €255,000 awarded in 2014.

At Lagardère Active, the Elle Foundation, which celebrated its 10th anniversary in 2014, has supported 75 projects across all continents since its creation.

As well as pursuing its multi-year commitments (totalling €108,350 in 2014) both in France (with Force Femmes, Elle Solidarité mode, Sport dans la Ville and Femme en Avenir) and abroad (Afghanistan, Madagascar, Morocco, Republic of the Congo, and Mali), the Elle Foundation financed seven new projects in 2014 amounting to €129,462. These include programmes in Myanmar (support for 200 young women in the slums of Yangon), India (for 6,300 women from the Tiruchirappalli District), Democratic Republic of the Congo (for victims of rape as a weapon of war), Nepal (to teach sewing skills to some 30 disadvantaged young women), and France through numerous projects⁽³⁾.

In 2014, Lagardère Active also showed its support for the community by donating approximately €1.5 million in press, radio, television, and internet space to community initiatives.

Lagardère Unlimited's community initiatives naturally revolved around sports events (football, tennis and golf), primarily aimed at sick children or children living in extreme poverty. These initiatives were often in partnership with local organisations or foundations such as the Red Cross.

B) ACCESSIBILITY OF CONTENT

B.1 Strategy

As a diversified media group, Lagardère must make its content accessible to all, especially those who do not have easy access to content due to geographical distance, social insecurity or physical disability.

B.2 Application

The Group's youth channels (TiJi, Gulli, Canal J) surpass the requirements set by the French broadcasting authority (*Conseil supérieur de l'audiovisuel* – CSA) on the number of hours of subtitled programmes aired. All three channels regularly broadcast different programmes that teach sign language as well as sign-language versions of certain shows.

Since 2008, Lagardère Publishing's audiobook brand Audiolib has helped people with a visual impairment or with reading difficulties, such as young dyslexics. Audiolib regularly improves the accessibility of its website for people with a visual impairment.

(1) Including the CSR departments of TF1, Vivendi, France Télévisions, Bayard Presse, as well as other media such as Youphil.

(2) http://www.orse.org/____rse_dans_le_secteur_des_medias-98.html

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

C) CHILD PROTECTION, GUIDANCE AND EDUCATION

C.1 Strategy

Child protection is part of the corporate social responsibility of a media company like Lagardère, which creates and produces content for young audiences in different formats. Certain media, such as television, have been subject to strict child protection regulations for many years, while others, such as the Internet, must be closely monitored every day.

Lagardère's TV and radio broadcasters ensure compliance with the applicable laws and regulations, as well as with the agreements signed with the CSA. Each of the Group's channels has signed an agreement with the CSA stipulating the permitted broadcasting times of programmes depending on their classification.

All Group media entities, particularly its youth channels, go beyond complying with regulations to place top priority on child protection and education, due obviously to their target audience, and also to the strong relationship of trust that they have forged both with children, parents and teachers.

The Lagardère group states in its Code of Conduct that it firmly believes in adhering to and promoting certain universal principles and guidelines, including the ILO's fundamental convention on the effective abolition of child labour and Unicef's Implementation Handbook for the Convention on the Rights of the Child.

Taking its responsibility seriously as a publisher, producer and broadcaster of content aimed at young audiences, Lagardère also works outside its own activities to form partnerships through its two Foundations, which take action to defend child protection and education.

C.2 Application

In addition to their activity of publishing youth works and teaching manuals on all markets, Hachette and Hatier are involved in Savoir Livre, a non-profit organisation that works with the French national education authority and the Books and Reading Department of the Ministry of Culture. Savoir Livre 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. Hatier's Annabac.com site is one of the most widely viewed websites among students (3.8 million UVs in 2014) during their schooling. Annabac.com provides tips and resources to succeed in secondary school and the first steps beyond.

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

finance the winner's career project. The 2014 edition was a resounding success, drawing 604 participants to its dedicated website: www.tremplinprepabac.fr.

At Lagardère Active, all programmes pre-purchased and co-produced for the youth channels are closely monitored by the business line. 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 Group's 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 this cause.

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

Fighting obesity

The Group's youth channels take action to fight obesity by promoting balanced and healthy diets among their young viewers. The three channels joined the drive launched by the French government and the CSA, and signed the first official Food Charter in 2009, covering a five-year period. The channels have since implemented a global campaign to promote balanced and healthy diets in their programming as well as on digital media and non-media vehicles. In 2013, the youth 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 in November 2013. This new text came into force in January 2014.

At the community level

For its third edition, the Europe 1 radio station's Solidarity award went to *L'Outil en main*. This not-for-profit organisation introduces 9- to 14-year-olds to skilled trades taught by qualified volunteer craftsmen and workers, often retired, using real tools in real workshops.

At Lagardère Services, several Travel Retail entities are involved in partnerships or initiatives to support NGOs and other organisations that work with children. The Australia, China and Romania teams were particularly active throughout 2014⁽¹⁾.

Sponsorship

In 2014, the Jean-Luc Lagardère Foundation continued its support for the cultural programme aimed at teenagers at Studio 13/16 at the Pompidou Centre and formed a partnership with the French Academy in the Villa Medici in Rome.

C.3 Performance

Indicator	Unit	2014	2013	2012
Number of hours of obesity prevention programmes broadcast on youth channels during the year	Hours	330h18	314h49	271h08
Total number of hours of obesity prevention programmes broadcast on youth channels since 2009	Hours	1,506h37	1,176h19	861h30
Number of UVs on annabac.com during the year	Millions	3.8	-	-
Number of formal litigation cases involving child labour	No.	0	0	0

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

D) MEDIA LITERACY, AWARENESS ABOUT SOCIAL ISSUES AND SUSTAINABLE DEVELOPMENT**D.1 Strategy**

The European Union defines media literacy as “the ability to access the media, to understand and to critically evaluate different aspects of the media and media contents and to create communications in a variety of contexts... Media messages are informational and creative contents included in texts, sounds and images” and are an important part of our contemporary culture.

The development of critical thinking, the responsible use of content and the ability to analyse are part of the social responsibility of a media group like Lagardère.

Through their content, the media can contribute to providing their audiences with the skills to understand major issues in contemporary society (environment, social justice, diversity, health, human rights, etc.). As direct or indirect information providers, the media have a power of influence that can be instrumental in raising public awareness.

D.3 Performance

Indicator	Unit	2014	2013	2012
Number of web pages referencing “Gulli ma planète” viewed over the year	No.	257,995	-	-

E) CONTENT DIVERSITY, PROMOTING READING, FREEDOM OF EXPRESSION**E.1 Strategy**

Content diversity, diversity in ideas, promoting and defending the written word, reading and authors, combating illiteracy, and freedom of expression are all issues related to the media activities of the Lagardère group. Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in Lagardère’s businesses.

E.2 Application

In promoting content and cultural diversity, each division takes its own approach.

Whether it is the diversity of the books published by Hachette, reflecting a broad spectrum of opinions in some 60 countries and 15 languages, the number of countries in which Lagardère Entertainment broadcasts its audiovisual content, the number of editions of *Elle* worldwide, the reach of the Lagardère Services network (more than 4,000 retail outlets in about 20 countries) and the broad range of products on offer, or the variety of sports and cultural talent (about 250 individuals) represented by Lagardère Unlimited, diversity is the lifeblood of the Lagardère group.

Promoting diversity also carries implications for labour and social issues. For a media group, the diversity of in-house teams (see 5.3.2.2.A) must be reflected in the content broadcast through its various media and its radio and television programming, which is closely monitored by the CSA.

Lagardère held to the commitments made by its radio and television channels in 2014. For example, Gulli has taken steps to ensure that, from the programme order and production phases to broadcast, social and cultural diversity is fairly represented in all of its programming, fiction, events, games, and so forth. Repeating its initiative taken in 2013, Gulli produced and broadcast a segment on

D.2 Application

In November 2013, the CSA launched <http://education-medias.csa.fr/>, a media literacy website aimed at the general public. Certain media of the Lagardère group (in particular Europe 1) contributed to developing the site by providing extensive content. Caroline Cochaux, Lagardère’s Executive Program Director, was selected as a member of the Media and Education Observatory set up by the CSA in September 2014 to develop its work on the issues of media literacy and education through media under a participative angle⁽¹⁾.

In March 2014, Europe 1 and Gulli teamed up to take part in Press and Media Week at School (*Semaine de la presse et des médias dans l’école*®), an event coordinated by the centre for liaison between teaching and information media, or Clemi, and the French Ministry of Education to help children to understand the media system, to develop their critical analysis skills and their interest in current issues, and to forge their identity as a citizen. Two of Lagardère’s media entities invited 150 children aged 10 to 14 from across France to their offices to discover the world of radio and television by participating in a variety of activities and meeting media professionals.

Regarding sustainable development and major social issues, the Lagardère group’s different media entities participated in raising the public’s awareness through content across all media.

14 July 2014 to promote the diversity of faces, backgrounds and talent with the slogan “We are France”.

Europe 1 implemented measures in 2014 to develop content diversity:

- ▶ regular survey of the female experts invited to take part in Europe 1 programmes;
- ▶ special focus to ensure that its programming schedule reflects the diversity of French society.

In promoting reading, Hachette Livre, whose publishing business is, by definition, permanently encouraging reading, is involved via the SNE (the French Publishers Union) in all public events related to combating illiteracy and inciting reading. In addition, many literary prizes are awarded by Lagardère’s various entities to encourage reading across all population groups. These awards include the Elle readers’ grand prize, the Version Femina prize, the Gulli novel prize, and the Relay des voyageurs prize.

Youth channels are also involved in promoting reading, by broadcasting programmes that teach children how to read and reading stories for children on air.

Through sponsorship and at the community level

For the past three years, the Jean-Luc Lagardère Foundation has supported the Jules Rimet prize, which celebrates sports in French and foreign literature. The third Jules-Rimet prize was awarded to Lola Lafon for *La petite communiste qui ne souriait jamais* (Actes Sud). This prize is also the starting point for educational workshops led by the writer Hafid Aggoune to get youths from football clubs interested in reading and writing. Two workshops were held in October 2014 with Red Star in Paris and Olympique lyonnais in Lyon.

Since 2013, the Jean-Luc Lagardère Foundation has also supported *Les Avocats du Diable Vauvert*. This organisation campaigns to promote books, reading and literature through a wide

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

variety of regional vectors, including libraries, bookstores, schools and prisons.

On 26 November 2014, the Jean-Luc Lagardère Foundation and the Institut du Monde Arabe (IMA), under their partnership signed in 2008, awarded the second Prix de la Jeune Littérature Arabe to the Egyptian author Mohamed al-Fakharany for his book, *La Traversée du K.-O* (Le Seuil). The panel of judges also gave special honour to the Syrian author Rosa Yassin Hassan, for her novel, *Les Gardiens de l'air* (Actes Sud). To be eligible for this literary prize launched in 2013 and worth €10,000, authors must be nationals of an Arab League country writing about the young generation in the Arab world. Books must be written in French or translated from Arabic into French.

Freedom of expression, i.e., the right to inform and be informed as specified in article 19 of the Universal Declaration of Human Rights, is one of the fundamental values of democracy and of the Lagardère group.

The tragic events that took place in France in January 2015 were a time for the Managing Partners to reiterate this belief.

Numerous initiatives were taken to stress the importance of freedom of expression.

Every year, the network of Relay sales outlets defends the work of Reporters Sans Frontières (Reporters without Borders) to uphold freedom of expression, by selling the organisation's annual photo album to support its cause. Relay also promotes the organisation on its website and in its stores.

Hachette Livre is involved (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.

Since 1984, the Jean-Luc Lagardère prize for journalist of the year – 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.

The 2015 prize was awarded to the editorial staff of *Charlie Hebdo*, which courageously resumed the publication of the newspaper immediately following the tragedy that had struck them. The fifteen judges wanted to pay tribute to their colleagues who had perished, and particularly to their friend Georges Wolinski, winner of the 1989 prize and member of the panel. The judges stated that this year's award is "a message of support from the entire profession to these outstanding journalists who risk their lives in picking up their pencils in the name of freedom of expression."

Livre de Poche paperback books brought together 60 writers in defence of freedom of expression in a book combining fundamental classic literature and the words of contemporary authors. All proceeds will go to *Charlie Hebdo*.

Led by the SNE and with the participation, free of charge, of the printer, paper supplier, and distributor (Hachette), several publishers including Hachette came together to produce a collective work, *La BD est Charlie*, featuring 183 drawings donated by 173 press cartoonists and comic book artists. All proceeds will be given to the families of the 17 victims of the attacks that took place in Paris on 11 January 2015.

E.3 Performance

Indicator	Unit	2014	2013	2012
Number of countries in which Lagardère Entertainment productions are broadcast	No.	185	-	-

5.3.2.2 SUPPORT CORPORATE EFFORTS TO ADVANCE DIVERSITY AND SOCIAL TRANSFORMATION

A) INTRODUCTION

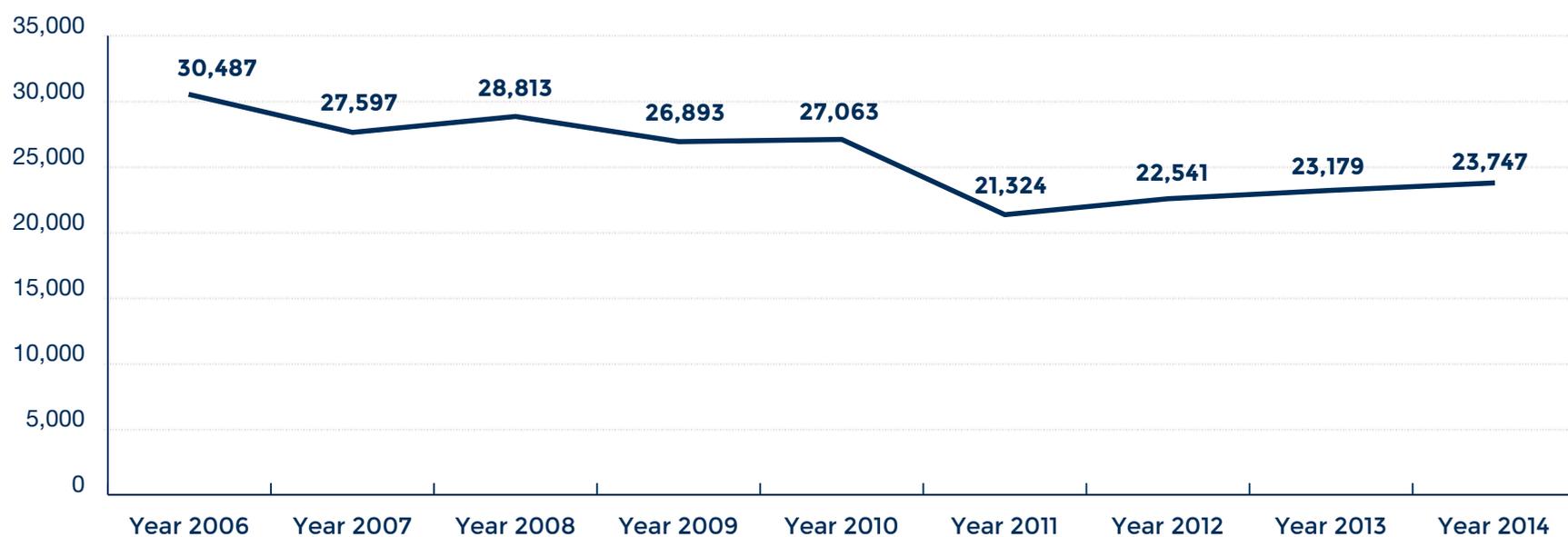
The Lagardère group's performance depends directly on the skills of its employees and the suitability of its resources. To allow for optimum leverage of human resources and adaptation to the nature of the Group's various business lines, the operating units

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.

Guiding its entities through social transformation (especially growing digitalisation) and talent diversity has become a central focus of the Lagardère group strategy.

Before elaborating on this policy, this report presents below the changes in the breakdown of the permanent workforce⁽¹⁾.

Changes in permanent workforce at 31 Decembre 2014



Breakdown of workforce by division at 31 December 2014

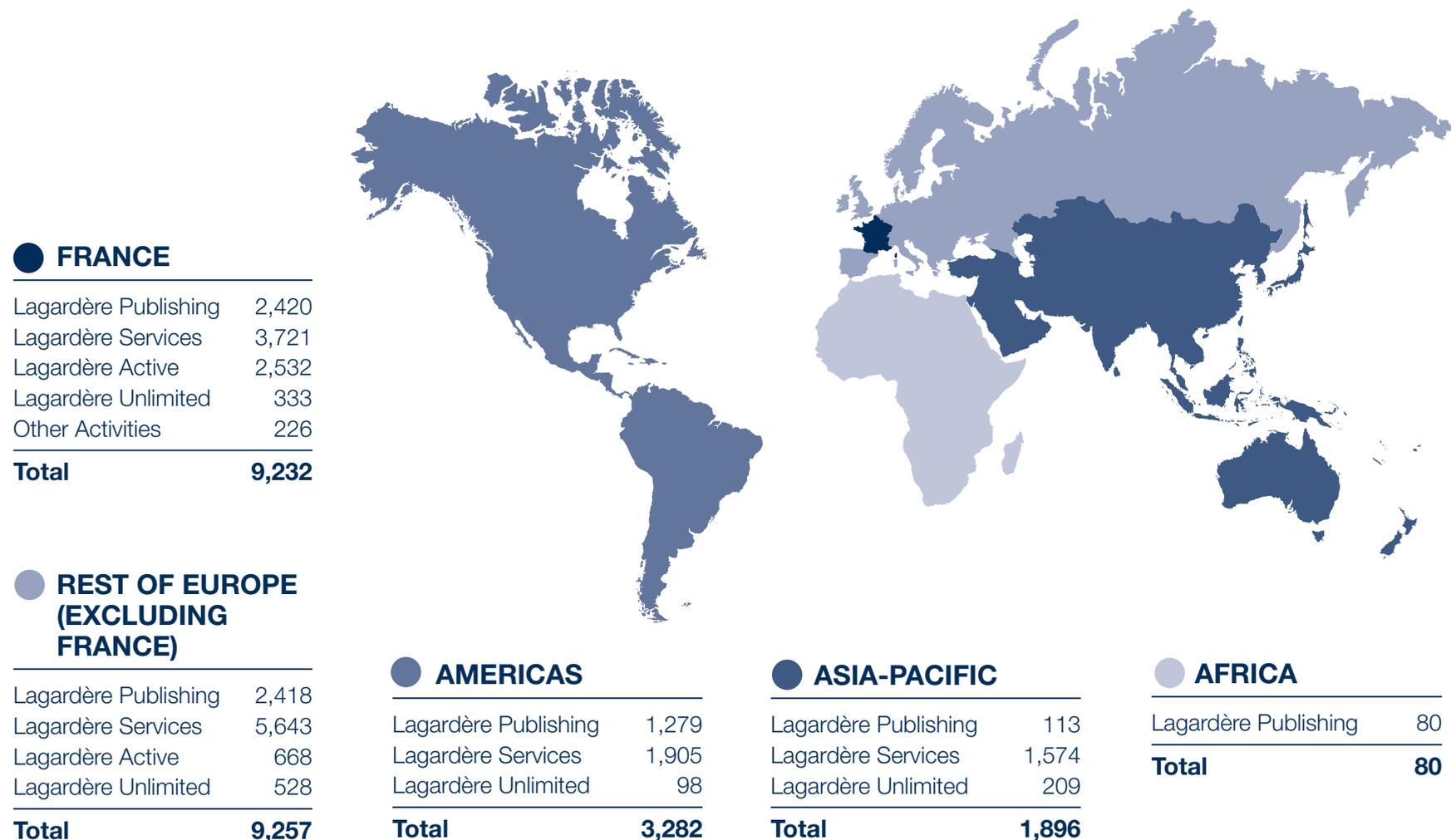
Division	Women	Men	Total	2013/14 change
Lagardère Publishing	3,664	2,646	6,310	-1% ↘
Lagardère Services	7,929	4,913	12,843	9% ↗
Lagardère Active	1,808	1,393	3,200	-16% ↘
Lagardère Unlimited	421	747	1,168	-2% ↘
Other Activities	99	127	226	-8% ↘
Total	13,921	9,826	23,747	2% ↗

The main changes include:

- the rise in headcount in the Lagardère Services division following the acquisition of Airst;
- the drop in headcount at the Lagardère Active division due to departures under the restructuring plan at the Press business and the sale of ten titles;
- the drop in headcount in Other Activities following the restructuring of Matra Manufacturing Services;
- slight decreases in the workforce at the Lagardère Publishing and Lagardère Unlimited divisions of 1% and 2% respectively.

(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.

Breakdown of workforce by geographic area at 31 December 2014



B) CHOOSING TALENT TO REFLECT DIVERSITY IN SOCIETY AND OUR MARKETS

B.1 Strategy

Adapting to local cultures, the diversity of consumers and the increasing number of markets is strategic to the development of all Group businesses. The Lagardère group is highly diverse, as reflected in its wide range of business activities and their employees' broad array of expertise. As such, they have a particular obligation to reflect the society to which they belong.

In keeping with the development of the cultural and content diversity of the Group's activities (see 5.3.2.1.D), the diversity of its teams presents the opportunity for Lagardère both to attract new talent and to boost its growth and innovation.

To promote equal opportunity for all its employees and fair employment practices, Lagardère endeavours to develop cross-divisional action, particularly by identifying best practices in its entities and sharing them throughout the Group.

Lagardère is opposed to all forms of discrimination based on a person's origin, lifestyle, age, sex, political or religious opinions, trade union affiliation, disability or sexual orientation.

As such, the Lagardère group works to apply and promote the ILO's fundamental principles on eliminating discrimination in respect of employment and occupation and eliminating forced and compulsory labour.

B.2 Application

The measures taken to apply the principles of diversity and equal opportunity break down into three categories: the place of women in the Group, integration of young people from inner cities and the integration of people with a disability.

To assess its diversity and equality, the Group conducted an audit in the last quarter of 2014 on the perception of the place of women and the representation of social and ethnic diversity. An action plan will be developed in 2015 based on its findings. This

plan will differentiate between action to be taken by the divisions relating specifically to the issues inherent to their activities and the measures to be implemented at Group level.

Following the audit conducted at **Lagardère Active** in 2012, the Active Diversity action plan remained in force in 2014, primarily through training courses given throughout the division. A total of 122 new employees received diversity training, adding to the 300 employees trained in 2013.

Europe 1 signed a new agreement on gender balance in 2014.

The division also took initiatives to promote social and ethnic diversity:

- ▶ broadcasting of the Tolerance concerts;
- ▶ Lagardère Entertainment's partnership with *École Miroir*, a free school that trains actors, directors and authors from socially and culturally diverse backgrounds from France's lower-income neighbourhoods;
- ▶ Active Diversity's special interest in the organisation *Un stage et Après*, which works to allow all students, regardless of their network or academic performance, to explore the professional world and obtain a work placement in line with their career development plans;
- ▶ the Elle Foundation's support of the *Passerelle* programme led with Mozaik RH (a not-for-profit human resources consulting and recruitment firm specialised in promoting equal opportunity and diversity) and the organisation *Sports dans la ville/Elle dans la ville*.

Lagardère Publishing signed a new three-year agreement (2015-2017) on gender balance in December 2014, which includes the following objectives:

- ▶ strike a better work-life balance;
- ▶ guarantee access to training, mainly by helping employees better assimilate on their return from parental leave;

- ▶ promote gender balance, in particular in business lines with a high majority of one gender (e.g., women in publishing and men in distribution);
- ▶ maintain equal opportunity in terms of both remuneration and career development.

Lagardère Services led an original initiative at LS travel retail Pacific, with more than 20 nationalities working at its headquarters and over 30 languages spoken in its stores. Determined to promote a culture of integration promoting the diversity of its employees, the entity decided to organise Harmony Day in 2014, which spanned Australia and celebrated diversity at work through the discovery of different cultural traditions⁽¹⁾.

To promote disability in the workplace, in 2014 Lagardère moved forward in its partnership with Michaël Jérémiasz, Olympic champion in wheelchair tennis, to raise awareness about disability throughout the Group.

Its action plan was presented at the HR seminar (held every year for the HR departments from Lagardère's divisions to discuss current issues and cross-business initiatives) in July 2014. The first action was a table tennis event for the disabled at Lagardère Active. Two French champions came to challenge division employees and demonstrate their sport, while explaining and presenting their daily lives.

Working with Michaël Jérémiasz, the Lagardère group also organised a wheelchair tennis match at the 2014 World Academic Sport Challenge with France's top schools and universities (a one-day event held at Stade Charléty in Paris, with more than 5,000 students participating and which the Group has partnered every year since 2009, see next section). Lagardère also sponsored a wheelchair basketball event at this Challenge.

At the end of 2014, the Lagardère Publishing division set up an organisation⁽¹⁾ focused on promoting the social integration and long-term employment of people with a disability at the division's member companies. The organisation also works to improve access to employment for people with a disability: education, partnerships, communication campaigns, etc.

Its work is along the same lines as Lagardère Active's Mission Handicap project, which in February 2014 signed a Charter for

promoting the training and professional integration of people with a disability in the audiovisual communications sector.

In developing community partnerships, the Lagardère group has worked with the non-profit organisation *Nos quartiers ont des talents* (Our neighbourhoods have talent) since 2006. It aims to help qualified young people from underprivileged urban areas to gain a foothold in the world of work, mainly through the network of managers from member companies.

To offer its guidance, Lagardère takes part in the organisation's annual *Rencontres nationales* forum every year⁽²⁾, providing the opportunity for Master's students to meet with recruiters from different Lagardère companies. Lagardère also sponsors young talent and supports the Steering Committee, essentially made up of young people who have benefited from the programme and the organisation's founders.

In terms of sponsorship, the Jean-Luc Lagardère Foundation continued its support, for the sixth consecutive year, of the Divertimento Symphony Orchestra led by Zahia Ziouani and more specifically the Divertimento Academy, which introduces the world of symphony music to young musicians and offers them training to become orchestra musicians.

The Jean-Luc Lagardère Foundation and the Elle Foundation also worked on the programme initiated by the Financière de l'Échiquier Foundation to provide free housing in Paris for young female baccalauréat recipients who have obtained higher education grants. The Foundation also offers personalised academic, social and pre-professional counselling while these young women attend the preparatory classes before entering France's top-ranking schools. In addition to the Lagardère group's financial backing, three employees sponsor three students from the *Maison des Talents* throughout the academic year to introduce them to new horizons, help them build a career development plan or simply offer moral support.

B.3 Performance

To comply with legal requirements and provide relevant indicators in all the countries where it operates, the Lagardère group has decided to use the following information to measure its diversity and equality performance.

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

(2) 27 November 2014.

Gender balance

Breakdown of workforce, by occupational group and gender⁽¹⁾

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	53%	47%	332	60%	40%	2,656	-	-	-	57%	43%	3,322	58%	42%	6,310
Lagardère Services	25%	75%	130	48%	52%	1,865	-	-	-	65%	35%	10,848	62%	38%	12,843
Lagardère Active	31%	69%	67	56%	44%	1,304	55%	45%	968	61%	39%	861	56%	44%	3,200
Lagardère Unlimited	2%	98%	45	24%	76%	283	0%	100%	1	42%	58%	839	36%	64%	1,168
Other Activities	21%	79%	29	42%	58%	100	-	-	-	53%	47%	97	44%	56%	226
Group total 2014	39%	61%	603	54%	46%	6,208	55%	45%	969	62%	38%	15,967	59%	41%	23,747
Group total 2013	36%	64%	645	54%	46%	6,333	57%	43%	1,118	60%	40%	15,083	58%	42%	23,179

Breakdown of recruitments, conversions⁽²⁾, promotions and mobility by gender

Division	Recruitments		Contract conversions		Internal mobility		Promotions	
	Women	Men	Women	Men	Women	Men	Women	Men
Lagardère Publishing	221	155	87	57	27	13	249	91
Lagardère Services	2,123	1,241	82	57	38	51	136	92
Lagardère Active	39	54	2	1	27	70	30	20
Lagardère Unlimited	67	91	12	19	4	8	10	24
Other Activities	2	2	1	0	5	8	0	1
Group total 2014	2,452	1,543	184	134	101	150	425	228
Breakdown 2014	61%	39%	58%	42%	40%	60%	65%	35%
Breakdown 2013	63%	37%	64%	36%	51%	49%	58%	42%

(1) Actual workforce in service at 31 December 2014.

(2) Conversion from a fixed-term contract to a permanent employment contract.

Breakdown of permanent workforce given a pay rise in 2014, by gender

Division	Employees given a pay rise		Total	Breakdown	
	Women	Men		Women	Men
Lagardère Publishing	2,921	2,065	4,986	59%	41%
Lagardère Services	4,390	3,207	7,597	58%	42%
Lagardère Active	1,041	644	1,685	62%	38%
Lagardère Unlimited	249	501	750	33%	67%
Other Activities	75	59	134	56%	44%
Group total 2014	8,676	6,476	15,152	57%	43%
Group total 2013	7,561	5,517	13,078	58%	42%

Breakdown of training expenditure by gender

Division	Training expenditure		Total	Breakdown in expenditure	
	Women	Men		Women	Men
Lagardère Publishing	€ 1,011,636	€ 607,191	€ 1,618,827	62%	38%
Lagardère Services	€ 2,567,609	€ 1,861,472	€ 4,429,082	58%	42%
Lagardère Active	€ 1,181,462	€ 708,436	€ 1,889,898	63%	37%
Lagardère Unlimited	€ 107,275	€ 230,973	€ 338,2484	32%	68%
Other Activities	€ 51,052	€ 46,047	€ 97,099	53%	47%
Group total 2014	€ 4,919,035	€ 3,454,119	€ 8,373,155	59%	41%
Group total 2013	€ 4,789,563	€ 3,391,696	€ 8,181,258	59%	41%

Disability**Number of employees with a disability⁽¹⁾**

Division	The Americas	Europe	France	Total
Lagardère Publishing	1 →	18 ↘	49 ↗	68 ↗
Lagardère Services	2 →	78 ↗	45 ↘	125 ↗
Lagardère Active	0 →	1 →	40 ↗	41 ↗
Lagardère Unlimited	0 →	3 →	6 →	9 →
Other Activities	0 →	0 →	7 ↘	7 ↘
Group total 2014	3 →	100 ↗	147 ↘	250 ↗
Group total 2013	3	65	151	219

The sharp increase in headcount in Europe (outside France) is due to the acquisition of Airst.

(1) Actual workforce in service at 31 December 2014

Number of agreements with organisations that specifically employ people with a disability and total expenditure on services

Division	Number of partnerships	Total expenditure
Lagardère Publishing	2	€ 148,927
Lagardère Services	6	€ 682,700
Lagardère Active	9	€ 392,876
Lagardère Unlimited	1	€ 10,000
Other Activities	1	€ 4,500
Total Lagardère group	19	€ 1,239,003

Diversity

Number of employees working at entities that have signed a document (charter, agreement, statement, etc.) to guarantee that employee diversity is upheld and promoted

Division	Total employees covered
Lagardère Publishing	847
Lagardère Services	1,841
Lagardère Active	1,641
Total Lagardère group	4,329
% of Group total	18%

Number of formal litigation cases involving discrimination⁽¹⁾ or forced labour

Two formal litigation cases were recorded in 2014 and are being reviewed.

The proceedings for the two cases recorded in 2013 are still in progress.

C) SUPPORTING EMPLOYEES THROUGHOUT THEIR CAREER

C.1 Strategy

Developing the professional expertise and individual responsibilities of employees is crucial to the success of the Lagardère group, whose strength is based on the quality and diversity of its employees. It focuses on the growth of its employees, through promotion, internal mobility and training to enhance their employability. Lagardère also attaches great importance to equal opportunity and fair treatment, by rewarding merit and performance.

In addition to the Group-wide career management policy and in keeping with the policy of independence, each division takes initiatives adapted to its business line and activities.

Lagardère also invests in guidance and training for young people by promoting the use and development of work-study placements and programmes.

This over-arching strategy reflects the Lagardère group's pledge to invest in the skills of staff and foster fulfilling career development.

C.2 Application

Employee guidance starts early, by establishing regular dialogue with students when they are still potential candidates, and continues with their hire and orientation at the Lagardère group.

Talking to them about their professional career upstream is both a strategic issue (to hire the best talent) and a responsibility (to steer and guide them towards the highest-growth businesses).

Consequently, Lagardère makes a point of sending recruiters from its different divisions to forums organised by France's top schools (HEC, ESCP Europe, ESSEC, EDHEC and EM Lyon) to present students and young graduates with work placements, work-study contracts or jobs. These events also provide a unique opportunity for candidates to ask for advice about their first career choice and for recruiters to present the Lagardère group and its brands.

In its effort to stand out and develop original experiences for sharing, Lagardère has partnered an exciting and meaningful event since it was created six years ago: the World Academic Sport Challenge with France's top schools and universities. This one-day sports competition brings together students and companies and includes actions to promote the integration of employees with a disability, along with the chance to discuss the businesses of partner companies.

To offer employees guidance throughout their career, Lagardère has decided to roll out an in-house training programme for Group talent.

Training begins with orientation day, an annual event which brings together 100 recently hired managers to present Lagardère's different businesses through creative activities and meetings with executives, thereby contributing to the emergence of a common culture.

The Lagardère group launched its three-day leadership programme for high-potential division managers in 2002, which helps them to boost innovation, lead a cross-divisional project and become an agent for change. A programme was developed in 2014 to give young managers the chance to discuss some common issues,

(1) Formal litigation means any legal action or claim officially filed with any competent authority. Discrimination refers to unequal treatment of an individual (unusual working conditions and/or workloads, refusal of benefits typically due, etc.) due to his or her race, skin colour, gender, political or religious beliefs or social or ethnic background.

such as management basics, conflict management, negotiation, managerial communication and public speaking.

Lagardère has been a member of the Netexplo Observatory since it was created in 2008. This international body examines the use of digital technology and publishes a digital trend report every year, based on an international spotter network of experts and university professors of digital innovation.

Through this partnership, Group employees can take part in Netexplo's annual forum (which chooses ten award winners every year) and its various management and marketing workshops.

Equally pivotal in developing the skills and expertise of its employees, and a key issue for Lagardère, is internal mobility. In 2013, Lagardère developed a special mobility process⁽¹⁾, which was

implemented in 2014. An inter-divisional committee (made up of HR representatives in charge of mobility) meets every two months to discuss current and future openings and the profiles of candidates who have expressed a request for mobility. A biweekly newsletter listing all job vacancies at the Group's different companies is sent out to all the representatives for circulation at the divisions. This process led to about 15 mobility transfers in 2014 and the review of more than 100 jobs and candidates.

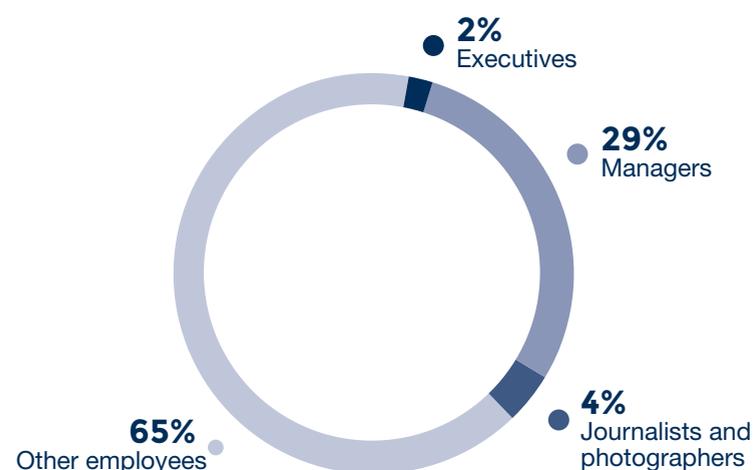
Regarding community partnerships, the Jean-Luc Lagardère Foundation has supported educational programmes for high-level athletes who are still in their sporting career to prepare their professional future after retirement from sport. Since 2007, 87 athletes have taken the programme, and 29 are enrolled for the 2014-2015 academic year.

C.3 Performance

Training

Breakdown of training hours by occupational group⁽²⁾

Division	Executives	Managers	Journalists and photographers	Other employees
Lagardère Publishing	1,967	21,705	0	19,179
Lagardère Services	1,713	29,649	0	132,466
Lagardère Active	327	22,686	11,005	15,055
Lagardère Unlimited	351	3,426	0	11,104
Other Activities	268	1,145	0	197
Group total 2014	4,625	78,610	11,005	178,000
Group total 2013	4,372	105,979	12,811	182,137



The data on training hours broken down by occupational group are provided to show that the Lagardère group believes in training all employees and ensuring that these training hours break down proportionately among the different groups.

Executives, who represented 3% of the permanent workforce at 31 December 2014, benefited from 2% of total training hours, managers 29% (at 26% of the workforce), journalists 4% (at 4% of the workforce), and "Other employees" benefited from 65% of total training hours and make up 67% of the total workforce.

(1) See Focus No. 8 in the Sustainable Development Report.

(2) The average budget per employee came to more than €350 (€362 in 2013), and €637 in France (€660 in 2013).



Offering guidance for young people

Number of work placements and work-study programmes

Division	Work-study programmes	Interns
Lagardère Publishing	545	400
Lagardère Services	180	186
Lagardère Active	148	598
Lagardère Unlimited	22	263
Other Activities	7	33
Group total 2014	902	1,480
Group total 2013	880	1,425

The Lagardère group closely monitors the indicators on staff recruitments and separations, which reflect its ability to attract and keep talent.

Staff recruitments

Division	Recruitments	Contract conversions	Mobility	Promotions	Total
Lagardère Publishing	376	144	40	340	900
Lagardère Services	3,364	139	89	228	3,820
Lagardère Active	93	3	97	50	243
Lagardère Unlimited	158	31	12	34	235
Other Activities	4	1	13	1	19
Group total 2014	3,995	318	251	653	5,217
Group total 2013	5,308	366	185	598	6,457

The drop in permanent staff recruitments was mainly confirmed in terms of actual new hires. A decline in this figure generally implies an increase in internal hiring (internal mobility and promotions, combined, actually rose 15%), particularly at Lagardère Publishing, which recorded an overall drop in staff recruitment of 7.6%, with total new hires falling more than 42%.

At Lagardère Active, the drop in recruitments is due to the restructuring of the Press business, where more internal hiring took place again in 2014 (up 56% compared with 2013).

The significant fluctuation at Lagardère Services (also evidenced in staff departures) is due to the high turnover, as is the case every year, inherent to the acquisitions and disposals of companies and sales outlets.

The number of recruitments remained stable at Lagardère Unlimited in 2014.

Staff departures⁽¹⁾

Division	Resignations	Retirements	Redundancies	Dismissals for personal reasons	Separations by mutual agreement	Other reasons	Total
Lagardère Publishing	440	62	96	126	49	84	857
Lagardère Services	1,921	54	205	641	787	594	4,202
Lagardère Active	121	21	224	96	81	162	705
Lagardère Unlimited	68	8	49	21	28	36	210
Other Activities	0	2	10	2	62	11	87
Group total 2014	2,550	147	584	886	1,007	887	6,061
Group total 2013	2,372	128	255	979	634	685	5,053

The rise in staff departures at Lagardère Publishing is due to a higher number of resignations in 2014.

The number of redundancies at Lagardère Active is obviously higher.

The rise in the number of departures at Lagardère Unlimited results from the transfer of a part of the Fitness business. For Other Activities, the increase in separations is due to the restructuring of Matra Manufacturing & Services.

D) ENCOURAGING AND PROMOTING TALENT**D.1 Strategy**

It is Group policy to use remuneration and pay rises to recognise and reward individual performance levels, based 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.

A number of actions taken at different Lagardère entities are designed to encourage and reward Group employees for either their initiatives and innovation in performing their duties or their social involvement.

In addition to the scholarships awarded by the Jean-Luc Lagardère Foundation (see 5.3.2.1), Lagardère group divisions are extremely active in promoting young talent in the (wider) community by organising a number of competitions or awards to honour young journalists, writers, animation artists, musicians, photographers, and so on.

Some Group entities, such as Hatier or Editions JC Lattès, hold competitions awarding scholarships to the winning students and young entrepreneurs.

This policy to motivate employees is also adapted internally at the Group's different divisions.

D.2 Application

Regarding remuneration, 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.

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.

Lagardère also 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).

Although the divisions are largely free to adapt their remuneration policy to their business line and context, the Group believes that each entity should cover its social security contributions in line with the requirements and practices of its home country.

Regarding employee welfare benefits, all Group employees in France have supplementary health and social welfare plans partially funded by the employer. Welfare benefits also exist or are offered to employees in other countries, depending on the state systems in place and local practices.

Many Group companies (such as LeGuide.com and Aelia) use a variety of non-financial means to reward performance related to the business or initiatives that reflect employee dedication. The following examples of these initiatives highlight two areas of action that are highly encouraged at the Lagardère group, innovation and community involvement.

Every year, the Group's Innovation Awards spotlight novel ideas put forward by employees from all divisions in all countries for innovative projects that create value, while reflecting Lagardère's key values of courage, creativity and independence. The 2014 prizes went to two projects, one at Lagardère Active, MonDocteur.fr, and the other at Lagardère Publishing, the Group Insight Navigator Dashboard.

Lagardère also aims to broaden its scope of community-driven initiatives by urging its employees to become more socially responsible. The Group has set the example with its partnership established in 2013 with *Alter'Actions*, an organisation which brings together top schools and executives to offer innovative ways of contributing to the social economy.

To date, four Group employees have taken part in seven projects with organisations acting to promote women's education and integration, the integration of people with a disability or environmental protection. The Elle Foundation already supports some of these projects.

Lagardère Active launched a similar initiative than the Group's innovation awards, Booster, in 2014.

The division has also long advocated employee involvement in community initiatives. For example, employees have been working through the Elle Foundation for the past seven years.

Lagardère Services employees, especially in Germany and Asia, are keenly encouraged to get involved in various social initiatives through local GreenTeams.

(1) 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) came to 24.3% in 2014 (25.5 in 2013). Unexpected turnover (departures not initiated by Lagardère: resignations, deaths, retirement and other) stood at 15.5% (14.1% in 2013).

Hachette Livre's Charitable Action Committee, which was created in 2010, supported a dozen charitable projects in 2014 that were proposed by employees. These included a project to assist a non-profit organisation which teaches children about biodiversity and disseminates learning materials to educate people about the environment and sustainability.

In 2014, the Jean-Luc Lagardère Foundation set up a scholarship to promote community involvement by Group employees. One to three scholarships of €5,000 each will be awarded each year. The two first scholarships were awarded to two organisations in which Group employees are involved to support their projects; one will be developed in Benin and the other in Madagascar⁽¹⁾.

D.3 Performance

Remuneration

Average annual gross salary by geographic area⁽¹⁾

Geographic area	Executives	Managers	Journalists and photographers	Other employees
Africa	€ 82,387	€ 53,174	-	€ 7,880
Asia-Pacific	€ 206,499	€ 53,029	-	€ 24,322
The Americas	€ 252,196	€ 94,106	-	€ 28,323
Rest of Europe	€ 137,411	€ 48,082	€ 14,773	€ 24,057
France	€ 223,191	€ 57,850	€ 63,744	€ 25,858
Group total 2014	€ 179,532	€ 57,749	€ 53,891	€ 25,187
Group total 2013	€ 166,414	€ 54,252	€ 50,332	€ 24,136

Eighty-five percent of Lagardère's permanent employees work in an entity that applies a minimum wage (on par with 2013), while 73% are with a company that has defined salary ranges depending on occupational groups (one-point rise compared with 2013).

Furthermore, 50% of employees belong to an entity with an employee savings scheme (three-point drop compared with 2013).

In terms of variable salary, 53% of permanent employees work for a company with a remuneration policy based on collective performance (up one point on 2013), while 45% have an individual variable portion (down one point on 2013).

Encouraging community involvement and innovation

In 2014, 65 new employees at Lagardère Active got involved through its community department and the Elle Foundation, for a total of 197 volunteers since it was founded.

20 projects at 15 entities, representing 20 countries, were nominated for the 2014 Innovation Awards.

E) DEVELOPING CLOSE RELATIONS WITH EMPLOYEES

E.1 Strategy

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).

The Lagardère group has freely elected independent employee representatives through whom it can regularly discuss labour issues such as working conditions and restructuring that have an impact on employment.

In all countries, Lagardère complies with rules entitling employees to form their own representative bodies.

As such, the Lagardère group works to apply and promote the ILO's fundamental principles on the freedom of association and the effective recognition of the right to collective bargaining.

E.2 Application

In terms of labour relations, 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. 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.

Members of both committees will be reappointed in 2015.

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.

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

(2) 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.

E.3 Performance

The Lagardère group has decided to use the following points to measure its performance in labour relations.

Group committees**Assessment of the meetings of the Group Employees' Committee and the European Works Committee and their respective boards**

In 2014, as every year, the Group Employees' Committee and the European Works Committee held two ordinary general meetings. At these meetings, the committees assessed the activity of each division and reviewed their strategies.

2014 was an active year for the Group's labour relations, which were marked by two major issues. Five meetings of the board and an extraordinary meeting of the European Works Committee were held to discuss the planned sale of the Distribution business by the

Lagardère Services division, while an extraordinary meeting of the Group Employees' Committee focused on the sale of ten Magazine Publishing titles and restructuring at the Lagardère Active division.

Continuous dialogue was established at the Lagardère Active division, including more than a hundred meetings held with the staff representative bodies to discuss the restructuring of the Press business, thereby avoiding redundancies through a voluntary departure programme.

Collective agreements**Collective agreements signed during the year and agreements in place⁽¹⁾**

Geographic area	Collective agreements in place at 31 December 2014	Collective agreements signed during the year
Asia-Pacific	17	2
The Americas	11	4
Rest of Europe	114	24
France	538	54
Group total 2014	680	84
Group total 2013	624	112

Types of collective agreements and percentage of workforce covered

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
Asia-Pacific	70%		72%	
The Americas	59%	10%	59%	10%
Rest of Europe	59%	30%	66%	40%
France	76%	37%	84%	76%
Group total 2014	66%	27%	72%	46%
Group total 2013	64%	27%	70%	44%

Geographic area	% 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	71%		71%
The Americas	10%	59%	10%
Rest of Europe	65%	29%	50%
France	96%	39%	72%
Group total 2014	70%	35%	55%
Group total 2013	69%	32%	54%

(1) At 31 December 2014.

*Employee representation***Employee representation**

Geographic area	Number of employees covered by employee representation	Percentage of the workforce covered by employee representation
Africa	80	100%
Asia-Pacific	868	46%
The Americas	2,100	64%
Rest of Europe	5,624	61%
France	8,950	97%
Group total 2014	17,622	74%
Group total 2013	17,379	75%

F) CONCLUSION**F.1 Strategy and application**

In addition to the areas described as part of Lagardère's support for corporate efforts to advance diversity and social transformation, the Lagardère group is also particularly sensitive to the following issues:

- ▶ adherence to workplace health and safety rules;
- ▶ organisation of working hours;
- ▶ territorial, economic and social impact of the Company's activities.

Lagardère's business activities are mainly concentrated in the services sector, which has low exposure to health and safety risks. However, entities with logistics and distribution activities have a greater "safety culture" than other Group companies.

Each division implements a policy of reducing health and occupational risks through preventive action and training.

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.

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.

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

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. 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.

Altogether, nearly 90% of the Group's executives were hired locally in 2014.

F.2 Performance

As the issues developed above are inherent to the activities of each division, the Lagardère group does not deem a global policy relevant.

However, the Group monitors certain indicators that provide an overview of their year-on-year performance in workplace health and safety and in the organisation of working hours.

Health and safety conditions at work

In terms of safety, Lagardère specifically monitors the indicators covering lost time due to sick leave and all indicators covering work-related accidents and sick leave, which are presented below.

In 2014, the number of safety training hours nearly doubled (30,827 versus 16,305 in 2013). The integration of Airst, which alone accounts for 75% of the total hours, into the Lagardère Services division is the main reason for this increase.

Workplace health and safety agreements cover 66% of employees (up 2 points on 2013), while 85% work at a Group company with an organisation to handle these issues (unchanged), and 80% (also up 2 points on 2013) benefit from regular medical check-ups.

Organisation of working hours

Based on the indicators relating to the organisation of working hours, Lagardère carefully monitors how its companies use work flexibility arrangements, such as overtime hours, agency staff and fixed-term work contracts.

However, it is important to note that the total number of employees on fixed-term contracts and agency staff only accounted for 10.5% (versus 11.5% in 2013) of the Lagardère group's total workforce, which is in line with its 12% ceiling.

The Group also carefully watches the total number of part-time staff.

Number of work accidents⁽¹⁾ and sick leave cases in 2014

Division	Number of accidents
Lagardère Publishing	117 ↘
Lagardère Services	444 ↗
Lagardère Active	11 ↘
Lagardère Unlimited	14 ↗
Group total 2014	586 ↗
Group total 2013	530

Division	Frequency rate	Severity rate
Lagardère Publishing	11.07 ↘	0.34 ↗
Lagardère Services	20.44 ↗	0.54 ↗
Lagardère Active	1.94 ↘	0.08 ↘
Lagardère Unlimited	6.87 ↗	0.14 ↗

Division	Number of sick leave cases
Lagardère Publishing	3
Lagardère Services	1
Group total 2014	4
Group total 2013	7

Number of days' absence due to work accidents and lost time⁽²⁾

Division	Number of days' absence due to work accidents	%	2013/14 change
Lagardère Publishing	3,606	0.59	↗
Lagardère Services	11,658	0.97	↗
Lagardère Active	433	0.13	↘
Lagardère Unlimited	277	0.25	↗
Group total 2014	15,974	0.70	↗
Group total 2013	14,172	0.63	

Number of days' absence due to sick leave and lost time

Division	Number of days' absence due to sick leave	%	2013/14 change
Lagardère Publishing	38,166	6.23	↗
Lagardère Services	95,023	7.93	↗
Lagardère Active	22,920	6.72	↘
Lagardère Unlimited	4,246	3.77	↘
Other Activities	893	3.98	↘
Group total 2014	161,247	7.05	↗
Group total 2013	145,966	6.49	

(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.

(2) Lost time = number of days absence/FTE over the year.

Organisation of working hours

Based on the indicators relating to the organisation of working hours, Lagardère carefully monitors how its companies use work flexibility arrangements, such as overtime hours, agency staff and fixed-term work contracts.

However, it is important to note that the total number of employees on fixed-term contracts and agency staff only accounted for 10.5% (versus 11.5% in 2013) of the Lagardère group's total workforce, which is in line with its 12% ceiling.

The Group also carefully watches the total number of part-time staff.

Average daily and annual working hours

Indicator	France	Rest of Europe	Americas	Asia-Pacific	Africa	Group total 2014	Group total 2013
Days worked per year	217.5	239.5	248.5	251.0	286.0	233	234
Hours worked per day	7.2	7.8	7.4	8.0	8.0	7.5	7.5
Hours worked per year	1,555.1	1,860.0	1,843.9	2,008.0	2,288.0	1,747.5	1,755.0

Number of overtime hours worked during the year

Division	2014		2013		2013/14 change
	Number of hours	FTE	Number of hours	FTE	
Lagardère Publishing	101,164	58.31	96,629	55.69	→
Lagardère Services	353,872	203.96	281,955	162.51	↗
Lagardère Active	7,385	4.26	9,642	5.56	↘
Lagardère Unlimited	5,633	3.25	4,590	2.65	↗
Other Activities	8,497	4.90	1,972	1.14	↗
Total	476,552	274.67	394,788	227.54	↗

Employees on fixed-term contracts⁽¹⁾ (Full-Time Equivalent basis)⁽²⁾

Division	2014	2013	2013/14 change
Lagardère Publishing	350.17	349.22	↗
Lagardère Services	1,479.96	1,088.25	↗
Lagardère Active	249.79	253.41	↘
Lagardère Unlimited	123.10	103.00	↗
Other Activities	3.19	13.31	↘
Group total	2,206.21	1,807.19	↗

Number of temporary hours worked during the year

Division	2014		2013		2013/14 change
	Number of hours	FTE	Number of hours	FTE	
Lagardère Publishing	755,889	435.67	797,354	459.57	↘
Lagardère Services	642,416	370.27	478,274	275.66	↗
Lagardère Active	62,215	35.86	17,886	10.31	↗
Lagardère Unlimited	96,700	55.73	67,740	39.04	↗
Other Activities	16,156	9.31	13,376	7.71	→
Total	1,573,376	906.84	1,374,630	792.29	↗

(1) Non-permanent employees = employees on fixed-term contracts.

(2) The FTE figure is obtained by adding together all the employees who worked for the Group during 2014, 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 occupational group.

Occasional employees (Full-Time Equivalent basis)

Division	2014	2013	2013/14 change
Lagardère Publishing	23.61	33.66	↘
Lagardère Services	19	62.22	↘
Lagardère Active	1091.84	1,069.81	↗
Lagardère Unlimited	152.73	20.46	↗
Other Activities	1.90	1.30	↗
Total	1,289.08	1,187.45	↗

Number of part-time employees

Division	Female	% female part-time Total female workforce	Male	% male part-time Total male workforce	Total part-time workforce	% total part-time Total workforce
Lagardère Publishing	439 ↗	11.98%	46 ↘	1.74%	485 ↗	7.69%
Lagardère Services	1,571 ↘	19.81%	829 ↗	16.87%	2,400 ↗	18.69%
Lagardère Active	186 ↘	10.29%	106 ↘	7.61%	292 ↘	9.13%
Lagardère Unlimited	56 ↘	13.30%	38 ↘	5.09%	94 ↘	8.05%
Other Activities	7 →	7.07%	3 ↗	2.36%	10 ↗	4.42%
Group total 2014	2,259 ↘	16.23%	1,022 ↗	10.40%	3,281 ↗	13.82%
Group total 2013	2,426	18.13%	849	8.67%	3,275	14.13%

5.3.2.3 ENSURE RESPONSIBLE MANAGEMENT OF THE PAPER CYCLE AND DIGITAL EXPANSION

As the proportion of its digital business grows over its paper activities (especially in terms of sales), Lagardère must take sustainable action not only in terms of responsible paper management, but also by closely monitoring the social and environmental impacts of its digital expansion.

A) RESPONSIBLE PAPER MANAGEMENT

A.1 Strategy

With its businesses in book publishing and the press, Lagardère is fully aware that its paper use is a crucial environmental issue. The Group has long led a policy of rigorous responsible paper management which applies throughout the paper life cycle. From supply to production and ending with the management of returns, Lagardère works with all its trade partners involved at every stage.

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 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.

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.

A sustainably managed forest is defined as land where the amount of wood harvested every year does not exceed biomass growth over that same year. This guarantees carbon sequestration in the forest, which does not occur in the case of overexploitation or deforestation.

Sustainable forest management involves controlling forest resources, but covers many other criteria beyond carbon. The productive function of forests, biological diversity, their protective function and forest health and vitality are also taken into account. Buying certified paper also has an impact on the preservation of biodiversity.

This sustainable use of natural resources helps gradually eliminate any negative impact of the Group's operations on endangered forests.

A.2 Application

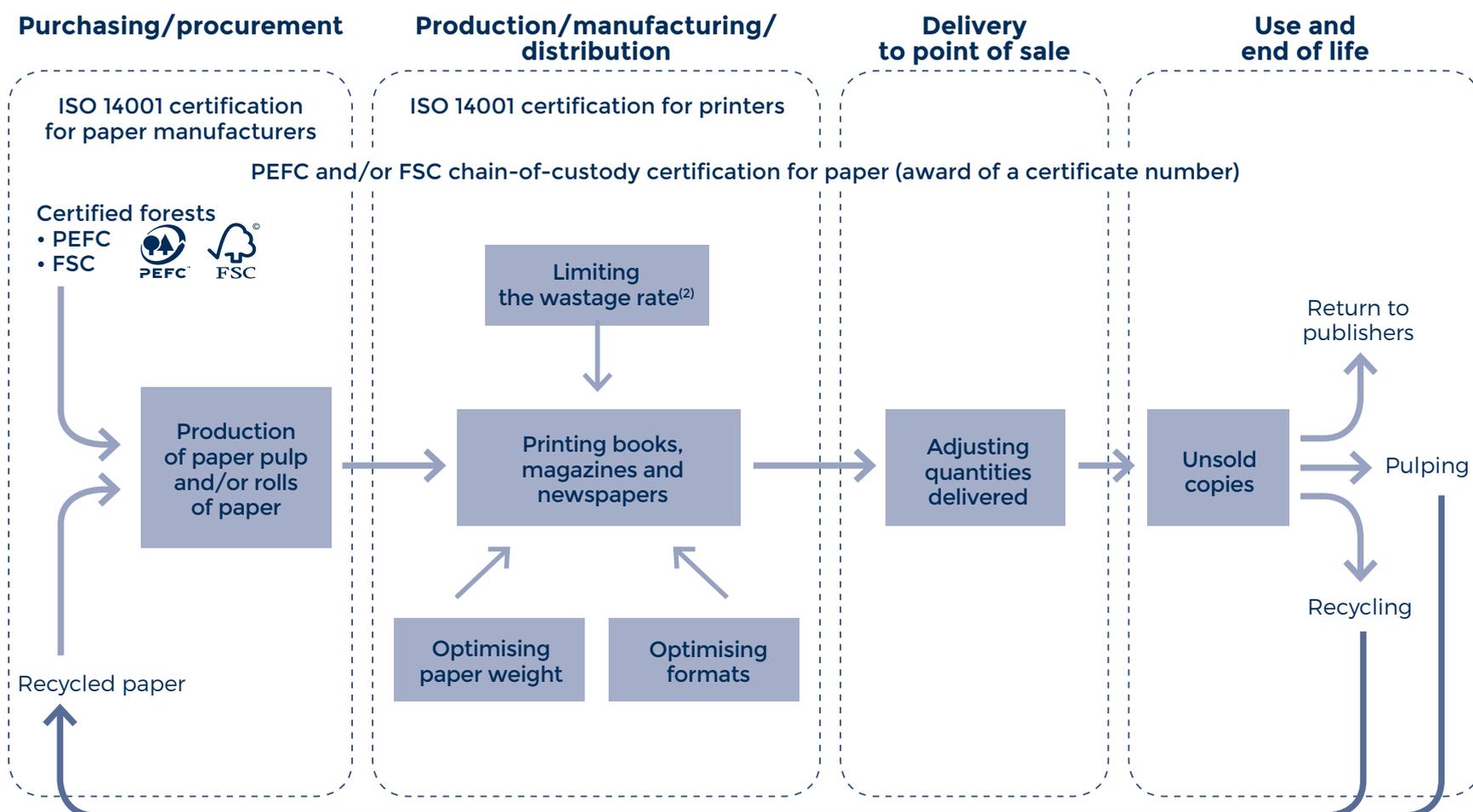
For the past two years, Lagardère Publishing has displayed on its French works the type of paper used in printing, if it is certified or recycled, and the carbon footprint of each copy.

At the beginning of 2010, Lagardère Active launched a PEFC chain-of-custody certification process for paper. Following this process completed in early 2011, the division received authorisation to include the certification logo in magazine mastheads or credits. This PEFC chain-of-custody certification process is now audited annually by an accredited independent firm⁽¹⁾.

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.

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 refers to the percentage of paper wasted during the manufacturing process (printing and after-press) of books or magazines. It 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.

The Paper Cycle



(1) The purpose of this audit is to check that all the physical and administrative flows provide adequate traceability throughout the service chain up to the layout service, which applies the logo to the magazine, certified under a unique number.

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

This rate varies 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 paper wastage rate, the teams concerned at Lagardère Publishing and Lagardère Active determine the best technical parameters and carry out detailed calculations of the amount of paper to be allocated to the printer. Improving wastage rates is a key factor in negotiations with printers.

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

- ▶ validate the choices of printers, optimal printing techniques and paper (optimisation of reel width and paper size);
- ▶ calculate the number of copies of magazines and newspapers to print according to sales statistics;
- ▶ identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- ▶ implement rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, etc.);
- ▶ 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;
- ▶ identify areas for continuous improvement in conjunction with suppliers.

Adjusting the format of publications is another way of optimising book and magazine production. Lagardère Publishing offers a large number of single-format textbooks by title that are optimised to reduce the paper wastage rate in production. Compact textbooks have proved popular with teachers, buyers and pupils, who saw a reduction in the weight of their school bags. Lagardère Active proposes optimised formats to editorial managers. These new formats not only meet market demand but also reduce the weight of paper consumed and transported.

At Lagardère Publishing, print-on-demand (POD) technology is used to print only books that have been ordered. This technology limits greenhouse gas emissions arising from production, storage and transport. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue was enlarged in 2014.

In France, 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 81,000 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.

Lagardère Publishing and Lagardère Active attach great importance to handling book and magazine returns, which is the Lagardère group's main environmental issue related to waste prevention and recycling.

Lagardère Active's 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.

Faced with the important economic, environmental and social impacts of 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).

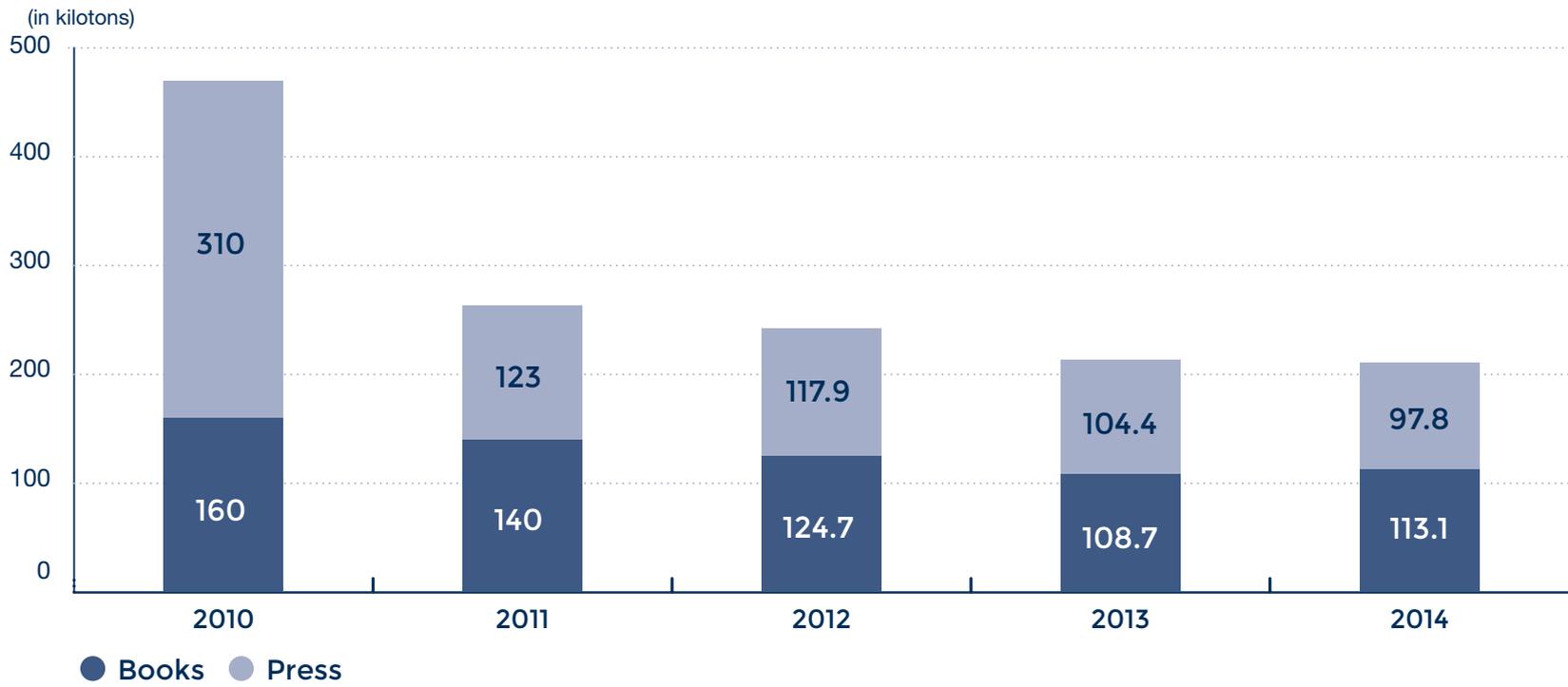
The aim of the agreement – which was signed in July 2013 and includes Lagardère Active as a member of the SEPM – is to provide a three-year framework on how press publishers can contribute to raising the public's awareness by providing free advertising space and including in their publications information related to the campaign to promote waste sorting. The first campaigns were launched in 2013 and continued in 2014.

At Lagardère Publishing, the rate of returns for books relates to operations managed by Hachette Livre Distribution, i.e., all activities in France, Belgium, Switzerland and Canada as well as global export. Returns that are not pulped for recycling are added back to inventories.

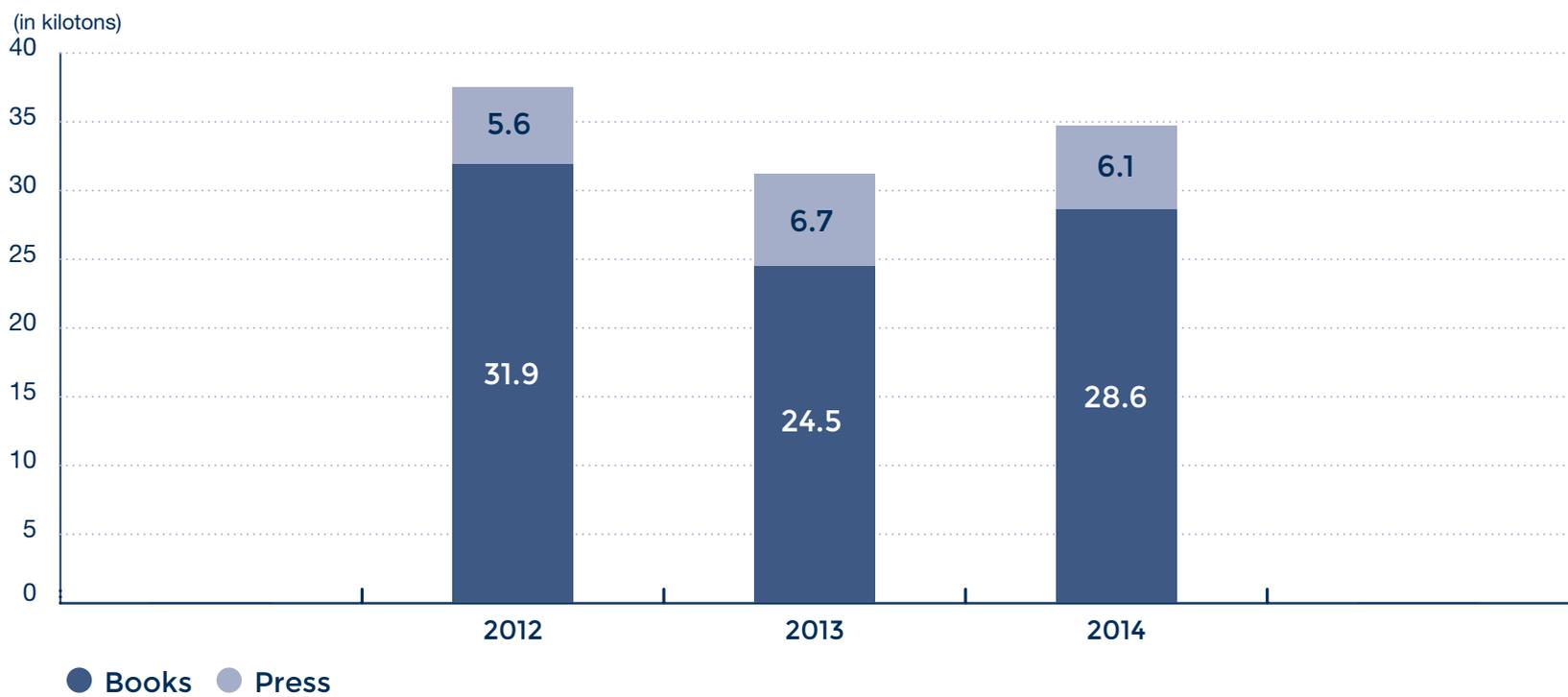
In late 2012, Hachette Livre carried out its second carbon audit for its operations in French-speaking countries, which found that the action plans from the first audit brought total emissions down by 17%. The carbon footprint has been reduced from 1.4 kg to 1.2 kg CO₂ equivalent.

A.3 Performance

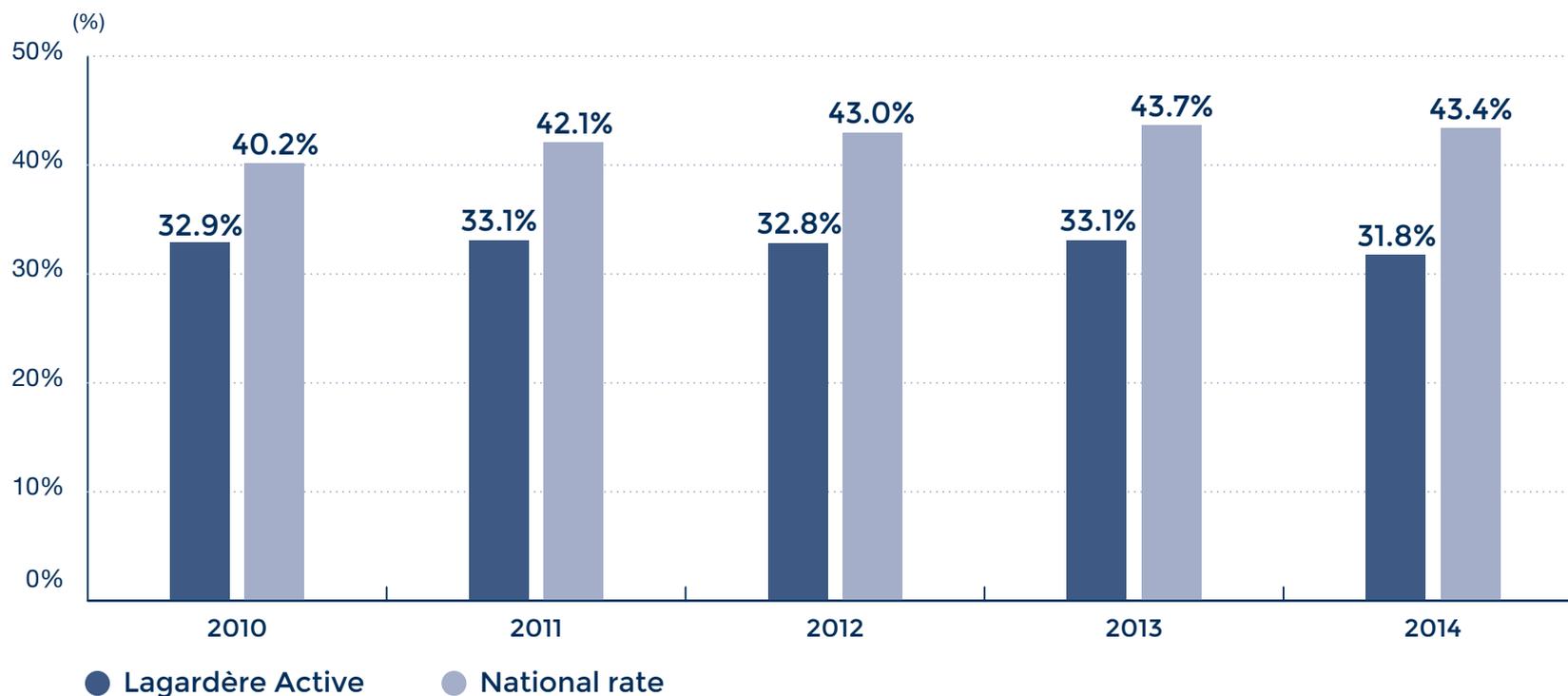
Total weight of paper purchased directly by Lagardère



Total weight of paper supplied by printers



Comparison of rates of magazine return in France



Indicator	Unit	2014	2013	2012
Total weight of paper purchased directly	kiloton	210.9	213.1	242.6
Percentage of certified paper purchased directly	%	95	94	-
Percentage of recycled paper purchased directly	%	4	3	-
Total weight of paper supplied by printers	kiloton	34.7	31.2	37.5
Percentage of certified paper supplied by printers	%	57	48	-
Percentage of recycled paper supplied by printers	%	10	9	-
Number of PEFC-certified magazines	No.	29	37	20
Number of titles available in the print-on-demand catalogue (estimated figure for France + USA + UK)	No.	19,804	10,800	6,584
Rate of returns for Lagardère Publishing	%	24.71	23.91	-
Percentage of returns pulped and recycled	%	57	60	-
Percentage of returns added back to inventories	%	43	40	-
Rate of returns for Lagardère Active	%	31.8	33.1	32.8
Percentage of returns recycled	%	92	93	94
Percentage of returns re-released on the market	%	8	7	6
Number of pages of advertising donated to Ecofolio in Lagardère Active magazines	No.	68	70	-

B) RESPONSIBLE DIGITAL MANAGEMENT

B.1 Strategy

The increasing importance of digital technology (notably in the Publishing and Active divisions) 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, as well as new forms of public relations that need to be managed. This shift also means greater social responsibility in personal data protection and the fight against piracy. For example, protecting intellectual property is a central priority at Lagardère Publishing, as its publishers are the custodians of their authors' rights.

Even though Lagardère produces content and not the devices on which its content is broadcast, the Group cannot ignore the environmental impact of these digital devices. As the Group itself uses many of these devices (computers, mobile phones, servers, etc.), it must be mindful of their environmental footprint.

B.2 Application

Personal data protection

The Group Risk and Internal Control Department, in collaboration with the IT and Legal 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:

1. regulatory compliance;
2. the implementation of technical protection resources (encryption, electronic signatures, the right to know);
3. 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.

The Group's Compliance department currently plans to roll out a compliance programme with standards applicable to personal data protection, which includes information on topics such as policy, systems and procedures (charters, data compilation, statements, archiving, etc.), training and incident management.

Personal data protection also has an impact at division level. Division IT and legal departments led the campaign to raise the awareness of the teams confronted with personal data protection issues and the current changes under way.

At Lagardère Active, personal data protection is applied through:

- ▶ 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, 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

At **Lagardère Publishing**, the 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.

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.

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.

The environmental impact of digital tools

Lagardère is aware of the environmental footprint generated by its Digital businesses (indirectly with the impact of manufacturing devices and their consumption). In 2013, the Group decided to

monitor its own digital tools at the end of their useful life more closely by creating an indicator to monitor the weight of waste electrical and electronic equipment (WEEE) collected within the Group and transferred to state-approved organisations for processing and recycling.

B.3 Performance

Indicator	Unit	2014	2013	2012
Weight of WEEE collected for recycling	Tonne	25.7	33	-
Total weight of WEEE collected for recycling	Tonne	58.7	33	-

The weight collected fell between 2013 and 2014, mainly deriving from different interpretations of inventory management and minimum amounts. Each Group entity collects its own WEEE, then stores it before calling an approved organisation, which picks up this waste when it exceeds a certain amount. The decrease is also due to the smaller scope covered.

5.3.2.4 STRENGTHEN SUSTAINABILITY OF CONTENT, SERVICES, PRODUCTS AND SITES

A) SUSTAINABILITY OF BUILDINGS AND BUSINESSES

A.1 Strategy

Lagardère is a media corporation, with a highly diversified range of activities focused on the services sector, and this tends to mitigate its direct environmental risks described above that are not caused by the paper cycle.

The information relating to the identification of environmental risks and pollution, along with any provisions or guarantees is provided in section 3.5.1 of this Reference Document.

Environmental protection is a major issue for Lagardère, which takes steps to ensure that the development and growth of its businesses preclude any conflict with the environment, while complying with international, national and local regulations in all countries where the Group operates.

Mindful that part of its wealth draws on its surrounding environment, Lagardère has established a programme to minimise its environmental impacts, accepting full accountability for its activities, products and services. The Group aims to conduct its operations while incorporating interdependent environmental management principles, focusing on climate change, the eco-efficiency of the production chain and life cycle management.

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.

A.2 Application

Since 2008, Lagardère Publishing has been involved in an ambitious programme to reduce the greenhouse gas emissions related to its activities. To achieve this, the division conducted two carbon audits, the first in 2009 and the second in 2013. The findings were used to implement appropriate action plans. Between 2009 and 2013, the changes made to the different production, broadcasting and distribution phases contributed to reducing the division's greenhouse gas emissions by 17%. Total emissions now come to 200,000 tonnes of CO₂ equivalent.

Alongside its paper management policy, 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 with lower greenhouse gas emissions (train or boat where possible).

With the resources of the Technologies Department, the main physical flows required in its business operations have been transformed 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.

At Lagardère Services, Relay cashiers have been instructed to give out its 100% recyclable bags on customer request only. Meanwhile, refrigerators with doors are gradually being installed at its French sales outlets to reduce energy consumption throughout the division's distribution network.

The European subsidiaries of Lagardère Services Distribution 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. Several measures have been taken to streamline transport, in particular optimising delivery routes, reducing fuel consumption through eco-driving, and using certified or green energy vehicles.

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, which combines several sources of power (2013 figures), 64% comes from natural gas or gas produced by cogeneration (25%) and recycled domestic waste (39%). The remaining 36% comes from coal (24%) and ultra-low sulphur heating oil (12%).

Similarly, the headquarters 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 headquarters (which will move in the first half of 2015).

The building in Vanves that will be home to Hachette Livre as of April 2015 obtained HQE NF high environmental standard certification for commercial buildings and the BBC energy efficiency label.

At Lagardère Unlimited, the Croix Catelan site and the Folies Bergère and Casino de Paris entertainment venues use district heating.

The Lagardère Services headquarters switched to district heating in 2014.

Two of the office buildings housing Lagardère Active in Levallois are heated by Levallois Énergie 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).

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.

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.

A.3 Performance

The Group's energy consumption in France in 2014

Division	Year	Gas (kWh)	Oil (litres)	Electricity (kWh)	District heating system (kWh)
Lagardère Publishing	2014	8,472,238	288,997	15,067,352	2,394,711
	2013	11,436,498	319,753	15,611,817	3,341,070
Lagardère Services	2014	1,755,472	0	28,429,997	152,000
	2013	2,060,968	0	41,731,749	0
Lagardère Active	2014	4,702,040	3,811	13,920,880	1,463,000
	2013	5,786,304	6,050	15,382,137	1,945,000
Lagardère Unlimited	2014	3,095,456	256,438	3,266,225	992,700
	2013	5,025,031	80,772	3,164,525	2,550,000
Other Activities	2014	15,837	5,507	5,018,339	400,000
	2013	14,282	4,757	4,676,141	410,110
Total	2014	18,041,043	554,753	65,702,793	5,402,411
	2013	24,323,083	411,332	80,566,369	8,246,180

Year-on-year increases and decreases in energy consumption varied by branch and source. Electricity consumption remained stable across all divisions except Lagardère Services, impacting total electricity consumption in France. This sharp decrease is attributable to:

- ▶ a change in reporting scope: slightly more than 300 sales outlets, or 35% of the network, were deconsolidated following the creation of the joint venture with SNCF on 1 January 2014, which was not consolidated;
- ▶ optimisation efforts helped reduce average consumption (kWh) per square metre by 8.9%.

Average consumption used for heating fell overall, as the winter of 2014 was relatively mild.

In general the rises in consumption 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.

CO₂ equivalents of the Group's tertiary energy consumption in France in 2014 (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	2014	1,855.42	939.24	2,794.66	1,175.25	466.97	1,642.22	4,436.88
	2013	2,676.14	1,023.21	3,699.35	1,124.05	648.17	1,772.22	5,471.57
Lagardère Services	2014	384.45	0.00	384.45	2,217.54	29.64	2,247.18	2,631.63
	2013	482.27	0.00	482.27	3,004.69	0.00	3,004.69	3,486.96
Lagardère Active	2014	1,029.75	12.39	1,042.14	1,085.83	364.29	1,450.12	2,492.26
	2013	1,354.00	19.36	1,373.36	1,107.51	505.70	1,613.21	2,986.57
Lagardère Unlimited	2014	677.90	833.42	1,511.32	254.77	193.58	448.35	1,959.67
	2013	1,175.86	258.47	1,434.33	227.85	494.70	722.55	2,156.88
Other Activities	2014	3.47	17.90	21.37	391.43	78.00	469.43	490.80
	2013	3.34	15.22	18.56	336.68	79.56	416.24	434.80
Total	2014	3,950.99	1,802.95	5,753.94	5,124.82	1,132.48	6,257.30	12,011.24
	2013	5,691.61	1,316.26	7,007.87	5,800.78	1,728.13	7,528.91	14,536.78

As energy consumption for the Group's French operations decreased overall in 2014, so did the related greenhouse gas emissions.

Lagardère is gradually extending its reporting scope to cover energy consumption outside France. For 2014, the Group disclosed its energy consumption and greenhouse gas emissions for its entire Western Europe scope (Belgium, Germany, Italy, Netherlands, Spain, Sweden, Switzerland and the United Kingdom).

The Group's energy consumption in Western Europe in 2014

Division	Gas (kWh)	Oil (litres)	Electricity (kWh)	District heating system (kWh)
Lagardère Publishing	3,686,827	81,643	11,695,818	0
Lagardère Services	12,983,355	374,875	18,040,846	0
Lagardère Active	75,000	0	7,207,665	0
Lagardère Unlimited	174,000	960	1,229,508	419,070
Total	16,919,182	457,478	38,173,837	419,070

CO₂ equivalents of the Group's tertiary energy consumption in Western Europe in 2014 (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	2014	788.98	260.45	1,049.43	4,129.90	0.00	4,129.90	5,179.33
Lagardère Services	2014	2,778.44	1,195.85	3,974.29	5,428.21	0.00	5,428.21	9,402.50
Lagardère Active	2014	16.05	0.00	16.05	3,322.73	0.00	3,322.73	3,338.78
Lagardère Unlimited	2014	37.24	3.06	40.30	379.32	378.84	758.16	798.46
Total	2014	3,620.71	1,459.36	5,080.07	13,260.16	378.84	13,639.00	18,719.07

B) IMPACT OF OPERATIONS ON CONSUMER HEALTH AND SAFETY

B.1 Strategy

Lagardère always places its customers and their satisfaction first. That is what has made the Group a success and will ensure its long-term viability and growth.

To achieve this success, all employees must constantly strive for excellence and be completely dedicated to customers to build solid relationships based on trust. Lagardère works to inspect, assess and improve its products, services and manufacturing processes continuously to ensure their quality, safety and innovation at every stage of development, production and distribution.

At the Lagardère group, consumer health and safety cover a number of issues that vary depending on the business sector, including physical products (box sets, plus products), food service products, content and responsibility in advertising.

B.2 Application

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 new product safety regulatory requirements or standards (toys, items in contact with food, etc.).

Since the end of 2012, Hachette Livre has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to French retailers and booksellers for products that require such certificates.

Hachette Livre is a member of the French committee in charge of defining toy safety standards and has implemented new incident and crisis management procedures concerning product safety to better handle all incidents. These procedures will apply as of early 2015.

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 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.

Going beyond compliance with health and food safety rules, Lagardère Services has also created food service business opportunities, as shown with the Vivibene project, developed at all Italian food service outlets⁽¹⁾.

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 – a commitment to comply with international agreements on the environment, protection, consumer health and safety, and product traceability is systematically required. Lagardère Services also pays particular attention to all forms of advertising (posters, promotional displays etc.) practised in all the business line's sales outlets.

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.

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 (systematically for television advertisements) for prior verification of compliance with the standards. As an advertising sales brokerage, Lagardère Publicité also 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).

5.3.2.5 GUARANTEE HIGH STANDARDS OF BUSINESS ETHICS

A) BUSINESS CONDUCT

A.1 Strategy

The “Lagardère Group Code of Conduct”, revised in 2012, sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère and providing a set of shared standards for all Lagardère employees. The Code of Conduct is one of the founding documents used to define the Group's CSR policy. Lagardère may also adopt and disseminate additional specific rules of conduct as it deems necessary, adding to the Code's guidelines, as long as they do not infringe on local and international rules.

Its Code of Conduct also reflects the Lagardère group's permanent position of political and religious neutrality. Lagardère prohibits financing political parties and any organisations that promote a political party or religion or that contribute to campaigns for a national or local political office.

A.2 Application

Lagardère's Code of Conduct is a minimum set of standards, which is applied at all Group entities. Its guidelines apply to all Lagardère group companies and to all subcontractors, consultants, freelance workers and volunteers it works with.

Lagardère extends the provisions of its Code of Conduct concerning employees with several charters which they undertake to apply.

A Charter on trading in Lagardère SCA shares by Group employees describes all the legal obligations binding company employees who possess “inside information” (ban on securities trading and on the disclosure of related information), along with the administrative and/or criminal sanctions applicable if these obligations are breached.

An IT Charter setting out the rules for using IT systems also applies to all Group employees.

At Lagardère Active, the journalists' Code of Conduct lays down the fundamental values of journalism and aims to guarantee freedom of the press and independence of content.

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

B) COMPLIANCE (ANTI-CORRUPTION AND APPLICATION OF INTERNATIONAL FINANCIAL AND ECONOMIC SANCTIONS)

B.1 Strategy

The Lagardère group is particularly sensitive to applying the OECD guidelines on corruption. Its 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).

Indicator	Unit	2014	2013	2012
Number of employees trained in anti-corruption at 31 December 2014	No.	1,133	-	-

C) SUSTAINABLE PROCUREMENT

C.1 Strategy

The Lagardère group has had a Procurement Policy since 2008. This Procurement Policy was revised in 2013 to become the Sustainable Procurement Policy. This new policy, based on the NF X50-135 “Responsible Purchasing” standard, 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.

In addition to its Sustainable Procurement Policy, which defines the basic principles that each employee concerned should apply and uphold, the Lagardère group has also had a suppliers’ charter since 2005. Updated in 2012 and renamed the Responsible Supplier Charter, it is based on a certain number of international standards, such as the OECD Guidelines, the International Labour Organization Conventions and the UN Global Compact. All new suppliers working with a Group company have been required to systematically sign up to this Charter since 2013.

C.2 Application

At the end of 2014, the Lagardère group signed a framework agreement with EcoVadis, which provides a collaborative platform for companies to assess the environmental and social performance of their suppliers. Supplier scorecards will gradually be implemented in 2015⁽¹⁾.

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.

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 (see 5.3.2.3). Lagardère Publishing asks its suppliers in Asia to ban certain qualities of paper that do not meet the requirements set (traceability, fibres from sustainably managed forests, etc.).

Lagardère Publishing and Lagardère Active fully understand that paper production by definition uses large amounts of water. As such, they carefully monitor how their paper suppliers and printers optimise water consumption and the return of unpolluted water to the environment.

B.2 Application

In 2014, the Group continued to roll out its anti-corruption programme, based primarily on awareness-raising measures, at the Lagardère Unlimited division before extending it to Lagardère Services, Lagardère Active and, in the first half of 2015, Lagardère Publishing.

This rollout is overseen by division Heads of Compliance who draw on the network of correspondents formed within the division’s operating units. The anti-corruption programme will shortly be developed with a programme on compliance with international financial and economic sanctions (freeze on assets and embargoes).

B.3 Performance

Unit	2014	2013	2012
No.	1,133	-	-

Several initiatives (closed loop recycling, isolation transformers) have been taken by the main paper suppliers, resulting in marked progress over the past ten years. The total amount of water used in the paper manufacturing process has been substantially reduced, now standing at nearly half the amount recorded 15 years ago. By continuously improving their paper manufacturing processes, paper suppliers also recycle most of their wastewater and release clean water back into their natural environment.

Printers have also taken an active approach to limiting water consumption and use all the advanced technology available to them (especially in closed loop rinse water systems) to reduce their consumption and return clean water to the environment.

As regards the environmental management system, 78% of Lagardère Publishing’s paper suppliers and 99% of Lagardère Active’s paper suppliers are ISO 14001 certified.

In terms of raising awareness on employee issues, Lagardère Publishing primarily focuses 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 Lagardère Publishing works with have signed the Responsible Supplier Charter 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.

The Responsible Supplier Charter (called the Code of Ethics at Hachette Collections) stipulates that the publisher can initiate compliance audits at the suppliers’ and subcontractors’ premises or at any of their production sites, with penalties applied for any infringement. Hachette Collections commissioned nine audits in 2014, all of which confirmed plant compliance.

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

C.3 Performance

Indicator	Unit	2014	2013	2012
Number of suppliers that signed the Responsible Supplier Charter during the year	No.	127	65	-
Total number of suppliers that have signed the Responsible Supplier Charter	No.	192	65	-
Proportion of revenue generated with ISO 14001 certified printers – Lagardère Publishing	%	48	-	-
Proportion of revenue generated with ISO 14001 certified printers – Lagardère Active	%	22	-	-
Percentage of ISO 14001 certified paper suppliers at Lagardère Publishing	%	78	97	97
Percentage of ISO 14001 certified paper suppliers at Lagardère Active	%	99	99	99

5.3.3 CSR METHODOLOGY AND INDICATORS

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⁽¹⁾;
- ▶ 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;
- ▶ data on the mitigation of noise and other forms of pollution related to a business activity.

5.3.3.1 SCOPE OF CONSOLIDATION

The reporting system used to collect labour and environmental information is deployed in all the consolidated subsidiaries⁽²⁾ 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);
- ▶ entities with fewer than five employees.

Beyond these three 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.

Labour information presented in this document is reported using a dedicated software package, which covered 240 Group companies in 2014.

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 and 39% of the workforce of the Lagardère group.

As expected from the work to improve the reliability of its environmental reporting process, the Group is gradually extending its reporting scope to cover energy consumption outside France. In 2014, Lagardère included the energy consumption for its entire Western Europe scope (Belgium, Germany, Italy, Netherlands,

Spain, Sweden, Switzerland and the United Kingdom), representing 141 companies and 26% of the Lagardère group's workforce.

By covering France and Western Europe, the information on energy consumption and greenhouse gas emissions encompasses 315 companies and 65% of the Group's workforce.

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. Following the update in 2013, the labour reporting guidelines were revised again in 2014 in order to factor in the comments formulated by contributors during the 2013 reporting campaign.

Days of absence are monitored in business days or calendar days, depending on practices of each country. The method for qualifying absence due to long-term illnesses, which is not included in the calculation of lost time, is based on local legislation.

The number of days' absence and the number of training hours were partly determined based on declarations at some Group entities, but this practice is not widespread in the reporting scope.

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

(1) Potential provisions may be mentioned in chapter 3.5.1.

(2) The list is provided in note 38 to the consolidated financial statements of this Reference Document.

Publishing and Lagardère Active. The update also enabled a Group-wide monitoring indicator to be added for WEEE in France, which was revised again in 2014.

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

The data on energy consumption disclosed 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.

The greenhouse gas emissions data shown only concerns the above-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.

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 public database of emissions factors needed to establish carbon accounting periods.

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.

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 all the Group's divisions.

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.

5.3.3.3 CROSS-REFERENCE INDICES**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	5.3.2.2 - A	53-54
		Recruitments and redundancies/dismissals	5.3.2.2 - C3	60-61
		Remuneration and salary increases	5.3.2.2 - E	62
	Organisation of working hours	Organisation of working hours	5.3.2.2 - F	64-67
		Lost time	5.3.2.2 - F	64-67
	Labour relations	Organisation of labour relations	5.3.2.2 - E1 & E2	62-63
		Summary of collective agreements	5.3.2.2 - E3	63
	Health and safety	Health and safety conditions at work	5.3.2.2 - F1	64-65
		Summary of health and safety agreements	5.3.2.2 - F2	64-65
		Frequency and severity of work-related accidents and sick leave	5.3.2.2 - F2	65
	Training	Policies implemented	5.3.2.2 - C1 & C2	58-59
		Total number of training hours	5.3.2.2 - C3	59
	Equal opportunities	Measures taken to promote gender balance	5.3.2.2 - B	54-55
		Measures taken to promote the employment and integration of people with a disability	5.3.2.2 - B	54-55
		Anti-discrimination policy	5.3.2.2 - B	54-55
	Promotion of and compliance with the fundamental principles of the ILO	Compliance and freedom of association and right to collective bargaining	5.3.2.2 - E1	62
		Elimination of discrimination in respect of employment and occupation	5.3.2.2 - B1	54
		Elimination of forced or compulsory labour	5.3.2.2 - B1	54
		Effective abolition of child labour	5.3.2.1 - C1	58

Information	Subject	Paragraph	Section	Page
Environmental	General policy	Organisation of the company and assessment and certification processes	5.3.1.2	48
		Employee information and training initiatives	5.3.1.2	48
		Measures taken to prevent environmental risks and pollution	3.5.1	15
		Provisions and guarantees set aside for environmental risks	3.5.1	15
	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	5.3.2.3 - A2 5.3.2.4 - A2	68-69 72
		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	5.3.2.3 - A	68-71
		Energy consumption, measures taken to improve energy efficiency, and use of renewable energy	5.3.2.4 - A2 & A3	72-74
		Land use	Not relevant	
	Climate change	Greenhouse gas emissions	5.3.2.4 - A3	73-74
		Adaptation to the consequences of climate change	5.3.2.4 - A2	72-73
	Preservation of biodiversity	Measures taken to preserve and develop biodiversity	5.3.2.3 - A1 5.3.2.4 - A2	68 72
	Territorial, economic and social impact of the company's activities	Regional employment and development	Regional employment and development	5.3.2.2 - F1
Resident and local populations			Not relevant	
Relations with people or organisations with an interest in the company's activities		Relations with people or organisations	5.3.1.1 - C	47-48
		Partnership or sponsorship operations	5.3.2.1 - A	49
			5.3.2.1 - C2 5.3.2.1 - E2	50 51
Subcontractors and suppliers		Recognition of social and environmental issues in the procurement policy	5.3.2.5 - C	76
		Importance of subcontracting and recognition of subcontractors' and suppliers' corporate social responsibility in relations with them	5.3.2.5 - C	76
Fair business practices		Action undertaken to prevent corruption	5.3.2.5 - B	76
		Measures taken to ensure consumer health and safety	5.3.2.4 - B	75
Other action undertaken to promote human rights		-	5.3.2.1	49

Cross-reference between Lagardère's sustainability issues and GRI's G4 Guidelines

Strategic issue	Area of action	GRI G4 Indicators	Page
Promote access to culture and entertainment	Accessibility of content	G4-M4: Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision-making) and results obtained	49
	Child protection, guidance and education	G4-M2: Methodology for assessing and monitoring adherence to content creation values G4-M4 G4-HR12: Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	50
	Media literacy, awareness about social issues	G4-M7: Actions taken to empower audiences through media literacy skills development and results obtained	51
	Content diversity, promoting reading, freedom of expression	G4-M3: Actions taken to improve adherence to content creation values and results obtained G4-M7	51-52
Support corporate efforts to advance diversity and social transformation	Choosing talent to reflect the diversity of the Group and its markets	G4-LA3: Return to work and retention rates after parental leave, by gender G4-LA12: Composition of governance bodies and breakdown of employees per occupational group according to gender, age group, minority group membership, and other indicators of diversity G4-HR3: Total number of incidents of discrimination and corrective actions taken G4-HR12	54-58
	Supporting employees throughout their career	G4-LA9: Average hours of training per year per employee by gender, and by occupational group G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	58-61
	Encouraging and promoting talent	-	61-62
	Developing close relations with employees	-	62-64
Ensure responsible management of the paper cycle and digital expansion	Responsible paper management	G4-EN1: Materials used by weight or volume G4-EN2: Percentage of materials used that are recycled input materials	68-71
	Responsible digital management	-	71-72
Strengthen sustainability of content, services, products and sites	Sustainability of buildings and businesses	G4-EN3: Energy consumption within the organization G4-EN15: Direct greenhouse gas (GHG) emissions (Scope 1) G4-EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)	72-74
	Impact of operations on consumer health and safety	-	75
Guarantee high standards of business ethics	Business conduct	-	75
	Compliance	G4-SO4: Communication and training on anti-corruption policies and procedures	76
	Sustainable procurement	G4-SO9: Percentage of new suppliers that were screened using criteria for impacts on society	76-77

5.3.4 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

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

Year ended December 31, 2014

For the attention of the Shareholders,

As independent third-party, members of Mazars' network, statutory auditor's of Lagardère SCA, whose accreditation was accepted by COFRAC under the number 3-1058⁽¹⁾, we hereby present our report on the consolidated social, environmental and societal information provided in the management report prepared for the year ended December 31, 2014, (hereinafter referred to as "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

The Managing Partners of Lagardère SCA are responsible for preparing a management report including the CSR Information required under Article R. 225-105-1 of the French Commercial Code, in accordance with the reporting criteria of the company (hereafter the "Reporting Criteria") summarized in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

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

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY ENTITY

Based on our work, our role is to:

- ▶ attest that the required CSR Information is disclosed in the management report or, that an explanation has been provided if any information has been omitted, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- ▶ provide limited assurance that, on the whole, the CSR Information is fairly presented, in all material respects, in accordance with the adopted Reporting Criteria (Fairness report regarding CSR Information).

Our work was carried out by a team of 5 people between December 2014 and March 2015 for a period of about 7 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the legal order dated May 13, 2013 determining the methodology according to which the independent third party body conducts its mission and, on the reasoned opinion, in accordance with ISAE 3000⁽²⁾.

1. ATTESTATION OF COMPLETENESS OF THE CSR INFORMATION

Based on interviews with management, we got acquainted 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, the actions or programs that stemmed from it.

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

In the event of omission of some consolidated information, we checked that explanations were provided in accordance with the third paragraph of the article R. 225-105 of the French Commercial Code.

We checked that the CSR Information covers the consolidated scope, which includes the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code (*Code de commerce*) and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*), subject to the limits set forth in the methodological note presented in paragraph « 5.3.3 CSR methodology and indicators » of the management report.

Based on our work, and taking into account the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of procedures

We conducted about twenty interviews with the persons responsible for the preparation of CSR Information from the departments in charge of the process of gathering information and, where appropriate, responsible of the internal control and risk management to:

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

We determined the nature and extent of tests and controls depending on the nature and importance of CSR Information in relation to the characteristics of the Company, the social and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the sector best practices.

(1) Whose the scope is available on the website www.cofrac.fr

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

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

- ▶ at Group level, we consulted source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions); we implemented analytical procedures on the quantitative and verified, on the basis of sampling techniques, the calculations and consolidation of the information and we verified its consistency with the other information contained in the management report;
- ▶ at the level of a representative sample of entities⁽²⁾ selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling basis, to verify the calculations performed and reconciled data with supporting evidence.

The selected sites contribution to Group data equals to 19% of headcount and from 14% to 81% of the quantitative environmental information tested.

Regarding the other CSR consolidated Information, we assessed its fairness and consistency based on our knowledge of the Group.

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

We deem that the sampling methods and sample sizes we have learned by exercising our professional judgment allow us to formulate a conclusion providing limited assurance; a higher level of assurance would have required more extensive work. Because of the use of sampling techniques, and because of other limits inherent to any information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be completely eliminated.

Conclusion

Based on our work, we did not identify any material misstatements that would lead us to believe that the CSR Information, taken as a whole, has not been fairly presented, in all material respects, in accordance with the Reporting Criteria.

French language original signed at Paris-La Défense, March 30th, 2015

The independent third party entity

MAZARS SAS

Thierry Blanchetier

Partner

Emmanuelle Rigaudias

*CSR & Sustainable Development
Partner*

(1) Permanent staff as of December 31st, permanent staff as of December 31st broken down by gender, age group, and geographical area, recruitments and departures, absenteeism rate, collective agreements, collective agreements in force as of December 31st and signed during the year, training and skills development policies, total number of training hours and breakdown 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, recycled and other paper, overall weight of paper purchased by printers, tertiary energy consumption of the Group in France: electricity, gas, fuel 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 favour of health and safety of consumers.

(2) Social and societal information: Hachette Livre SA (France); Orion (United Kingdom); pôle Presse (France); Lagardère Entertainment (France); Relay (France); LSTR UK & Ireland (United Kingdom); Sportfive (France). Environmental information: Hachette Livre SA (France); Hachette UK (United-Kingdom); HFA (France); Relay (France) and LSTR UK & Ireland (United-Kingdom) for energy consumptions.

This page is left intentionally blank.