



NON-FINANCIAL STATEMENT AND DUTY OF CARE PLAN

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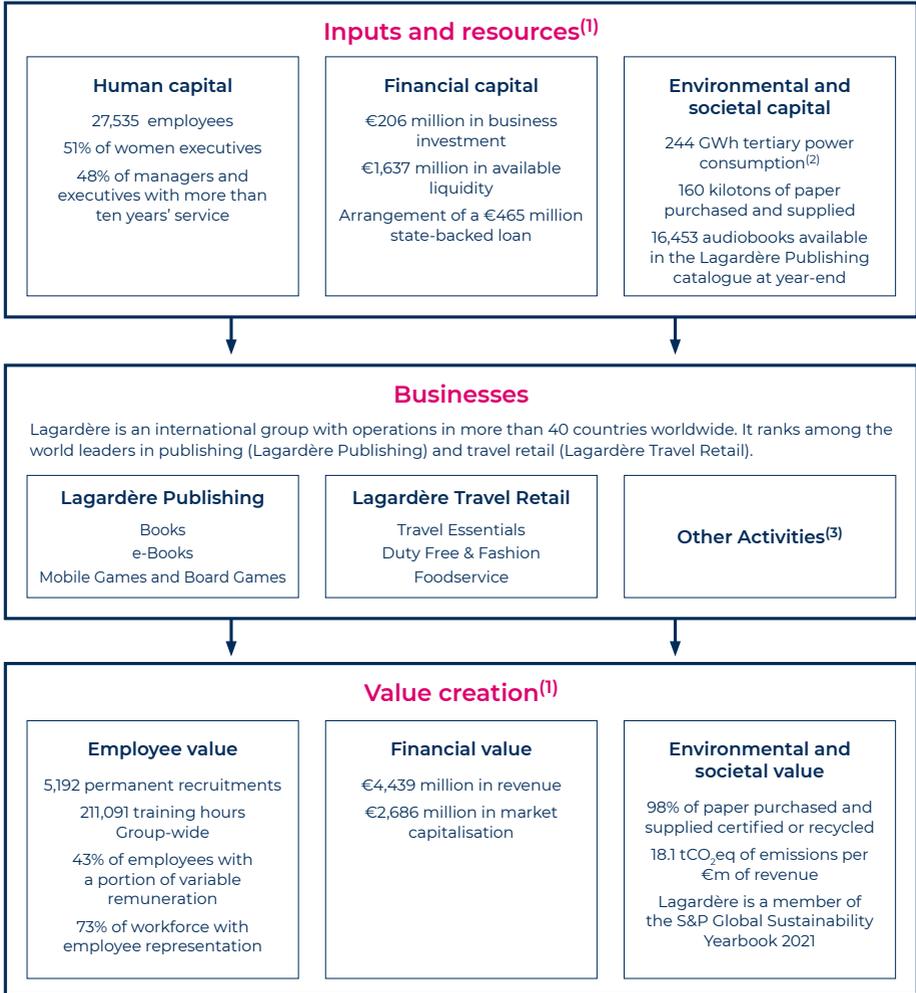
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4.1 LAGARDÈRE GROUP BUSINESS MODEL AFR

Section 1.4 of this Universal Registration Document provides detailed information on the Group's strategy, business lines and model, key figures, markets, and more.

The Lagardère group's overarching objective is to develop the loyalty of its audiences and consumers worldwide through powerful brands that deliver content publishing, production, broadcasting and distribution. The key features of this integrated model of value creation are presented in the chart below.

A sustainable value creation model



(1) Data at 31 December 2020.
 (2) Oil, gas, electricity and district heating.
 (3) Mainly comprising Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) together with Lagardère Live Entertainment.

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

Workforce by geographic area at 31 December 2020



● FRANCE

Lagardère Publishing	2,512
Lagardère Travel Retail	4,221
Other Activities	1,179
Total	7,912

● EUROPE
(EXCLUDING FRANCE)

Lagardère Publishing	2,578
Lagardère Travel Retail	5,818
Other Activities	47
Total	8,443

● AMERICAS

Lagardère Publishing	1,646
Lagardère Travel Retail	7,061
Total	8,707

● ASIA-PACIFIC

Lagardère Publishing	143
Lagardère Travel Retail	2,160
Total	2,303

● AFRICA

Lagardère Publishing	75
Lagardère Travel Retail	95
Total	170

4.2 CSR – KEY PRIORITIES, STAKEHOLDERS AND GOVERNANCE

AFR

Create purpose. Foster personal fulfilment at work. Support employees' diversity and innovation efforts. Combine excellence with corporate responsibility. Anticipate the needs of a changing society. Align respect for objectives with respect for the planet. These challenges are directly related to the Lagardère group's businesses and are reflected in the commitments made as part of its Corporate

Social Responsibility (CSR) policy originally designed, other than with the obvious aims of reducing the negative impacts of its activities and helping to build a more sustainable future, to achieve the following three internal objectives: comply with increasingly stringent regulatory requirements, align the approach with the Group's evolving strategy and structure, and strengthen stakeholder relations.

4.2.1 CSR POLICY OBJECTIVES

4.2.1.1 COMPLYING WITH INCREASINGLY STRINGENT REGULATORY REQUIREMENTS

The CSR reference framework applies internationally.

In France, non-financial disclosure requirements have become stricter over the years. This section represents the Group's non-financial statement, to be published pursuant to articles L. 225-102-1 and R. 225-105 of the French Commercial Code. It also contains the duty of care plan, which is obligatory for parent companies and contracting entities (see section 4.7).

In terms of preventing tax evasion, the Group takes steps to identify and reduce tax risks, which are reviewed specifically as part of the Group's risk mapping exercise led by the Risk, Compliance and Internal Control Department. In addition, tax policy, risks and disputes are presented periodically to the Audit Committee.

The Group ensures compliance with the applicable regulations of the countries in which it operates as regards tax reporting, calculation and the payment of taxes, levies and duties of all kinds.

It complies with its annual country-by-country reporting (CBCR) obligations as regards tax, and underlines the importance of transparency and cooperation with national and local authorities, particularly during tax audits.

Lastly, the Group is committed to complying with the principles set out in European directives and by the OECD⁽¹⁾ as regards the fight against tax evasion and the arm's length principle. In particular, it does not transfer profits to countries with more advantageous tax systems. It refuses artificial arrangements or any that could result in tax evasion or avoidance, and establishment in non-cooperative states or territories with regard to French law and the OECD.

Tax issues are dealt with centrally by a Tax Department under the responsibility of the Group's Chief Financial Officer, a member of the Management Board. For complex issues or questions bearing on the interpretation and application of standards, as part of major transactions and during tax audits and litigation, it calls on recognised expert external advisors.

Internationally, Lagardère applies a number of core CSR documents and principles, such as the International Bill of Human Rights, the ILO's Fundamental Principles⁽²⁾, the OECD Guidelines for Multinational Enterprises, and the Guiding Principles on Business and Human Rights.

The Lagardère group draws on other guidelines in carrying out its business activities, including ISO 26000, 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.

Furthermore, the UN's Sustainable Development Goals (SDGs⁽³⁾) – formulated in 2015 and setting out the societal priorities for building a more sustainable society – have become the reference for CSR best practice. Accordingly, the Group endeavours to build a strategy consistent with those goals that are most relevant to its businesses. Broken out into 17 global development goals on wide-ranging topics including gender equality, climate action, quality education and innovation, the SDGs cover all of the core sustainability priorities for the period through to 2030. They set out a clear framework of standards and shared language for all stakeholders, ensuring synergy and consistency in actions and initiatives at all levels.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère is renewing his commitment to the principles of the Global Compact, to which the Group has adhered since 2003 and which have guided its CSR strategy for the past seventeen years.

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

(1) Organisation for Economic Co-operation and Development.

(2) International Labour Organization.

(3) Sustainable Development Goals.

With operations on every continent, the Lagardère group is one of the world's leading publishing and travel retail businesses. As an international Group, we need to be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation is respectful of humankind and the 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. To reaffirm our commitment, each year we report on the progress made by our Group in the 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.

FIGHTING CORRUPTION

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

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

4.2.1.2 ADAPTING CSR TO GROUP STRATEGY AND DEVELOPMENT

The Lagardère group aligns its CSR policy with its development strategy for its various businesses. For several years, the CSR roadmap has therefore paid special attention to:

- ▶ changes in the Group's activities. The development of activities offering growth potential, as well as changes in the business models of the more historical activities, to the extent that innovation is an essential component that affects the social, environmental and societal impacts of the Group's activities;
- ▶ the Group's increasingly international footprint. The international expansion of the Lagardère group's activities, entry into new emerging markets and the objective of ensuring that growth becomes less centred on France are also factors to bear in mind since they alter the contours of the Group's CSR strategy (inclusion of issues with an international reach, impacts on local communities, promotion of cultural diversity, etc.).

4.2.1.3 STRENGTHENING STAKEHOLDER RELATIONS

Authors and other artists, readers and listeners, employees and suppliers, concession granters and the travelling public, customers and investors, consumers and shareholders: Lagardère's various stakeholders – internal, external, public and industry – are mapped out in the chart below. The Group maintains regular and constructive dialogue with its stakeholders at local and national level in each of the countries where it operates. Dialogue takes varying forms depending on the stakeholder, at Group level and within each entity. The information provided below refers to dialogue largely structured at Group level.

A) EMPLOYEES AND REPRESENTATIVE BODIES

The Group recognises the importance of social dialogue at various levels (sites, entities, subsidiaries, Group) for regular discussion of the operational and/or strategic decisions that best reconcile the company's responsibilities to its employees with its economic interests.

Depending on local regulations and cultures, social dialogue is carried out with independent partners serving as employees' legitimate representatives. Occupational health and safety issues, working conditions and organisational changes impacting the professional environment are among the main topics dealt with.

At Group level, two committees have been formed to address strategic priorities and the overall management of operations in France and internationally: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002. Both bodies have regular exchanges with Management about the Group's activities and the changes required to ensure their sustainability.

The Group Employees' Committee comprises 30 employee members who represent the employees of the Lagardère group's French operations. The European Works Committee also comprises 30 members who are employees of the Lagardère group in Europe. Since the committee's renewal in July 2019, French employees have held 15 seats, with the remaining 15 seats held by representatives from ten other European countries – Austria, Bulgaria, Czech Republic, Germany, Italy, Netherlands, Poland, Romania, Spain and the United Kingdom.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary meeting. In addition to these annual meetings, extraordinary meetings or meetings between committee members and union representatives may be held if the situation requires.

The exceptional situation prevailing in 2020 made social dialogue especially intense and sustained at all levels.

Locally, most of the topics discussed revolved around the impact of the health crisis:

- ▶ safety of personnel and implementation of all measures necessary to protect employees;
- ▶ adoption of home working for all jobs that allow it and management of the individual and collective consequences of the new working arrangements;
- ▶ implementation of furlough (or its equivalent in countries without such systems);
- ▶ initiation, as a last resort, of redundancy plans linked to the shutdown of activities.

News flow was very dense at Group level due to the combined effects of the Covid-19 crisis, the end of the Group's strategic refocusing plan and the sale of businesses finalised in 2020 (Lagardère Sports and Lagardère Studios).

Governance issues and employee concerns about changes in the shareholding structure and their possible impacts were also prominent in discussions.

Several special meetings were accordingly organised in addition to the two regular meetings of the European Works Committee and the Group Employees' Committee to allow these issues to be dealt with extensively.

In January and July 2020, two special meetings of the European Works Committee Bureau were held to discuss the disposals of Lagardère Sports and Lagardère Studios, respectively.

In February, the Bureau of the Group Employees' Committee was asked to vote on the Group's decision to give the Committee responsibility for appointing employee representatives to the Supervisory Board. In November, a special session was held to officially appoint these representatives.

In April, ahead of the General Meeting and in view of the changes in shareholding structure and the demands expressed by certain shareholders, a special meeting of the Group Employees' Committee was held to allow representatives to voice employees' concerns, and to provide them with reassurance by clarifying the Managing Partners' position.

Lastly, in December, in response to a request for an expert appraisal to assess the impact of the health crisis on the Group's activities, as well as the risks associated with the possible desire of certain shareholders to dismantle the Group in whole or in part, a special meeting was held with the European Works Committee.

B) SUPPLIERS

For nearly ten years, the Group has been formally committed to a continuous improvement process to bolster its sustainable procurement strategy and practices. Since then, the Group's strategy in this area has been based on:

- ▶ procurement policies that promote issues such as respect for the environment, diversity and social inclusion, quality of governance and easier access to VSEs and SMEs for the Group's procurement specialists, encouraging them to consider the cash flow constraints of small suppliers and select sustainable suppliers;
- ▶ a Responsible Supplier Charter based on a certain number of international standards, such as the OECD Guidelines, the ILO Conventions and the UN Global Compact, which must be signed by new contractors working with a Group company;

- ▶ a joint project with EcoVadis to conduct regular assessments of the social, environmental and ethical performance of its suppliers and subcontractors.

A map of the Group's risks associated with the activities of suppliers and subcontractors was defined in 2017 as part of the duty of care plan. This map has strengthened the Group's sustainable procurement strategy by identifying seven major procurement categories that are most likely to generate risks involving personal health and safety, human rights or the environment (see section 4.7.1 for further details on these seven procurement categories).

Throughout the year, the Group's operating entities implemented action plans designed to address specific business concerns, in line with the decisions made under the duty of care plan. They primarily focused on suppliers and subcontractors operating in procurement categories at the highest risk level and in countries considered to have the most exposure to CSR risks, and with which procurement spending was most significant.

In 2020, supplier assessments were very much hampered (if not suspended) by the health crisis. The subsidiaries nevertheless took a number of measures to ensure minimum business continuity over time or to maintain commitments, particularly with small suppliers so as not to aggravate what were already very complicated economic conditions:

- ▶ regular communication with suppliers on available capacity;
- ▶ minimum business volumes and production maintained so as to ensure business continuity and avoid sudden shutdowns;
- ▶ orders for specific products;
- ▶ reallocation and reordering of production, taking into account changes in suppliers' capacities and the Group's requirements;
- ▶ posting and validation of uninterrupted invoices, commitment to payment terms and close monitoring of payments;
- ▶ invoicing of significant advance payments for production whose delivery was delayed;
- ▶ identification of "key" at-risk suppliers, with specific follow-up or action.

The Responsible Supplier Charter stipulates that publishers can initiate on-site compliance audits at the supplier or subcontractor premises, or at any of their production sites, with penalties applied for any infringements.

Hachette Livre commissioned three on-site supplier audits in 2020, and was also able to review some 20 social audits on other suppliers. The findings did not reveal any critical non-compliance. Other instances of non-compliance were nevertheless the subject of action plans in accordance with the commitments made by suppliers to correct any situations of non-compliance identified. The results obtained will be validated in subsequent audits.

C) NON-FINANCIAL COMMUNITY

Since the creation of the Sustainable Development and CSR Department, Lagardère has maintained frequent and ongoing dialogue with non-financial investment analysts. This continuous engagement, in response to numerous requests from actors such as MSCI, CDP, VigeoEiris, Sustainalytics, ISS-Oekom etc., enables the Group to deliver steady progress in its outcomes with each new rating.

On the back of its strong performance in the year's Corporate Sustainability Assessment questionnaire, the Lagardère group was included in the S&P Global Sustainability Yearbook 2021, placing it among the leaders in its peer group in terms of ESG performance for the third consecutive year.

D) STAKEHOLDER PANEL

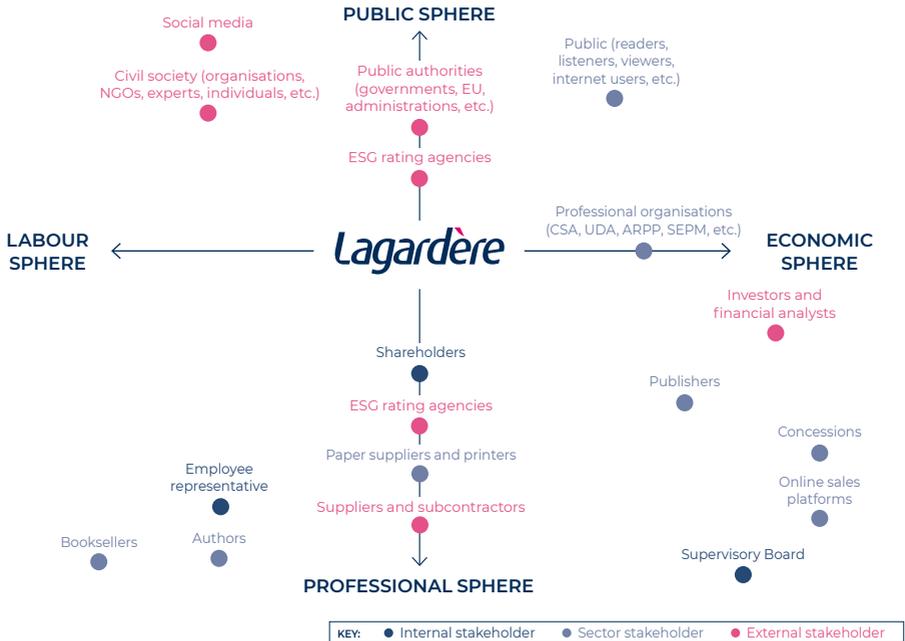
To take a more innovative approach to stakeholder dialogue, in 2015 Lagardère set up a stakeholder panel, an advisory body that seeks to ensure continuous improvement in the Group's CSR practices. Lagardère's stakeholder panel is chaired by Thierry Funck-Brentano, one of the Co-Managing Partners of Lagardère SCA, and coordinated by the Sustainable Development and CSR Department. Its 12 members – 11 of which are external to the Group – are appointed for two years and represent the Group's main priorities, business lines, and industries.

The panel has three main goals:

- ▶ establishing regular dialogue at Group level between Lagardère and its stakeholders;
- ▶ obtaining a better understanding of stakeholders' perception and expectations of the Group;
- ▶ supporting Lagardère's forward-looking strategy for its main social, environmental and societal priorities.

This ongoing stakeholder dialogue was given its full meaning in 2017, when the Lagardère group produced its first materiality matrix and updated its CSR roadmap.

After determining the initial qualitative and quantitative methodology, the final matrix, shown below, was fine-tuned with the aim of simplifying the overall CSR roadmap. The last step involved presenting the matrix to the stakeholder panel.



Lagardère group materiality matrix



4.2.2 CSR PLAYERS AND GOVERNANCE

At Group level, the Sustainable Development and CSR Department, which reports to the Managing Partners, coordinates a Steering Committee comprising CSR managers from each subsidiary and representatives from several cross-functional departments. 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 fine-tunes the Group’s CSR strategy and proposes initiatives to be undertaken while promoting the sharing of best practices. Specific committee meetings are also held with each subsidiary throughout the year.

The Group-level CSR policy has been adapted to the purposes of each subsidiary. It is implemented by a correspondent belonging to the Management Committee of each subsidiary, who coordinates the networks of internal correspondents, organises local steering

committees and rolls out the tools required to embed CSR policies deeply into its business activities.

In parallel, the Sustainable Development and CSR Department steers the various working groups dealing with key issues in liaison with the corporate functions. It also coordinates dialogue with the stakeholder panel.

Since 2015, the Supervisory Board has incorporated CSR within the duties of the Appointments, Remuneration and CSR Committee. In 2020, the Sustainable Development and CSR Department updated the Supervisory Board on the CSR roadmap as well as presenting Lagardère’s ESG ratings.

Lastly, Lagardère’s Code of Ethics, which was updated in 2020, comprises a series of guidelines underpinning the values shared by all Lagardère employees. The Code of Ethics is one of the core documents used to define the Group’s CSR policy.

4.2.3 CSR ROADMAP

The CSR roadmap is centred around three key principles:

► **Placing people at the heart of our strategy.**

This represents our core responsibility to employees, namely that we should provide them with a diverse, varied, attractive and stimulating environment in which to work.

► **Limiting the environmental impact of our products and services.**

The Lagardère group works towards a pragmatic, environmentally-driven commitment that is relevant to its business activities, by focusing on three fronts: climate change, responsible resource management and an environmentally responsible approach to the food chain.

► **Sharing the social and cultural diversity of our businesses.**

The Lagardère group promotes access to education and knowledge while defending freedom of speech, pluralism of ideas and cultural diversity through the content it produces and distributes, as well as through its various partnerships and cultural and social solidarity programmes.

In addition to these three strategic pillars, the Lagardère group strives to develop its activities in accordance with the major priorities of ethics and compliance. The Group's CSR roadmap is accordingly based on a core of responsible corporate governance reflected in its ethical principles and in compliance programmes applicable to its employees (see section 3.2.6.6).

4.3 CSR – RISKS, OPPORTUNITIES, STRATEGY AND PERFORMANCE

AFR

In 2018, the Sustainable Development and CSR Department and the Risk, Compliance and Internal Control Department worked together to implement a methodology for identifying non-financial risks and integrate them into the Group's risk map.

After flagging up nearly 40 non-financial risk events and opportunities divided into four categories – labour impacts, environmental impacts, respect for human rights and fighting corruption – the risk and sustainable development teams analysed them against the existing materiality matrix (see section 4.2.1.3.D).

This cross-analysis of the 40 events helped narrow the list down to 13 non-financial risks and opportunities. These 13 risks were then assigned a rating for each of the Group's main businesses, ranked using the Group's risk scoring methodology and weighted based on revenue to take account of the Group's strategic plan to refocus its business on Lagardère Publishing and Lagardère Travel Retail.

The mapping was reviewed and updated in 2020 to take into account the Group's new profile. This process was additionally an opportunity to review the initial universe and to harmonise the level of granularity of the risks and opportunities identified in order to cast more light on some of them.

This work confirmed the following areas as carrying non-financial risks and opportunities:

- management of skills and key talent;
- diversity and gender balance in human capital;
- access to and dissemination of education, culture and entertainment;
- quality, compliance, hygiene and safety of the products sold;
- resource management, anti-waste measures and the circular economy;
- management of energy and carbon impacts;
- respect for privacy;
- respect for fundamental freedoms;
- fighting corruption.

Section 4.3 describes the Group's strategy for each of these priorities, its implementation within the business lines, the indicators in place to monitor progress, and areas for improvement.

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

Cross-reference table

CSR priorities	Non-financial risks and opportunities	Strategies and actions implemented and key performance indicators (KPIs)	Sustainable Development Goals (SDG)
Placing people at the heart of our strategy <i>Roadmap</i>	Management of skills and key talent	Section 4.3.1.1 KPI : <ul style="list-style-type: none"> • Voluntary departures • Percentage of managers and executives with more than ten years of service • Percentage of employees with a portion of variable remuneration 	
	Diversity and gender balance in human capital	Section 4.3.1.2 KPI : <ul style="list-style-type: none"> • Percentage of women executives • Percentage of women managers • Percentage of managers to receive diversity awareness-raising or training 	
Sharing the social and cultural diversity of our businesses <i>Roadmap</i>	Access to and dissemination of education, culture and entertainment	Section 4.3.1.3 KPI : <ul style="list-style-type: none"> • Number of audiobooks available in the Lagardère Publishing catalogue at year-end 	
	Quality, compliance, hygiene and safety of the products sold	Section 4.3.1.4 KPI : <ul style="list-style-type: none"> • Number of countries audited for health and safety during the year • Percentage of countries audited for health and safety at year-end 	
Limiting the environmental impact of our products and services <i>Roadmap</i>	Resource management, anti-waste measures and the circular economy	Section 4.3.2.1 KPI : <ul style="list-style-type: none"> • Total weight of paper purchased directly • Total weight of paper purchased and supplied • Percentage of certified paper • Percentage of recycled paper 	
	Management of energy and carbon impacts	Section 4.3.2.2 KPI : <ul style="list-style-type: none"> • CO₂ emissions per €m of revenue 	
Respect for human rights	Respect for privacy	Sections 4.3.3.1 and 4.3.3.2 KPI : <ul style="list-style-type: none"> • Number of formal disputes involving discrimination, forced labour, child labour and harassment • Proportion of workforce covered by employee representation at 31 December • Number of work accidents and days' absence due to sick leave • Frequency and severity rate and lost time due to work accidents • Percentage of the workforce at an entity with a health and safety committee • Percentage of the workforce at an entity with regular health monitoring • Percentage of training hours dedicated to health and safety 	
	Respect for fundamental freedoms		
Preventing corruption	Fighting corruption	Section 4.3.4	

4.3.1 LABOUR IMPACTS OF THE GROUP'S ACTIVITIES

4.3.1.1 MANAGEMENT OF SKILLS AND KEY TALENT

Today's world is changing fast, with new growth models emerging all the time. To keep up, the Lagardère group must attract and support the career development of talented, creative and engaged employees to design innovative products and services and produce high-quality content. The Group's business success is a direct result of the skills and expertise of its employees; these skills are valuable resources that are constantly being adapted to maintain the quality and diversity of the workforce.

A.1 STRATEGY

Under the supervision of the human resources departments at Group and subsidiary levels, operating entities manage their employees independently and locally to bring out the best in their human capital. To achieve this, they implement measures to respond to the specific needs of their activities, businesses and environments. In line with the Group's organisational approach, divisions must nevertheless adhere to a set of shared commitments, including an internal talent management policy, that are regularly monitored by the Group's Human Resources Department, with meetings held every fortnight.

Developing the professional expertise and individual responsibilities of employees is crucial to the Lagardère group's success. It therefore focuses on developing employees, through promotion, internal mobility and training, to enhance their individual employability. Lagardère also provides guidance and training for young people by hosting interns and promoting work-study placements and programmes.

It is also Group policy to use remuneration and pay rises – contingent on the value employees bring to their position and on variable pay scales that reflect the measure of individual objectives – to recognise and reward employee performance levels, using quantitative and qualitative criteria defined by the subsidiaries.

A.2 APPLICATION

TRAINING

In order to offer employees guidance throughout their career, the Lagardère group makes available a large selection of training options in a broad range of fields, including digital technologies, management, communication, health and safety, foreign languages, businesses, etc. Each year, the training hours data highlights how well-adapted the Group's training policy is: 62% of total training hours provided focus on "business" or "management" specialisations. These courses are closely correlated to employees' current performance and development potential.

The divisions also organise their own in-house training courses. For example in France, Lagardère Publishing runs the Hachette Livre forum, three one-day events over the course of each year that provide new employees with the opportunity to learn more about the publishing business. In 2020, it was only possible to hold the first day in early March due to the health situation.

For many years, Lagardère Travel Retail has provided an internal training programme for its sales teams. The division also set up the Lagardère Travel Retail Academy in early 2017, with the aim of developing the skills of high-potential employees and top managers by organising three-day seminars for participants from various countries. Several renowned international experts from major universities (MIT, Harvard, ESSEC, Sciences Po Paris, etc.) have been invited to talk at these events during which around 15 employees are trained on subjects such as change management,

leadership, finance, innovation and marketing. Unfortunately, practical as well as economic reasons prevented this training program from taking place in its entirety in 2020. Two sessions were nevertheless held in Paris in January and February, each bringing together 20 participants, one devoted to innovation and the other on decision-making. For the rest of the year, bi-monthly remote meetings between members of the subsidiary's Top 200 took over from the Academy. Dubbed "leadership calls", they also provided a forum for exchanges with external speakers, including managers of the subsidiary's partner companies.

In France, as part of the government-sponsored National Employment Fund training assistance program (FNE-Formation), several Lagardère Travel Retail employees were able to take part in distance learning courses, largely public funded, to develop IT and digital skills, as well as business skills (project management, risk management, merchandising, operating projects, etc.) and soft skills.

Lastly, some of the subsidiary's entities also put together a "talent marketplace" enabling employees to share their skills, knowledge and know-how between each other.

INTERNAL MOBILITY

Internal mobility is a key component of human resource management, building on the training and employee skills development initiatives. Group-wide, nearly 1.6% of vacancies for permanent positions were filled through internal mobility in 2020. While this figure may appear to be low, it was heavily impacted by the high level of employee turnover at Lagardère Travel Retail, mainly among retail sales staff for whom little internal mobility is possible. When adjusted for this factor (recruitments in the "Other employees" category at Lagardère Travel Retail), in 2020, the Group's internal mobility rate came out at 7.4%.

Furthermore, the stark differences in the Group's business activities make mobility for operating staff between divisions practically impossible. However, in France the Lagardère group has developed a special process to evaluate the various opportunities (mainly for support functions) and profiles of candidates who have submitted a request for mobility. In view of the prevailing situation in 2020, this inter-division committee in France (made up of HR representatives in charge of mobility) has been put on hold.

REMUNERATION

To take into account employees' skill levels, training and responsibility and the specific nature of the business sectors they work in, individual rather than collective pay rises are increasingly common. As such, most of the Group's entities reward employees through individual as well as collective performance incentives such as bonuses and variable pay. These practices enable the Group to correlate employee remuneration to the achievement of individual 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 performance with regard to the requirements of their job.

Voluntary departures (%)⁽¹⁾

Division	2020			2019		
	Executives	Managers	Other employees	Executives	Managers	Other employees
Lagardère Publishing	4.5	5.1	10.0	7.1	8.3	14.6
Lagardère Travel Retail	8.7	8.8	19.4	9.7	19.2	63.9
Other Activities	2.6	8.0	6.3	0.0	5.3	11.0
Group	5.7	7.0	17.9	7.3	11.4	53.6

The significant divergences in the percentage of voluntary departures by division and professional category in the table above mainly reflect local job markets and radically different approaches to work between countries. Stark differences are also found between the Group's various subsidiaries. Voluntary departures are especially common

Lagardère also seeks to build loyalty among key talent through regular awards of shares in the parent company, Lagardère SCA. It has done so since 2007 using free share awards (see the Special Report of the Managing Partners in section 2.9.9).

A.3 PERFORMANCE

The Lagardère group now focuses on a narrower range of indicators, which it will monitor more closely. These key indicators include voluntary departures (calculated as [resignations plus recruitments] divided by 2 divided by the workforce at December 31 of the prior year), variable remuneration, and length of service of managers and executives within the Group.

at Lagardère Travel Retail, as retail employees are included in this indicator across a broad scope.

In view of the environment in 2020, these rates were obviously down compared with 2019 across all occupations and populations.

Other performance indicators

Indicator	2020	2019	2018
Percentage of managers and executives with more than ten years of service	48	43	43
Percentage of employees with a portion of variable remuneration	43	43	44

4.3.1.2 DIVERSITY AND GENDER BALANCE IN HUMAN CAPITAL⁽²⁾

Discrimination based on gender, disability, sexual orientation, origin, religion or other factors is an obstacle to the implementation of diversity, which is a key to social harmony and performance. The Lagardère group believes that having a diverse workforce (particularly in terms of gender balance, disability, ethnic and socio-economic background) drives creativity and growth.

A.1 STRATEGY

Adapting to local cultures, the diversity of consumers and the increasing number of markets are strategic factors in the development of all Group businesses. Given its wide range of business activities and the broad array of expertise provided by its workforce, the Lagardère group promotes diversity in its subsidiaries. The Group-level, subsidiary and other operational human resources

departments play a leading role in ensuring that its employees are representative of society at large.

As stated in its Code of Ethics, 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. It works to apply and promote the ILO's fundamental principles on eliminating discrimination in respect of employment and occupation and stamping out forced and compulsory labour.

Lagardère's strategy to promote diversity and gender balance has translated these principles into three main focal points:

- ▶ gender balance in the Group;
- ▶ breaking down stereotypes based on race or social class;
- ▶ integrating employees with disabilities.

(1) Due to the significant level of employee turnover during the year, this indicator is subject to a degree of uncertainty, despite controls conducted on the data representing less than 1% of 2020 headcount (versus around 1% of 2019 headcount) and 1% of employee separations.

(2) The information in section 4.3.1.2 is presented pursuant to the obligations provided for in paragraph 2 of article L. 22-10-10 of the French Commercial code (*Code de commerce*).

A.2 APPLICATION**GENDER BALANCE IN THE GROUP**

Women continue to occupy a central position in the Group's workforce. In 2020, women represented 65% of the Group's total permanent workforce, 51% of executives and 56% of managers. Not surprisingly, they also made up the majority of training participants (women took 56% of training hours and accounted for 64% of employees taking at least one training course during the year) as well as the bulk of promotions and pay rises (62% of promotions and 64% of pay rises).

In the United Kingdom, Hachette UK recorded a further narrowing of the pay gap and an increase in the proportion of women classified as "highly paid" in its third annual Gender Pay Gap Report.

As regards the proportion of women executives, the Lagardère group, having exceeded the initial target of 51% of female executives by the end of 2020 (out of a population of approximately 600), has decided to focus its efforts from 2021 on an even smaller number of employees representing approximately 1% of the Group's most senior positions in order to further identify the risks associated with the glass ceiling at the senior management level. At the end of 2020, this group represented approximately 300 people, 42% of whom were women. The new "Top Executives" panel will mainly comprise the members of all divisional Executive Committees and Management Committees, in each of the countries where they are based.

The LL Network, an internal network promoting gender equality launched in November 2017 and aimed at all employees in France, is the vector through which the Group demonstrates its commitment to a range of causes in support of women, such as its endorsement of the Women's Empowerment Principles, the partnership with Digital Ladies & Allies, and the #StOpE initiative to put an end to everyday sexism in the workplace. The network also aims to support constructive dialogue between the business lines and to be instrumental in attracting and retaining talent.

The health crisis did not prevent the network from growing in 2020. By the end of the year it had just over 500 members (a quarter of whom were men), despite the disposal of some businesses.

The Network also continued its mentoring programme in 2020, with 20 new pairs whose dialogue will extend into 2021 given the small number of face-to-face meetings possible between mentors and mentees during the year.

Lastly, 2020 was marked by StOpE inter-company initiatives to put an end to everyday sexism in the workplace. The Group completed the training given in 2019 to the entire HR function in France by training its sexism correspondents in the Economic and Social Committee. The fight against sexism has also resulted in the internal production of an interactive awareness-raising document, which is slated for release throughout the Group in France in 2021.

Lagardère Publishing has also made an awareness-raising and self-diagnosis web application available to all its employees in France.

BREAKING DOWN STEREOTYPES

This theme is relevant day to day, across all businesses. The broad diversity of employees reflects both the large number of regions in which the Group operates and the diversity of the customers and consumers that buy its products and services.

At the Group level, the situation at the various entities is surveyed regularly, in particular by periodically analysing recruitment procedures to test recruiters' objectiveness in selecting candidates applying for full employment and work placements. While the 2016-2017 survey helped fine-tune the assessment procedure and identify both the progress made and further areas for improvement, the third survey, launched at the end of 2019, was put on hold due to the health situation in 2020 and is expected to

resume during 2021. These surveys, carried out based on the criteria of ethnic origins and gender, help identify whether candidates may be victims of such discrimination at the recruitment stage.

The Group also provides training programmes for managers in the subsidiaries and operating entities on managing diversity, breaking down stereotypes and resisting confirmation bias, which are held regularly throughout the year. The human resources departments and executive committees of each division were among the first employees to be given this training course, which is now given to several dozen managers each year.

Following on from previous years, numerous initiatives, conducted in partnership with charitable associations promoting cultural or social diversity, were continued within the Group. For example, the partnership with NQT (formerly Nos Quartiers ont des Talents) offers mentoring by employees to help young people from disadvantaged neighbourhoods gain access to training and employment opportunities that are sometimes unavailable to them due to their ethnic or social backgrounds.

Lagardère Publishing continued its initiatives across all of its operational geographies, with the aim of boosting inclusivity and promoting diversity in all of its forms.

During 2019 in France, Hachette Livre teamed up with Sciences Po to provide book bursaries for students under France's programme to support equal opportunity in education (*Conventions Éducation Prioritaire – CEP*). Hachette Livre also supports the CEP programme in different ways, such as traineeships, tutoring and participation in admission committees. In 2020, greater attention was paid to the professional integration of new graduates from disadvantaged social backgrounds.

In the United Kingdom, Hachette UK has been running a programme called Changing the Story since 2017. It aims, through its many networks and initiatives, to promote diversity of culture, race, gender, religious beliefs and sexual orientations, in both the books it publishes and in the employees it hires. The subsidiary, which in 2019 was the first publisher in the United Kingdom to release an Ethnicity Pay Gap Report, has undertaken to raise the proportion of employees from ethnic minorities to 15% within five years, after an increase from 7.7% to 9.6% in 2020.

The worldwide protests in support of the Black Lives Matter movement have heightened awareness of the inequalities experienced by people of colour. Their impact was visible in a 10% increase in membership of the THRIVE network (Hachette UK's BAME network for Black, Asian and minority ethnic populations) over six months, and greater participation at all levels of the company and among all business lines at THRIVE's informal monthly meetings. In September 2020, THRIVE launched Grow Your Story, a coaching programme for fiction writers from BAME communities without a literary agent.

In Spain, the Anaya group pressed ahead with efforts to promote respect for diversity, shared values and gender equality in all of its publications, and also supports several initiatives promoting cultural and educational activities that encourage social integration.

Lastly, at Lagardère Travel Retail, the creation of a Diversity and Inclusion Committee at Paradis Lagardère in the autumn of 2020 illustrates the American division's commitment to implementing an action plan with a threefold focus on employees (including training), customers and the work environment.

INTEGRATING EMPLOYEES WITH DISABILITIES

In France, Hachette Livre set up its own Mission Handicap programme and was also among the leading business signatories of the charter for the inclusion of people with disabilities in the workplace, which comprises 10 on-the-ground commitments aimed at encouraging businesses to drive inclusion and in-work support for people with disabilities.

A.3 PERFORMANCE

Indicator	2020	2019	2018
Percentage of women executives	51	49	49
Percentage of women managers	57	57	57
Percentage of managers to receive diversity awareness-raising or training during the year ⁽¹⁾	16	-	-

(1) Data reported for the first time in 2020.

In addition to the indicators described above, for several years the Group has also closely followed a number of formal disputes concerning discrimination alleged against one of its entities (see section 4.3.3.2 on respect for fundamental freedoms).

4.3.1.3 ACCESS TO AND DISSEMINATION OF EDUCATION, CULTURE AND ENTERTAINMENT

The Lagardère group's businesses aim not only to instil the love for reading and learning, but also to foster critical thinking, knowledge, culture and learning through the full range of content available on various media and in brick-and-mortar retail spaces. The wide array of content and products available, countries where it broadcasts and cultures highlighted in points of sale, together with the multiple points of view and types of content promoted by the Group's brands, support cultural diversity and freedom of expression.

A.1 STRATEGY

Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in the Group's businesses. With its involvement in the worlds of reading, writing, travel and information, Lagardère bears a special responsibility as a world leader in publishing and travel retail. Culture, in all its forms and all its diversity, is the driving force behind the Lagardère group. This is shown in the variety of books published by Lagardère Publishing, reflecting a broad spectrum of opinions in more than 70 countries and 15 languages, the reach of the Lagardère Travel Retail network (more than 4,850 points of sale in 39 countries), the variety of teams and cultural diversity, as well as the extensive range of products on offer.

Diverse cultures and ideas, freedom of expression, development of critical thinking, the ability to analyse and understand the world and knowledge transmission are all issues traditionally related to the activities and values of the Lagardère group. All the Group's brands contribute in their own way, shaped by the local context, to supporting individuals in their everyday lives by helping them understand the major issues in contemporary society (environment, social justice, diversity, health, human rights, etc.) and satisfying their desire to learn, discover, gain knowledge and open up to the world around them.

These priorities are handled by the Group's operating entities, which are responsible for ensuring the accessibility, dissemination and promotion of their products and services.

A.2 APPLICATION

ON ACCESSIBILITY, LITERACY AND THE PROMOTION OF READING

In France, the United States and the United Kingdom, Lagardère Publishing helps promote and develop audiobooks through its various brands. This format supports the visually impaired and those with reading difficulties, such as young dyslexics, by facilitating access to reading in general. However, audiobooks also

have broader appeal, whether for the quality of the narrator's voice, simple convenience or education. They offer an ideal way of passing on the pleasure of reading and encouraging people to read.

In 2019, the Hachette Livre group together with the Hachette UK and Hachette Book Group subsidiaries, signed the Accessible Books Consortium (ABC) Charter, in which they commit to increasing the number of books in accessible formats, including the blind and visually impaired, or otherwise print disabled. Hachette UK has also partnered with the Royal National Institute of Blind People (RNIB) to make 33,000 books in its catalogue available via the RNIB Bookshare platform.

In 2020, to help make books accessible to people with learning disabilities, Jessica Kingsley Publishers, one of the Hachette UK publishing houses, produced the publishing industry's first set of guidelines for creating dyslexia-friendly texts. Drafted in association with The Accessibility Network and the British Dyslexia Association, they describe how publishers can make books more readable for dyslexics, with adjustments ranging from font sizes to book cover designs.

In the United States, Hachette Book Group runs several initiatives aimed at facilitating access to reading among people with visual impairments or from underprivileged backgrounds and to promote a love of reading and writing. This is illustrated by the partnership with the National Library Service for the Blind and Physically Handicapped, through which the American subsidiary is making its entire catalogue of digital books (15,294 titles in 2020) and audio books (5,872 titles in 2020) available free of charge to people with these disabilities. Hachette Book Group also continues to be a key partner in a nationwide initiative (Book Rich Environments) providing children and even whole families with quality books on a variety of topics. The goal of this programme, which is in place throughout the United States, is to foster a love of reading, promote culture and help young people build their own libraries at home. In 2020, Hachette Book Group donated 32,500 books as part of this partnership.

In France, in addition to its daily activities and involvement via the SNE (the French Publishers' Union) in all public events related to combating illiteracy and encouraging reading, Hachette Livre leads many initiatives. The most emblematic is Le Camion qui Livre, which embarked on its seventh consecutive year of commitment in 2020, despite the particularly challenging health situation.

The Livre de Poche mobile bookstore once again criss-crossed beaches throughout the summer. By going out in search of readers on the beaches and, above all, attracting people that might not otherwise have visited a bookshop, this operation ties in with Le Livre de Poche's historical purpose of making reading and culture accessible to all. In 2020, the house also completed the fourth year of its partnership with Unicef's mission to educate the millions of children worldwide who are not enrolled in school, by publishing previously unpublished works and donating a portion of the proceeds to the cause.

In France, through the Relay store network, Lagardère Travel Retail was a participant in BD 2020, the 2020 year of comics, notably during the Angoulême International Comics Festival.

From 13 January to 2 February, the company offered travellers a variety of events in nearly 100 stores throughout France, honouring comics as a cultural product and making them more accessible to as many people as possible, with high-profile media coverage in stores, book signings by well-known authors and cartoonists and competitions for travellers.

Lagardère Travel Retail each year also organises and/or supports a number of operations to promote reading and culture through its store network:

- ▶ for more than 40 years, the Relay Traveller Readers' Award has provided a high level of media coverage for the books entered during the year and forged a genuine community of "traveller readers";
- ▶ the Relay Magazine of the Year Award, in partnership with the Syndicat des Éditeurs de la Presse Magazine, selects the best magazines of the year and promotes them to a large audience through a major multi-channel campaign;
- ▶ for the second consecutive year, Lagardère Travel Retail France was a partner of the Publishing Awards organised by the magazine *Livres Hebdo* through the Relay banner. This exceptional event rewards publishing professionals who contribute to the influence of publishing through their excellence, boldness and creativity. In 2020, Relay sponsored the Special Author of the Year Award, with the winning book widely publicised in the store network;
- ▶ throughout the year, it organised signing sessions in its stores;
- ▶ the division put a focus on publishers' advertising campaigns to encourage people to read books and magazines.

Also noteworthy was a joint initiative of the Group's two main subsidiaries in France to donate books and press titles to hospitals. For more than ten years, teams at more than 100 stores in the Relais H network (Relay stores operating in hospitals) have been making "reading" donations (books and newspapers) timed to coincide with the festive season to departments, specialised services and libraries in French hospitals, thereby enabling hospital patients – both children and adults – to enjoy a dose of culture and entertainment, with hundreds of titles available.

ON EDUCATION, FREEDOM OF EXPRESSION, DIVERSITY AND PLURALISM

Hachette Livre is a founding member of the PEN International Publishers Circle. PEN International is an NGO formed in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide. In the three countries where it operates (France, the United Kingdom and the United States), Hachette Livre actively helps to finance PEN and countless other local and national initiatives that seek to protect freedom of expression and publication around the world, support authors and, more broadly, promote the added value of books and reading.

In France, every year since 2013, Hatier has held a contest called *Le Tremplin Prépac* for secondary school students, with a €5,000 winning prize intended to fund future career plans. Hatier received recognition for this initiative in December 2019 in the form of a publishing trophy in the CSR category.

Since October 2017, Hachette Livre has been a founding member of Educapital, a European investment fund dedicated to education and training. Educapital identifies and partners innovative start-ups in the education and training sectors, particularly in primary, secondary and higher education segments as well as in extra-curricular activities.

At the end of 2019, Éditions JC Lattès, together with RFI and Cité internationale des arts, launched the *Voix d'Afriques* (African Voices) literary prize for young African writers, which showcases new African novel-writing talent in French. The award's second edition was held in 2020.

Education also involves raising awareness about the major issues facing society. As the publishing business is primarily driven by the diversity of the books it releases and the ideas it develops, Lagardère Publishing's primary responsibility is to help readers understand the major issues across the world today. In 2018, Hachette Livre bought *La Plage*, which publishes books by authors involved in environmental issues and well-being topics. This acquisition has enhanced the subsidiary's variety of available works and has provided *La Plage* with a broader platform for its authors to wave the environmental flag.

Hachette Book Group continued its partnership with the Read Ahead organisation for the ninth straight year. This has led a number of employees to help pupils of a state school in New York to practise and improve their reading abilities over a full school year, and more generally to provide mentoring throughout their course.

The American subsidiary is also committed to the New Jersey Law and Education Empowerment Project, a college access and success programme serving students and families in the greater Newark area. Specifically, HBG contributed to College Bound, a programme that provides middle and high school students with the academic and socio-emotional skills necessary to succeed in college and beyond. HBG has provided support to six high school students, in the form of training sessions, coaching and mentoring.

Hachette UK set up its Changing the Story programme as part of its objective to promote diversity, social inclusion, equality, accessibility, dissemination of culture, reading and writing. This 360-degree programme involves a range of initiatives (partnerships, workshops, mentoring, fundraising, donations, editorial choices, employee engagement, training, enterprise network, etc.) designed to make Hachette UK the leading publisher in the United Kingdom.

The breadth of its nationwide network allows Lagardère Travel Retail France to promote the regional and local press through a policy of listing regional dailies and special issues, and through customised merchandising in dedicated displays. Over 150 regional press titles are available at Relay. Among books, the tourist guides sold in our stores promote local culture. Lagardère Travel Retail France works with the largest national publishers to cover all regions of France, but also with more specific local publishers to offer micro-regional guides suited to a specific store or geographical area.

Perpetuating a tradition dating back nearly 30 years, Lagardère Travel Retail France contributes to freedom of expression. Through its network of Relay sales outlets, the division supports the work of Reporters Without Borders (Reporters Sans Frontières) by promoting the association's three annual publications, free of charge. Moreover, the amount raised from their sale is passed on to Reporters Without Borders in full. Relay also promotes the organisation on its website and in its stores, notably through free advertising space and support for the association's prospective events.

In 2020, Lagardère's media activities helped explain, through their content, opinions and/or partnerships, many topical issues to various audiences. With its new baseline, *Écoutez le monde changer* (Listen to the world change) and by staging the *Trophées de l'Avenir* awards for excellence in social innovation and commitment, the Europe 1 radio station is demonstrating its commitment to raising awareness of major social issues among its audience.

A.3 PERFORMANCE

Indicateur	2020	2019	2018
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	16,453	14,203	12,363

4.3.1.4 QUALITY, COMPLIANCE, HYGIENE AND SAFETY OF THE PRODUCTS SOLD

All companies have a duty to ensure the health and safety of the people who use their products and services, as well as complying with applicable regulations. These priorities apply in different ways to every subsidiary and activity within the Lagardère group. As an example, both physical products delivered with books (accessories, household items, toys, etc.) and food products must be compliant.

The Foodservice business at Lagardère Travel Retail requires a heightened focus on food hygiene and safety issues. An incident involving the quality of food products sold at Group stores would not only endanger the health and physical safety of consumers but could also jeopardise the Group's credibility and reputation among both customers and partners.

A.1 STRATEGY

At Lagardère Publishing, Hachette Livre France relies primarily on its Product Safety Committee, which meets several times a year with members from the various divisions to share information on changes in applicable regulations and standards, and on product safety conditions encountered in the course of its business. This committee is also responsible for developing safety procedures for Hachette products, which are the second pillar of its strategy. Lastly, product development and manufacturing teams are also regularly trained on product safety issues.

In addition, suppliers select packaging and accessories based on criteria defined by the Group Purchasing Department. Suppliers are contractually committed to only delivering products that meet the applicable consumer health and safety standards. In addition, products such as toys that are subject to specific regulations are screened for safety post-development and are controlled by independent laboratories before being marketed to the public. Tests are also performed on kitchenware, electrical and electronic items, and cosmetics, with the test reports archived for ten years. Hachette Livre makes available to its wholesale customers all of the compliance declarations for products subject to safety regulations and standards. This is the case for toys, articles suitable for contact with food, and electrical and electronic articles.

The same demanding standards apply at Hachette Book Group, Hachette Livre's American subsidiary, which has a quality procedure and a safety testing programme.

The expansion of Foodservice at Lagardère Travel Retail since 2014 means food hygiene and safety issues have become a priority, as the division now offers food at more than 1,100 points of sale in 23 countries. Developed with the support of Bureau Veritas and its local network of health safety and brand compliance experts, Lagardère Travel Retail's strategy is based primarily on Food Safety Guidelines drawn up for circulation in all countries. These standards set out the policy along with strict rules that are sometimes more demanding than local hygiene regulations.

In addition to food hygiene and safety issues, there is a real opportunity to contribute to progress on today's social issues, namely health and healthy eating habits that are good for both people and the planet. That is why Lagardère Travel Retail is gradually committing

to sourcing its products in a more ethical manner. In early 2018, Lagardère Travel Retail pledged that it would no longer sell eggs or egg-based products from caged hens as of 2025 throughout its network worldwide. In 2020, Lagardère Travel Retail additionally undertook to confine its purchases of chicken meat to farms that meet the criteria of the European Chicken Commitment. In view of the health crisis, the communication of this commitment, which concerns Europe and has a deadline of 2026, was postponed until 2021.

A.2 APPLICATION

Since the end of 2012 in France, Lagardère Publishing has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to retailers and booksellers for products requiring certification. The subsidiary also set up a product safety committee that meets several times per year and has put in place incident and crisis management procedures for product safety which went into effect in early 2015. Product development and manufacturing teams are also regularly trained on product safety issues.

Hachette Livre also asks its suppliers to formally commit to respecting the requirements of European regulations concerning chemical substances such as REACH (Registration, Evaluation and Authorisation of Chemicals), CLP (Classification, Labelling, Packaging) and POP (Persistent Organic Pollutants). Hachette Livre regularly commissions independent laboratories to carry out tests on its articles to ensure that the concentration or migration limits of the substances present are well below the levels set by the regulations.

In France, the subsidiary is also a member of the toy standardisation committee and participates in developing European toy safety standards, including the EN 71 European safety standard series.

At Hachette Book Group (HBG), all products marketed comply with various US regulations, including the Consumer Product Safety Improvement Act (CPSIA) for children's products, in addition to regulations applicable in Canada, the United Kingdom, the European Union, Australia and New Zealand. If a product contains material not typically found in a regular book, safety tests are performed by a third-party testing agency accredited by the Consumer Product Safety Commission. For complex products, design evaluations and preliminary testing of components can take place throughout the product's development phase. For products subject to mandatory safety testing, HBG adheres strictly to its testing programme, which requires safety testing of the applicable product at least once every 12 months if there are no changes to its composition. Further testing is required if the manufacturing or product specifications change (country of origin, factory, design, materials). If a recall is necessary, HBG follows its quality procedure to notify the relevant departments and take the necessary steps to freeze the marketing of the product in question.

For Lagardère Travel Retail, the strategy is based on four pillars:

1. Food Safety Guidelines include tools for implementing action plans as well as objectives. Across all countries, an HACCP⁽¹⁾ system for controlling food safety applies both to catering operations and the sale of packaged food. Daily food hygiene and safety checks are performed at each point of sale, following strict and

(1) HCCP: Hazard Analysis Critical Control Point.

specific procedures, from the supplier delivery phase to final sale to the consumer;

- an annual audit plan is conducted at each of the subsidiaries, including in-depth questionnaires for each point of sale and audits for the headquarters of each of the divisions. Eight countries were audited in 2016, ten in 2017, fourteen in 2018 and sixteen in 2019. The seventeen audits planned for 2020 had to be postponed due to the health crisis and the closure of most sites. Events permitting, audits will be conducted in eighteen countries in 2021. This work, led by headquarters, is rounded out by audits led by the countries themselves, most of which are conducted quarterly, adding up to more than 3,000 audits conducted annually in the Foodservices network;
- awareness-raising programmes, conducted in all new Foodservice regions, such as Gabon. In 2021, an e-learning module will also be rolled down following a successful pilot in France;
- digitalisation of daily checks since 2018, thanks to the use of web tools on tablets.

In 2020, in response to the challenges of the health crisis, Lagardère Travel Retail launched several initiatives simultaneously:

- creation and roll-out of specific guidelines (Health and Safety Guidelines Covid-19);
- provision of communication tools for all stores to mark out the consumer pathway;
- launch of the Stay Safe, We Care label carrying ten commitments on food safety. The label aims to inform and reassure consumers,

who can flash a QR Code to learn about the various sanitary measures in place in the store or restaurant where they are. The label has been circulated to all countries to be adapted and applied locally.

Following the subsidiary's commitments on product sourcing and traceability, some countries have already changed their egg supplies in their entirety when local production volumes allow. This is the case in Italy, Austria and Australia, for example.

Lastly, alongside the food hygiene and safety issues, the subsidiary is becoming increasingly aware of growing demand from contractors and consumers for healthier foods that promote traveller well-being. This has given rise to partnerships with brands that are committed to improving the intrinsic quality of the products or providing locally sourced products. In France, for instance, Lagardère Travel Retail has revisited its snacking offer: organic products now account for 7% of biscuit sales and 8% of savoury products. The range of self-service snacking products has also been redesigned. It now offers up to 40 organic and dietary references, including in biscuits and seeds. Lastly, in partnership with Picadeli, Lagardère Travel Retail France has opened self-service salad bars in over 40 Relais H restaurants (hospitals). Customers can choose from between some 40 fresh ingredients, which change with each season (two menus per year).

France is committed to ensuring that 50% of the Foodservice offer is reserved for local, organic, sustainable or labelled products and 80% for French products by 2022. By the end of 2020, 31% of products were local or organic, and 76% were French.

A.3 PERFORMANCE

Indicator	2020	2019	2018
Number of countries audited for health and safety during the year	0	16	14
Percentage of countries audited for health and safety at year-end	0	70	70

As previously explained, the results reported for 2020 reflect the health crisis, as audits were postponed until 2021 (18 audits planned).

4.3.2 ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

4.3.2.1 RESOURCE MANAGEMENT, ANTI-WASTE MEASURES AND THE CIRCULAR ECONOMY

Products essential to the deployment and development of the Group's activities involve the use of many natural resources. This reliance requires the implementation of mitigation measures to limit the negative environmental impacts generated by these activities. In a society that is increasingly concerned about ecological and environmental issues, the Group could find itself challenged by public opinion in the event of poor management of raw materials and/or natural resources used in the day-to-day running of its activities. This risk would be compounded if initiatives fail to meet the expectations of customers, consumers and other stakeholders on the matter.

In this area, and in view of its legacy and growing activities, the Group's commitments cover three main items, namely paper, food waste and plastic.

Paper is historically the Group's predominant raw material. When produced from renewable sources, paper can be a quintessentially eco-friendly material – if the impacts of its production are managed properly. Like any product, paper leaves an environmental footprint throughout its life cycle, from the forest and purchase of raw materials to production and recycling unsold copies. Paper pulp is a globalised resource that is imported from many countries and transported worldwide. As a result, each of the steps in the paper manufacturing process can combine several sources. This explains the need for vigilance, particularly in supply management.

Furthermore, in view of the growing importance of the Foodservice business at Lagardère Travel Retail, and the financial, environmental and social challenges related to food waste, it is imperative to take action to encourage production and consumption patterns to embrace more sustainable practices.

Lastly, the fight against plastic pollution has also become a priority for the Group's activities, which have begun making tangible progress on this issue since 2020.

A.1 STRATEGY

Through its Lagardère Publishing subsidiary, the Lagardère group has long led a policy of responsible paper management which applies throughout the paper life cycle. From supply to production to the management of returns, Lagardère works with all its trade partners involved at every stage.

The Group seeks first and foremost to increase from year to year the proportion of purchases of certified paper sourced from sustainably managed forests, in other words those where the amount of wood cut each year does not exceed the amount of biomass that has grown that same year, thereby guaranteeing the maintenance of the carbon stock in the forest rather than allowing forests to be overexploited or entire areas to be deforested. It also endeavours to use recycled paper wherever possible. Whether paper is purchased directly from paper manufacturers or supplied by the Group's regular printers, the policy is to prioritise printing on PEFC or FSC certified paper. Buying certified paper also has consequences for the preservation of biodiversity, since the sustainable approach

involves controlling forest resources, and also takes into account criteria such as the productive and protective functions of forests, biological diversity, and forest health and vitality.

Meanwhile, Lagardère Travel Retail is rolling out five initiatives in its operating entities to combat food waste, an issue on which the subsidiary has made a resolute commitment by proposing solutions to customers and employees and by implementing appropriate reduction measures.

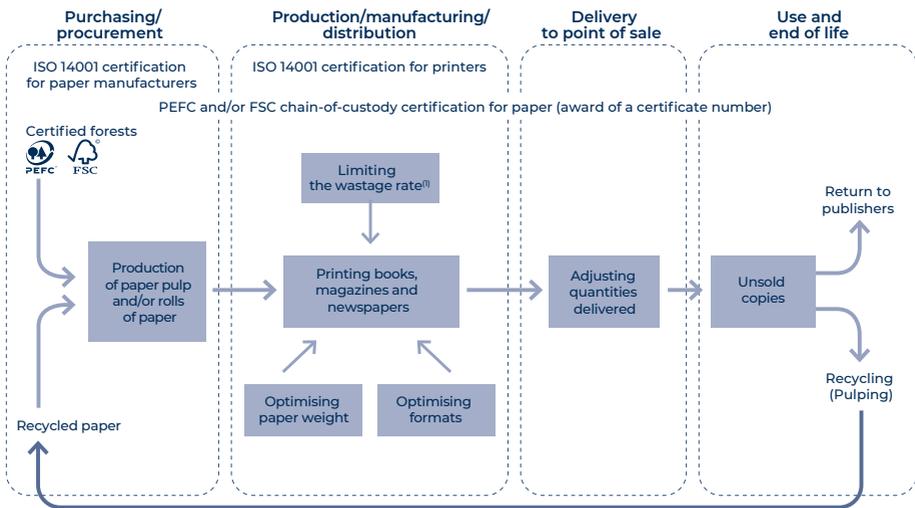
On the issue of plastic pollution, Hachette Livre initiated an audit in France in 2020, while Lagardère Travel Retail is working to gradually eliminate single-use plastic from all internal brands.

At the local level, in each of the relevant business units, the technical teams in charge of paper manufacturing and/or procurement, as well as the operational teams in charge of the stores, support and embody this strategy on natural resources, thereby contributing to the gradual reduction of the negative impact of the Group's operations.

Paper cycle

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.



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

A.2 APPLICATION

PAPER PROCUREMENT

Over the years, initiatives focusing on traceability and monitoring of the quality of paper purchased directly or supplied 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.

Several measures are implemented alongside responsible paper procurement to control the quality of paper purchased.

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

At the end of 2016, Hachette Book Group launched a programme to verify fibres sourced from Asia that are introduced into the paper it purchases. Each quarter, samples of the paper used for publications distributed by the American subsidiary are tested to obtain assurance that the paper purchased from Asian markets is from suppliers that respect their environmental commitments. To do this, Hachette Book Group has contracted a specialist laboratory to test the fibres of inside pages, cover pages, sleeves and book covers which are selected at random from among the publications printed in Asia. The aim is to ensure that no precious exotic woods are mixed into the weave and that the paper meets the specifications of Lagardère Publishing.

This programme was progressively extended to all Lagardère Publishing entities in France, the United Kingdom and Spain. This represents a significant initiative that rounds out and reinforces the subsidiary's policy of purchasing certified and recycled paper.

In 2010, the Group's Press business committed to using only certified PEFC (or recycled) paper printed by certified suppliers, allowing it to place its printers' "PEFC certified" logo on mastheads and in credits.

Recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. However, as the supply of recycled paper for magazines remains limited due to the significant volumes required and small number of suppliers in the market, certified paper is preferred.

The Group's operating staff in charge of paper procurement have for some time run a policy to raise awareness of environmental issues with their paper suppliers and printers, both in France and abroad, by encouraging certification. Consequently, around 97% of the paper purchased by Lagardère Publishing was sourced from ISO 14001-certified suppliers.

MONITORING PAPER CONSUMPTION

Operating staff have adopted a number of initiatives to limit wastage (percentage of paper wasted) during the production process (printing and after-press). The wastage rate is calculated by comparing the amount of paper used in the printing process with the amount of paper delivered in the form of books, newspapers or magazines. The rate can vary greatly depending on the printing technology used (type of machine or colours) and the number of books or magazines produced (the print run).

As part of the policy for reducing the paper wastage rate, the teams concerned determine the best technical inputs 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 monitored regularly 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 range 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 welcome lighter school bags.

Print-on-demand technology also helps to reduce paper consumption while limiting greenhouse gas emissions for production, storage and transportation. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue continued to expand in 2020.

In France, Hachette Livre is also using print-on-demand technology as part of a large-scale project launched in association with France's national library (*Bibliothèque Nationale de France*), to enable a

selection of more than 200,000 works to be made available for purchase via Hachette Livre's network of bookstores.

WASTE PAPER

At Lagardère Publishing, unsold copies that are not crushed to be recycled and to go entirely into the recycled paper channel are reintegrated into the publishers' inventory.

The Group's Press activities take action upstream to reduce the rate of returns, optimising the number of copies of each title sent to stores. Returns are an inevitable part of newsstand sales; to manage them as effectively as possible, sales managers use specialist software to constantly fine-tune quantities printed and delivered. Over many years, these actions have reduced rates of returns to below the national average.

FIGHTING FOOD WASTAGE

With the fight against food wastage now a major public policy issue, Lagardère Travel Retail is striving to contribute to it across all of its operating regions by rolling out a certain number of complementary measures to reduce food loss. Optimising production, preserving food, preventing waste, processing uneaten food and transferring unsold products are the cornerstones of the subsidiary's strategy.

To optimise production, Lagardère Travel Retail and its entities choose fresh, seasonal and less perishable ingredients, and favour on-site preparation to remain aligned with demand and avoid overproduction. Products are produced regularly, but in quantities sized to match demand. For example, the products produced or purchased by Lagardère Travel Retail's Czech subsidiary are vacuum-packed to extend their shelf life.

As regards food preservation, in the Netherlands, a product called Slow – which absorbs ethylene contained in fresh produce, slowing down the maturation process – is used to perfectly preserve fresh produce such as fruit, vegetables and herbs for up to 30 days.

To prevent waste as much as possible, happy hours are organised at the end of the day to limit food loss (Bulgaria, Czech Republic, Poland, Romania). In some countries, customers' awareness of the fight against waste is raised through online and in-store communication campaigns. In France, the Too Good To Go app enables customers to buy unsold meals online at reduced prices. In the Czech Republic, a milk dosing system for hot drinks has been set up at Costa Coffee to reduce wastage as well as to improve food security in view of its short shelf life.

Several initiatives are in place to address the transformation of uneaten food. In the Czech Republic, for example, the coffee grounds generated by Costa Coffee branches are made available to both customers and a gardening association. At UGO juice bars, there are plans to transform unused fruit and vegetables into compost.

At the end of the chain, the transfer of unsold goods is a particularly appropriate final link. Whether used for animal feed (unsold food unfit for human consumption) or to assist vulnerable people, the end of life of unsold food serves a social purpose. The examples below show the range of possible solutions that Lagardère Travel Retail is committed to implementing in all its regions of operation:

- ▶ distribution of unsold products to zoos, circuses and animal shelters in the Czech Republic and Romania;
- ▶ partnership in Romania with Caritas, a not-for-profit organisation, under which on four days each week, employees from several points of sale deliver products nearing the end of their shelf life, as well as two other bodies, the Life and Light Foundation and the Metropolis Foundation. Caritas then redistributes the products to disadvantaged children and elderly people;

- ▶ cooperation with charities for the homeless such as the Salvation Army in the Czech Republic;
- ▶ cooperation with local food banks in the United States and Italy.

The health situation in 2020 and the large quantity of unsold products resulted in significant food donations in many countries. For example, a donation of nearly €200,000 was made in Singapore. In France, following the drop in footfall in railway stations and airports as a result of lockdown and curfew measures, Lagardère Travel Retail France was confronted with large stocks of unsold food. To avoid wasting them and to allow them to benefit those who need them, a partnership was formed with Phenix, a start-up at the forefront of the fight against wastage. As a result, just over €240,000 worth of food was donated to nearly 13 charities, most of them in the Ile-de-France region (Lagardère Travel Retail France's logistics warehouse is located in Val-d'Oise). In terms of waste reduction, the initiative saved the equivalent of 160,000 meals and avoided 81 tonnes of waste. Lastly, a tonne of food was also donated to the Paris public hospital system (Assistance Publique des Hôpitaux de Paris – APHP).

PLASTIC REDUCTION

Driven by a constant determination to reduce their environmental footprint, the Lagardère group's subsidiaries successfully made progress on plastic reduction in 2020, despite the backdrop of the crisis.

Hachette Livre France launched a comprehensive review of its use of plastic throughout its processes. The aim is to obtain a precise measurement of the plastic footprint within the manufacturing and distribution chains. Throughout the second half of 2020, detailed mapping was carried out to determine the various types of materials and volumes of plastics used in production (banners, lamination or protection for books or boxes, etc.) and logistics (film for securing pallets, packaging, etc.). A comparable review is now also under way on partworks, aligned with the specific nature of that activity. The first half of 2021 will be devoted to drawing up an action plan focusing on the main areas of substitutability, eco-design, sustainable procurement and the adaptation of industrial processes in order to

match usage to requirements so as to reduce the plastic footprint in the coming years.

In late 2019, the Lagardère Travel Retail subsidiary decided to eliminate all plastic consumables provided with food products manufactured by its proprietary foodservice brands worldwide. The initiative began in France in July 2020, with the rest of Europe following in December 2020. Since then, orders for single-use plastic consumables have been discontinued in all these markets.

This major change was possible thanks to quick work by departments and countries to identify products and suppliers meeting the new specifications so as to facilitate the transition. The initiative will be extended to the subsidiary's other regions (United States, Asia-Pacific, Middle East and Africa) during the first quarter of 2021. In tandem with this approach, the subsidiary has reviewed the way it uses plastic consumables overall in order to reduce their volumes and optimise the impact of its commitment in this area. For example, complete sets of plastic cutlery are no longer given out if they are not needed to eat the products purchased, and lids are now simply offered to customers rather than being placed on cups automatically.

REFURBISHMENT OF POINTS OF SALE

In addition to these three major natural resource management issues, the refurbishment of Relay stores at Lagardère Travel Retail in France regularly provides an opportunity to adopt anti-waste and circular economy principles. The process involves recovering equipment (coffee grinders, ovens, microwaves, LED projectors, cold cabinets, ice machines, refrigerated display cases, dishwashers, glasswashers, etc.) or fittings (lockers, counters, consoles, gondolas, furniture, bins, tables, etc.) that are still in good condition, and reusing and re-injecting them back into the network. In the same vein, some Relais H table legs are cleaned and reused with new tops to make new tables. Lastly, the modernisation of all Lagardère Travel Retail stores undertaken in France in the second half of 2020 includes equipping them with sorting bins (liquid, plastic bottles, organic waste), particularly in its foodservice units and Relais H outlets.

A.3 PERFORMANCE

Indicator	2020	2019	2018
Total weight of paper purchased directly (in kilotons)	121.5	123.3	180.2
Total weight of paper purchased and supplied (in kilotons)	160.0	152.6	210.9
Percentage of certified paper	94.7	> 87	87
Percentage of recycled paper	3.3	< 10	10

4.3.2.2 MANAGEMENT OF ENERGY AND CARBON IMPACTS

The increase in greenhouse gas emissions caused by human activities is undeniably accelerating climate change, which is a global challenge that affects many regions and calls for both a concerted international effort involving many different countries and smaller-scale initiatives led by individual countries, corporates and people. Fighting climate change is a major challenge of our time that needs to be addressed by all companies, both public and private. Taking carbon footprints into account has therefore become essential for any company committed to pursuing a serious CSR strategy.

A.1 STRATEGY

As a leading publisher, producer, broadcaster and distributor of content, the Lagardère group's main responsibility on the issue of

climate change is to use its ability to raise awareness, inform and educate the general public on the issue. Helping to improve the development and sharing of knowledge around climate change, its origins, causes and the various options that exist for reducing its impacts are all topics addressed by the Group's various media over the course of the year as they cover, handle and analyse the latest developments in this area.

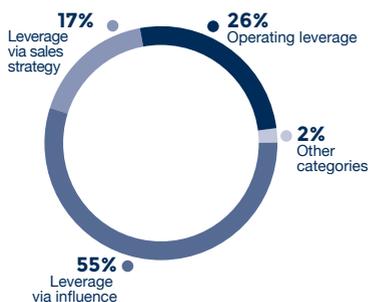
Beyond this specific responsibility, the Group's activities are largely tertiary in nature, which therefore limits the direct impact it has on the environment and therefore on climate change. Nevertheless, in order to identify the activities responsible for the most greenhouse gas emissions and the actions that could be taken to reduce these emissions, in the first half of 2016, the Lagardère group conducted its first consolidated Bilan Carbone® audit.

In terms of the methodology, the audit was carried out using 2015 business data. It covered all the activities of the Group's four divisions

at that time, and therefore included all direct and indirect emissions, both upstream and downstream, connected with its many operations and sites. The goal of this exercise was not so much to arrive at an accurate number, but to get an idea of the orders of magnitude involved (particularly for most Scope 3 emission sources) and to assess the level of carbon dependence in the value chain. This audit is effectively a strategic analysis tool that has enabled the Group to test numerous assumptions relating to its carbon priorities formulated over the years thanks to its in-depth knowledge of its subsidiaries.

The emissions were divided into three main categories in line with the scope for action available to the Group. The last category consists of residual items. The breakdown is illustrated in the chart below.

Breakdown of the Lagardère group's carbon emissions by scope for action



The highest emissions category is therefore the category offering leverage through influence and includes the following:

- ▶ production and use of the audiovisual and digital equipment used by end customers for the consumption of the Group's media content (televisions, radios, computers, mobile phones, tablets and e-readers) = 39%;
- ▶ transportation used by spectators attending sports and cultural events in the entertainment venues and stadiums operated by the Group = 13%;
- ▶ transmission of TV/ radio/digital signals to broadcast the Group's media content = 3%.

In each of these categories, the scope for action is very limited:

- ▶ production and use of audiovisual and digital equipment: the only two actions that are possible for this item are lobbying equipment manufacturers and educating users on responsible ways of

operating their equipment (energy consumption and depreciation over time), two areas over which the Group has little influence;

- ▶ transportation used by spectators to attend events: promoting green mobility, partnerships that encourage the use of public transport, car sharing, etc.; these are valid options for spectators that are already at the venue or who live a reasonable distance away. Nevertheless, these actions do little to stop international travel, the majority of which is by air;
- ▶ transmission of TV/radio/digital signals: the Lagardère group is entirely dependent on these networks which are controlled by public and/or private operators.

The second highest emissions category is a category that offers scope for action via the sales strategy (17%). This category relates to the manufacture of the products sold at Lagardère Travel Retail's various points of sale (food and drink, newspapers and magazines, miscellaneous accessories, fragrances and cosmetics, clothing and textiles, etc.). The scope for action is more obvious in this category, namely offering products that are less carbon-intensive and that are produced locally. Many of Lagardère Travel Retail's stores already sell a large range of local products at points of sale around the world. Offering products that have a lower carbon impact involves implementing a major overhaul of the product offering across the store network.

These first two categories alone account for 72% of the Group's emissions.

The third category, and one that does offer operational scope for action, accounts for just over a quarter (26%) of the Group's emissions and includes the following categories:

- ▶ production of paper goods (books, magazines and newspapers) = 11%;
- ▶ distribution of products sold (logistics) = 10%;
- ▶ energy consumed by the Group's buildings (offices, warehouses, points of sale, venues, etc.) = 5%.

These categories represent the main sources of greenhouse gas emissions that the Group can tackle with a certain amount of ease.

The fourth and last category, accounting for 2% of emissions, includes the three remaining emitters linked to the following activities: event organisation/production, production of TV/radio/digital content and end-of-life products.

Lastly, it is worth noting that there is still a great deal of uncertainty surrounding this type of analysis, particularly with regard to the average emissions factors used, assumptions retained, extrapolations and estimates made, etc. The different levels of uncertainty relating to all the emitting activities included in the analysis are summarised in the table below.

Level of uncertainty of emitting items

Emissions factor	Uncertainty
Manufacture and use of audiovisual and digital equipment	+++
Manufacture of goods sold at points of sale	++
Transportation of spectators	+++
Manufacture of paper goods	+
Distribution of goods sold (logistics)	++
Energy consumed by buildings	+
Television/radio/digital signals	+++
Event organisation/production	++
Production of TV/radio/digital content	+++
End-of-life products	++

The results of this analysis are used to support the initiatives started many years ago by the Group as part of its carbon-reduction strategy. This consists in focusing on the areas in which the Group has genuine scope for action, namely:

- ▶ production of paper goods, books and magazines (see section 4.3.2.1);
- ▶ controlling energy consumption in offices, points of sale, warehouses and entertainment venues (see next section);
- ▶ optimisation of logistics (see next section).

The Group has not yet identified any operations likely to be heavily impacted by the increase in frequency or intensity of climate-related incidents. Accordingly, since the Group considers that this situation is not likely to hinder the smooth functioning of its activities, it has not yet put in place any specific measures to adapt to the consequences of climate change.

A.2 APPLICATION

WITHIN THE BUSINESS LINES

At **Lagardère Publishing**, the various measures implemented to ensure the traceability of paper and book manufacturing have made it possible to display two labels on all French language books for the last five years: the carbon footprint of the item and the source (certified or recycled) of the fibres used in their production.

At **Lagardère Travel Retail**, in addition to the initiatives mentioned above (see section 4.3.2.1), efforts are also being made to reduce transport-related emissions in connection with warehouse deliveries. Lagardère Duty Free has operated a fleet of hybrid vehicles since 2015. The use of this fleet at Paris-Charles de Gaulle and Paris Orly airports has reduced fuel consumption by 20% per year. Elsewhere,

across the international store network operated by the division, energy optimisation programmes have been set up involving such actions as switching to LED bulbs and using refrigerators with doors.

The Group and its subsidiaries each organise their own approach to this challenge, for instance, by developing awareness campaigns and training programmes to help their employees understand the concerns specific to their particular business and the tools and measures available to manage them.

OFFICE PREMISES

The Lagardère Group is implementing a strategy to reduce its carbon footprint at its office premises in three ways:

- ▶ opting for energy-efficient buildings and/or buildings with environmental certification for employees of Group companies. For example, the headquarters of Hachette Livre at Vanves in the Paris area, obtained HQE NF very high environmental standard certification for commercial buildings, as well as the BBC energy efficiency label. The new headquarters of Hachette UK, Carmelite House, has BREEAM certification;
- ▶ implementing a programme to increase its use of low-carbon energy sources. Several of its premises in Paris have been heated for years by a district heating system supplied by Compagnie Parisienne de Chauffage Urbain (CPCU). In late 2017, the Group switched to clean electricity to supply all of the sites that it controls in France;
- ▶ using offices in a rational and pragmatic way. The Group's office premises are increasingly being configured for optimal daily energy consumption (LED lighting, occupancy sensors, labelled computer equipment, equipment sharing, etc.).

A.3 PERFORMANCE

Indicator	2020	2019
CO ₂ emissions per €m of revenue (in tCO ₂ e)	18.1	16.3

The ratios presented in the table above refer to Scopes 1 and 2 emissions described in A.1 of section 4.4.3.

The sharp increase between 2019 and 2020 is obviously attributable to the health crisis, which heavily impacted the Group's activities, particularly those of Lagardère Travel Retail, the main contributor to the Group's energy consumption through its extensive store network. Thus, while energy consumption and as such greenhouse gas emissions were understandably down in 2020, they did not fall as much as the subsidiary's revenue. In all of our countries of

operation, a number of stores remained open in certain strategic areas, in agreement with the concession granters (railway stations, airports, hospitals), in order to ensure basic services. But with far fewer people moving through railway stations and airports than in normal times, the energy consumption generated by these stores was never offset by the sales achieved within the network.

4.3.3 RESPECT FOR HUMAN RIGHTS

4.3.3.1 RESPECT FOR PRIVACY

With the explosion in the amount of data available online and the surge in cyber-attacks in recent years, personal data protection has become a major social issue that requires increased responsibility and vigilance. Information systems are of critical importance in the day-to-day operations of the Group, and contain confidential data relating to how its businesses are run as well as personal data concerning third parties (particularly customers, suppliers and web users) and the Group's employees.

A.1 STRATEGY AND APPLICATION

The Group's information systems contain personal data on Group employees and third parties, including magazine and partworks subscribers, the travelling public (duty free) and website visitors (media, education).

Since the adoption of the General Data Protection Regulation (GDPR) applicable in France and all EU Member States as of 25 May 2018, this issue has been brought into the spotlight and to the public's attention, requiring the close involvement of the relevant authorities. Legal precedent has begun to be established, particularly concerning sanctions and the exercise of certain rights such as the "right to be forgotten".

The Group has been actively implementing the Regulation since 2016 with the full support of the Managing Partners. After initial awareness-raising initiatives run by the Group in its divisions as from mid-2016, a dedicated task force was set up at Group level, coordinated by three departments and comprising the Data Protection Officer (DPO), the Group IT Director and the Chief Compliance Officer.

A Steering Committee was also set up with the divisions under the responsibility of the DPO, and a network of officers was created in the divisions. This has enabled various applications, tools and policies to be validated for compiling information on data processed and ensuring that personal data are duly protected (see section 3.2.6.6).

The GDPR compliance programme is now part of the Group's continuous improvement process, alongside all other risk management and compliance programmes. Internal Audit missions are regularly conducted on this subject.

Chapter 3 – Risk factors and control system, describes all measures undertaken in the area of information system security and the application of the General Data Protection Regulation.

Protecting intellectual property is a central priority at Lagardère Publishing, as its publishers are the custodians of their authors' rights.

4.3.3.2 RESPECT FOR FUNDAMENTAL FREEDOMS

In an increasingly transparent world, companies are faced with growing expectations from all quarters to demonstrate that they respect human rights in their operations and value chains.

It is the responsibility of governments to transpose international human rights obligations into national legislation and ensure they are applied. But companies must also respond to the objective and challenge to enforce internationally recognised human rights. As business organisations have some control over the human rights of their employees and contractors, the people who work for their suppliers, the communities that revolve around their business activities, and the end users of their products and services, many nations have passed regulations that set out protective measures

to prevent human rights violations by companies, including laws on employment, discrimination, the environment, and health and safety. Business conduct can therefore have a direct or indirect positive or negative impact on human rights.

In practice, some rights are more relevant than others depending on the industry, region or circumstances. For the Lagardère group, human rights issues can be split into three main categories.

First, activities in the areas of culture, education and knowledge are linked to and have a positive impact on a number of human rights (right to freedom of opinion and expression, right to education). This positive impact is described in detail in section 4.3.1.3.

Second, human rights affect all Group employees and cover risks associated with working conditions, health, safety and security, and discrimination. In addition to the information above, section 4.3.1.2 goes into further detail on the Group's policy on diversity and gender balance in human capital.

Lastly, the risk of human rights violations is also considered to be a priority in the supply chain and sustainable procurement, and in the relations that the Group's operating entities maintain with their suppliers and subcontractors. Section 4.2.1.3.B describes the Group's policy on relations with its value chain in greater detail.

A.1 STRATEGY

Since it signed the Global Compact in 2003, the Lagardère group has pledged to make respect for human rights and fundamental freedoms a key focus of its sustainable development policy. Although the Group's businesses are service-oriented, which tends to limit its negative impacts, all Group employees take steps to ensure that business development and growth do not conflict with respect for human rights.

In addition, the Lagardère group undertakes to uphold internationally recognised human rights set out in documents such as the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the fundamental conventions of the International Labour Organization, and the Guiding Principles on Business and Human Rights (implementing the United Nations "Protect, Respect and Remedy" Framework, or Ruggie Principles).

The Group's Code of Ethics also outlines a set of guiding principles which employees undertake to apply, including individual respect, working conditions and social dialogue – all issues to which the Group is strongly committed.

The Code formally prohibits discrimination and any form of harassment, capital punishment, or mental or physical coercion.

As regards working conditions, the Lagardère group is committed to applying the laws in force governing health, hygiene and safety at work, and to taking all necessary precautions to keep the working environment safe and secure for all. Where there is a risk to life and limb, the Group recognises employees' right to withdraw their labour in accordance with the law. The Group also strives to reduce occupational health risks, ensuring that all employees are sufficiently well-informed to carry out their duties, and committing to maintaining open social dialogue so that issues can be dealt with effectively at the local level.

For a detailed discussion of social dialogue, see section 4.2.1.3.A.

A.2 APPLICATION

On the topic of health and safety, each division has a policy to reduce occupational health risks through preventive action and training.

As 2020 was marked by the pandemic, one of the main priorities was obviously to ensure the health and safety of all Group employees, particularly those who could not work from home (logistics centres, store network, radio technicians). This involved strict application of safety measures, implementation of procedures and protocols, disinfection rules, team rotation, and the provision of masks and hand sanitiser to all employees concerned. In all Lagardère Travel Retail stores, measures were also implemented or reinforced to ensure the safety of both employees and customers. They included management of traffic flows and pathways, development of take-away offers (Pick & Go), emphasis on contactless payments and the installation of plexiglass protective screens for checkouts.

For all jobs that allowed it, home working became the norm, with a return to the office on a case-by-case basis depending on decisions

taken by each government at the national level, and always in strict compliance with health regulations and with the implementation of rosters between departments and functions so as to limit the number of employees present in offices.

In addition, all the human resources teams supported employees through substantial social dialogue and a wide array of internal communications.

The Lagardère group closely monitors the indicators covering work-related accidents and their prevention.

The Group has also used three indicators for several years to report any human rights violations in which one of its operating entities could to some degree be indirectly involved. The number of formal disputes involving discrimination, forced labour and child labour was monitored to measure the maturity level of Group companies. In 2019, a harassment barometer was added to the list, bringing the number of formal dispute key indicators to four.

A.3 PERFORMANCE

Indicator	2020	2019	2018
Number of formal disputes involving discrimination	10	16	10
Number of formal disputes involving forced labour	3	5	5
Number of formal disputes involving child labour	0	0	0
Number of formal disputes involving harassment	10	11	-
Percentage of the workforce covered by employee representation at 31 December	73	71	70

Number of work accidents and days' absence due to work accidents⁽¹⁾

Division	Number of accidents	Number of days of absence due to work accidents
Lagardère Publishing	95	4,616
Lagardère Travel Retail	185	12,261
Other Activities	14	753
Group total 2020	294	17,630
Group total 2019	775	25,928

Frequency and severity rate⁽²⁾ and lost time⁽³⁾ due to work accidents

Division	Frequency rate		Severity rate		Lost time	
	2020	2019	2020	2019	2020	2019
Lagardère Publishing	8.26	11.86	0.40	0.45	0.11	0.11
Lagardère Travel Retail	5.69	17.16	0.38	0.56	0.12	0.19
Other Activities	8.00	15.38	0.43	0.42	0.03	0.03
Group total 2020	6.42	15.89	0.39	0.53	0.26	0.36

Social dialogue and health and safety

Indicator	2020	2019	2018
Percentage of the workforce at an entity with a health and safety committee	92	93	94
Percentage of the workforce at an entity with regular health monitoring	67	57	67
Percentage of training hours dedicated to health and safety	8	13	14

Given the specific situation prevailing in 2020, during which a large proportion of the Group's employees were placed on furlough, the reported frequency and severity rates and lost time are likely to have been underestimated insofar as they are based on a theoretical number of hours worked, generally aligned with a legal framework, but which do not reflect the furlough measures resulting from the health crisis.

Furthermore, several formal disputes⁽⁴⁾ involving harassment, forced labour and discrimination were recorded in 2020.

Of the 23 disputes recorded, 70% concerned entities located in English-speaking countries (United States, Canada, United Kingdom) and 22% were related to entities located in France. Lastly, nearly 50% of disputes concerned a single entity in the United States.

Of the total of six discrimination disputes at this entity, three were decided in favour of the entity further to arbitration (complaint dismissed by the competent authorities), and the other three are still under investigation. Of the three forced labour and two harassment cases, two were settled in favour of the entity further to arbitration (complaint dismissed by the competent authorities), two are still under investigation and one is pending approval of an out-of-court settlement.

Of the five cases of harassment identified in France, two are in the process of being resolved, with investigations having found that there was in fact no harassment, one was settled in favour of the entity further to arbitration (complaint dismissed by the competent authorities) and two are awaiting a hearing (including one on appeal).

(1) Reported work accidents and days of sick leave include commuting accidents deemed to have occurred in the course of work.

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

(3) Lost time = (number of days of absence x average theoretical number of hours worked per day)/(number of permanent FTEs over the year x average theoretical number of hours worked per year).

(4) Formal dispute means any legal action or claim officially filed with competent authorities.

4.3.4 PREVENTING CORRUPTION

Due to the broad diversity of its businesses and those of the outside organisations with which it deals, and its international operations and/or expansion in countries that may be vulnerable to political or legal upheaval, the Group is exposed to risks, including corruption (see section 3.1.3.2).

A.1 STRATEGY

The Group has adopted a zero-tolerance policy in respect of corruption. This policy has taken shape in a special compliance programme that has been gradually implemented since 2013. The programme includes an anti-corruption policy applicable to all, setting out the Group's ethical standards.

As such, the Group refuses to promise, offer, authorise, grant, solicit or accept illicit payments or other undue benefits with a view to winning or retaining contracts, illegally influencing the decision-making process, abusing any real or supposed influence on a third party to obtain a favourable decision or any other illegitimate advantage.

Overseen by the Group Compliance Department, this policy is applied through specific procedures that provide a framework for business activities deemed at risk, as well as control processes to ensure procedures are followed. In addition, an ethics whistleblowing line, effective since 2020, can now be used by all Group stakeholders to report any acts of corruption.

A.2 APPLICATION

The anti-corruption programme is designed and coordinated centrally by the Group Compliance Department. It has been implemented gradually since 2013 and applied by the operating entities.

On the ground, Compliance Correspondents communicate anti-corruption principles through training and provide operational staff

with assistance and support in analysing risks, carrying out the necessary due diligence on future partners, taking appropriate measures to prevent the occurrence of acts of corruption and answering questions from employees.

Managers and employees are trained in anti-corruption issues. They are required to comply with regulations in force and to apply the anti-corruption policy in their relations with all third parties, including governments, quasi government bodies, and public and private customers and suppliers. When the Group embarks on external growth transactions, specific due diligence is conducted to identify any corruption risks. Furthermore, the Group prohibits political donations.

Details of the measures undertaken in this area are described in section 3.2.6.5 – Description of internal control and risk management procedures – of this Universal Registration Document, in the sub section on business ethics.

A.3 PERFORMANCE

Anti-corruption performance is monitored at several levels:

- ▶ twice a year, the subsidiaries prepare a dashboard which includes a progress report on the implementation of anti-corruption procedures, training provided and any incidents, as well as priorities set for the upcoming period;
- ▶ any significant issues are reviewed by the Financial Committee and undergo specific analysis to measure compliance risks, including corruption risk;
- ▶ internal control procedures cover compliance aspects;
- ▶ lastly, internal audit regularly checks the implementation of the anti-corruption programme at the different entities.

4.4 CSR, MONITORING OF OTHER INFORMATION

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In addition to the information provided for the risk analysis, the section below covers the social, environmental and societal information that the Group monitors as part of its CSR policy, and

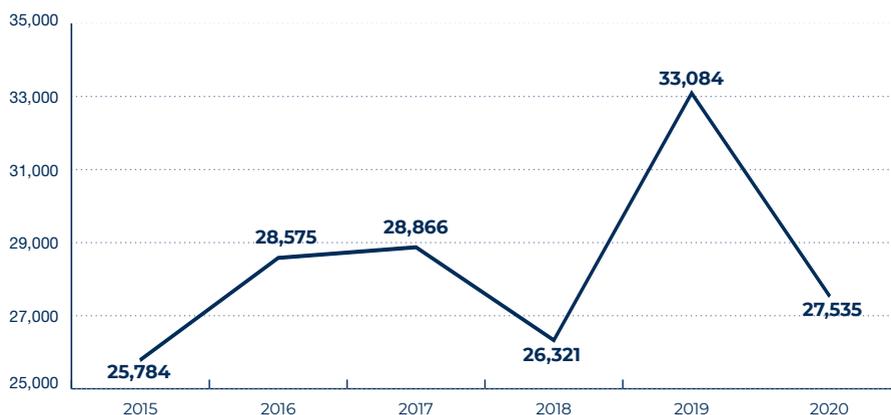
which may supplement the qualitative and quantitative strategic information previously disclosed.

4.4.1 SOCIAL INFORMATION

A.1 WORKFORCE

The sharp decline in the Group's permanent workforce at 31 December as shown in the chart below is attributable to the health crisis, which hit the Group hard in 2020, especially Lagardère Travel Retail whose headcount declined by 22%.

Changes in permanent workforce at 31 December⁽¹⁾



Workforce by division at 31 December 2020

Division	Women	Men	Total	2019/2020 change
Lagardère Publishing	4,265	2,689	6,954	1%
Lagardère Travel Retail	12,940	6,415	19,355	-22%
Other Activities	575	651	1,226	-2%
Group total 2020	17,780	9,755	27,535	-17%

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

(1) Permanent workforce numbers set out here correspond to the number of employees on permanent contracts who were actually in service on the last day of the year concerned. As employee turnover is high, particularly in Travel Retail, a consistent definition cannot be applied over time to determine the number of employees. This figure reflects some degree of uncertainty (less than 1%) despite the controls performed.

Permanent workforce by age group

Division	Under 30	Age 31-40	Age 41-50	Age 51 and over	Total
Lagardère Publishing	1,349	1,852	1,900	1,853	6,954
Lagardère Travel Retail	6,255	5,234	3,850	4,016	19,355
Other Activities	158	349	339	380	1,226
Group	7,762	7,435	6,089	6,249	27,535
Percentage	55%		22%	23%	

A.2 SOCIAL DIALOGUE

Number of collective agreements in force

Indicator	2020	2019	2018
Number of collective agreements in force at 31 December	533	530	381
Number of collective agreements signed during the year	126	105	94

Percentage of the workforce covered by collective agreements, by type

Type of agreement	Gender balance	Hygiene, safety, working conditions	Inclusion of employees with a disability	Employee welfare benefits	Working hours	Training	Remuneration
Group total 2020	48%	51%	37%	58%	75%	43%	68%
Group total 2019	50%	60%	42%	64%	80%	49%	78%

A.3 ORGANISATION OF WORKING HOURS

Group entities have set up work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment. This flexibility – which is required for the organisation of working time – does not, however, jeopardise the Lagardère group's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Due to the nature of its press and live entertainment production activities, from time to time the Lagardère group calls on the services of specific employee categories, namely freelance journalists, entertainment workers, and other contract employees such as proofreaders and events staff.

Calculated on a full-time equivalent (FTE⁽¹⁾) basis, the total number of non-permanent and temporary workers stood at 8.6% of the Lagardère group's total FTE workforce in 2020, compared with 14.8% in 2019.

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

Division	2020	2019
Lagardère Publishing	261	451
Lagardère Travel Retail	1,406	2,563
Other Activities	77	70
Group	1,744	3,084

(1) The FTE figure is obtained by adding together all the employees who worked for the Group over the course of the year, 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.

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

Contract employees⁽¹⁾ (Full-Time Equivalent basis)

Division	2020	2019
Lagardère Publishing	54	73
Lagardère Travel Retail	0	58
Other Activities	943	336
Group	997	467

Number of temporary hours⁽²⁾ worked during the year on a Full-Time Equivalent basis

Division	2020	2019
Lagardère Publishing	381	639
Lagardère Travel Retail	139	365
Other Activities	3	6
Group	523	1,010

4.4.2 SOCIETAL INFORMATION**A.1 STRATEGY**

In keeping with its business lines, the Group's approach to corporate citizenship and social involvement in the fields of culture and education is mainly expressed through the Jean-Luc Lagardère Foundation, which was created in 1989 under the auspices of the *Fondation de France*.

The Foundation was set up to implement Lagardère's commitment to culture, community and youth. In view of its mission, the Foundation also promotes social patronage in sports, and works in various other fields such as medicine and science – especially in research and through actions at the level of universities and business schools. The Foundation develops a number of programmes to promote cultural diversity, encourage creation and promote access to education and culture for all. The Lagardère group is also keen for its Foundation to encourage its employees to get involved in their community.

The Lagardère group has demonstrated a long-standing responsibility to the community and to society at large through its range of brands. As a creator of social ties and fully aware of society's expectations, the Group strives, through various partnership or sponsorship operations conducted directly by its operating entities, to make its philanthropic strategy consistent with the following pillars:

- ▶ culture, education, accessibility of content, freedom of expression;
- ▶ the fight against hunger and food waste;
- ▶ health and medical research;
- ▶ social inclusion through sport.

The programmes developed by the Foundation and implemented at business divisions therefore address numerous UN Sustainable Development Goals, especially 1 to 5, 8 to 12 and 16.

A.2 DEPLOYMENT AND PERFORMANCE**JEAN-LUC LAGARDÈRE FOUNDATION**

At the heart of the Lagardère group's commitment to the creation of culture lies the prestigious awards presented by respected panels to talented young people under the age of 30 (or under 35 for certain categories) in the culture and media domains, in the following categories: Writer, Film Producer, Television Scriptwriter, Musician (modern music, jazz and classical music), Bookseller, Print Journalist, Photographer, Documentary Film-maker, Animated Film-maker and Digital Artist.

Since the inaugural Jean-Luc Lagardère Foundation Awards in 1990, 332 prize-winners (12 in 2020) have received a total of €6,910,000 including €255,000 awarded in 2020.

Subsequently the winners regularly participate in other programmes run by the Foundation, as illustrated by the examples below:

- ▶ as part of its partnership with the French Academy in Rome, Villa Medici, two of the Foundation's prize-winners were hosted for a one-month residency in 2020;
- ▶ as part of the Foundation's support for the Marathon des Mots festival, an annual event that honours hundreds of writers and artists from around the world, Marin Fouqué (the 2019 Writer's Award winner) was given a digital residency at the end of which an audiovisual creation based on his novel, a sound poetry text set to images, and a piece of Hard Poetry (mixing sound poetry and electronic music of his own composition) were streamed on the Marathon des Mots social networks.

The Foundation also continued its efforts to **promote literature and cultural diversity** in 2020 by supporting literary events at the Institut du Monde Arabe (IMA). Entitled *An hour with...*, this event spotlights an Arabic or French language author every Saturday afternoon around a discussion of the Arab world and the latest in Arabic literature. Nevertheless, the health crisis and the two periods

(1) Contract employees alternate between periods worked and down time to meet the company's specific requirement.

(2) The number of temporary hours worked includes the use of employees from temporary employment agencies. Temporary employees sign a contract under which they provide their services for a fixed period, which is invoiced to the entity. The individual is not registered in the entity's payroll and is paid by the temporary employment agency.

of lockdown limited the number of literary encounters to just 15 in 2020 out of the 25 initially scheduled (eleven encounters organised at the IMA and four digital encounters live on their Facebook page).

This event follows on from the collaboration that has united the Foundation and the IMA for many years in supporting the Arab Literature Prize. Created in 2013 by the Foundation and the IMA, and the only French award to recognise Arabic creative writing, the 2020 edition went to Sudanese writer Abdelaziz Baraka Sakin for his novel *Les Jango* (Éditions Zulma), translated from Arabic by Xavier Luffin. An honourable mention also went to Lebanese writer Dima Abdallah for her novel *Mauvaises herbes* (Éditions Sabine Wespieser).

The Foundation also very much honoured its commitment to promote **access to culture for all** in 2020, through several partnerships and support arrangements:

- ▶ the Divertimento orchestra and its academy, which supports hundreds of young beginners (mainly from priority education zones), as well as professionals, as they discover the symphonic orchestra;
- ▶ the seventh edition of the Jules Rimet award, which promotes sports fiction (2020 prize awarded to Jérôme Hallier for his book *Briller pour les vivants*, published by Flammarion), organises writing workshops led by writers to get young footballers involved in reading and writing, and help boost their performance at school. In 2020, these workshops were organised with young Olympique de Marseille footballers and the Olympique Lyonnais women's U15 team;
- ▶ Studio 13/16 at the Centre Pompidou, a venue blending life and art, exclusively for teenagers aged 13 to 16. Open since September 2010, Studio 13/16 has already welcomed nearly 80,000 young people and shown the work of more than a hundred artists and collectives. During the months of closure due to the health crisis, Studio 13/16 remained extremely active by developing creative workshops "beyond the walls" with child welfare homes;
- ▶ Lire pour en sortir, a not-for-profit that runs integration initiatives through reading in prison. In 2020, during the first period of lockdown, it launched a writing contest for detainees on the theme "The epidemic is over, imagine the world of tomorrow". The panel, chaired by Leïla Slimani, awarded prizes to three powerful texts. This year, Lire pour en sortir also developed a programme to bring together detained parents and their children around a book as a means of fighting the dislocation of bonds between parents and children;
- ▶ the Abbaye aux Dames, la Cité Musicale, and more specifically the Jeune Orchestre de l'Abbaye (JOA), which encourages the professional integration of young musicians at the end of their studies and at the dawn of their career. The JOA is a comprehensive programme combining instrumental training, research and stage experience. Each year sees the organisation of several symphonic workshops led by internationally renowned conductors.

The Foundation continued its partnership in 2020 with Sciences Po, which offers adaptable educational programmes for high-level athletes, providing access to top-quality academic training that is suited to the demands of practising sport at a very high level. With no athletic competitions coming up on their agenda due to the Covid-19 crisis, 2020 allowed the athletes in the programme to devote more time to their education and prepare for their future career transition. The five athletes of the 2019-2020 class accordingly sat the Sciences Po Master's entrance exam and were all admitted. Since 2007, 159 students have participated in this programme.

In terms of employee commitment, since 2014 the Jean-Luc Lagardère Foundation has presented up to three annual solidarity

awards (€10,000 each) to community projects sponsored by Lagardère group employees. Two awards were handed out in 2020: one for Kannjawou, an association housing a sailing library, whose purpose is to fight inequalities in access to culture, is to deliver a portable digital library designed by Bibliothèques Sans Frontières (Libraries Without Borders) to the poor and isolated area of Sine Saloum in Senegal; and one for Mécénat Chirurgie Cardiaque, which will be able to fund the care of Ivorian children suffering from serious heart malformations in their country of origin as they await an operation in France, once borders reopen.

WITHIN THE SUBSIDIARIES

The Group's various entities and divisions continued to engage in various worthy causes over the course of 2020, in all the areas mentioned above and more, and despite the severe toll taken on their business by the crisis. Their support took the form of partnerships, charity events, prizes, competitions and donations. The examples below are not intended to be exhaustive and do not therefore represent the full range of actions undertaken by all Group operating entities and countries.

Hachette Livre's Charitable Action Committee offers funding to organisations supported by employees and focused on the following themes: assisting disadvantaged people and those in distress, integration, inclusion, education, helping lonely or disabled people, combating illiteracy, environmental protection and rehabilitation, and more generally, all charitable or environmental causes. No meetings of the Charitable Action Committee were held in 2020 due to the health and economic situation.

In 2020, Hachette Book Group donated more than 90,000 new books to over 100 charities across the United States and Canada (the count includes items already highlighted in section 4.3.1.3). The US subsidiary took the opportunity to increase its focus on diversity in donated books, and to provide more than 58,000 books to a wide range of organisations that support diversity and whose work is aimed at helping at-risk minorities. Hachette Book Group's partner organisations recognise that these donations help them promote the pleasures and benefits of reading quality books.

In the United Kingdom, Hachette UK was also active in donating books or making them available free of charge during this year of crisis. It set up a dedicated website allowing healthcare staff to access digital books at no charge (nearly 20,000 books were downloaded), in addition to donating nearly 20,000 books to Book Aid International, and to charities and local communities experiencing difficulties in accessing literature during the period. Hachette UK has also made donations to support independent booksellers, as well as to various schools around the world to support teachers and students.

Lastly, in Spain, Anaya rounded out other gestures by providing students with literary works in digital form free of charge in order to reduce the difficulty of accessing them during the months of lockdown.

At Lagardère Travel Retail, the philanthropic commitment in 2020 revolved largely around food donations aimed at limiting food losses resulting from the health crisis. These items are discussed above in section 4.3.2.1, discussing the priority matters of resource preservation and the fight against wastage.

In the United States, Paradies Lagardère has decided to put eliminating hunger at the centre of its corporate citizenship drive. It supports the No Kid Hungry® campaign led by the Share Our Strength charity, working to eliminate hunger in the United States and beyond. As part of the Dine Out for No Kid Hungry® campaign that runs through September, Paradies Lagardère restaurants donate a portion of the price of every cup of coffee sold. It also runs a year-round effort to support the No Kid Hungry campaign by donating 25% of every children's meal served in its airport restaurants,

as well as inspiring initiatives aimed at alleviating hunger in the communities adjacent to airports in Canada. Paradis Lagardère airport terminal stores now support their customers in donating food for distribution to the local population through food banks.

CORPORATE FUNCTIONS OF THE LAGARDÈRE GROUP

In various fields ranging from health to the arts and even sports, the Lagardère group made donations of just over €2,000,000 in 2020.

In line with its 2019 commitment to donate €10,000,000 to the American Hospital in Paris over five years, the Group handed over €2,000,000 in 2020.

The Group also made a number of smaller donations, including one to the Paris Opera.

4.4.3 ENVIRONMENTAL INFORMATION

A.1 ENERGY CONSUMPTION AND CO₂ EMISSIONS (SCOPES 1 AND 2)

The consumption shown in the table below covers all the activities of the Lagardère group.

The data factor in the direct (Scope 1) and indirect (Scope 2) energy consumption of all the offices, points of sale, stores, warehouses, server rooms, radio broadcasting sites, venues and sports academies used for all the Group's activities in all the regions indicated above.

For Lagardère Travel Retail, there is some uncertainty over the exact amount of consumption. The division operates more than 4,800 points of sale worldwide and does not always have access to energy bills detailing the consumption of each point of sale, as energy costs are often included in the charges paid to licensors (airport/station owners). As a result, operating staff responsible for reporting consumption data for the store network operated in each region are sometimes required to make estimates using average kWh/m²/month data based on the surface area and type of point of sale.

Group tertiary energy consumption, worldwide (in GWh)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2020	35.1	31.4	66.5
	2019	37.6	33.7	71.3
Lagardère Travel Retail	2020	9.4	151.7	161.1
	2019	12.9	202.6	215.5
Other Activities	2020	5.2	11.4	16.6
	2019	6.7	16.7	23.4
Total	2020	49.7	194.5	244.2
	2019	57.2	253.0	310.2

Group GHG emissions, worldwide (in tCO₂eq)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2020	7,788	9,235	17,023
	2019	8,395	9,332	17,727
Lagardère Travel Retail	2020	2,013	70,252	72,265
	2019	2,784	92,973	95,757
Other Activities	2020	1,131	1,159	2,290
	2019	1,456	2,666	4,122
Total	2020	10,932	80,646	91,578
	2019	12,635	104,971	117,606

The sharp drop in consumption and emissions in 2020, particularly at Lagardère Travel Retail, was attributable primarily to the health crisis, which hit the business hard, prompting the closure of many stores in the various countries where the Group operates.

In general, the changes in reported energy consumption and greenhouse gas emissions, depending on the division and type of energy, reflect:

► changes in organisational structure, with new entities and/or new buildings 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;

► a change in the emissions factors used to convert energy into CO₂.

A.2 WATER CONSUMPTION

Lagardère Publishing is very aware that paper production uses large amounts of water. As such, it carefully monitors how its paper suppliers and printers optimise water consumption and the release of clean water back into the environment.

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 around 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 release clean water back into the environment.

To maintain transparency, the Lagardère group monitors its tertiary water consumption along with that of certain partners. This refers to the amount of water used at all types of physical sites where employees from the different divisions work (offices, warehouses, retail stores, sports training academies etc.). The table below shows the amount of water used at each subsidiary worldwide in 2020.

In the same way as for energy, the sharp reduction in water consumption in 2020 was a logical outcome of the crisis.

Group water consumption (cu.m.)

Division	Year	Water (cu.m.)
Lagardère Publishing	2020	57,342
	2019	80,204
Lagardère Travel Retail	2020	329,070
	2019	424,337
Other Activities	2020	119,859
	2019	116,369
Total	2020	506,271
	2019	620,910

4.5 CSR METHODOLOGY AND SCOPE

AFR

4.5.1 SCOPE OF CONSOLIDATION

The reporting system used to collect social, environmental and societal information is deployed in all the consolidated subsidiaries⁽¹⁾ whose operations are managed by the Group, with the exception of:

- ▶ entities sold or deconsolidated during the fiscal year;
- ▶ certain entities acquired during the year, for which the reporting system is being rolled out gradually;
- ▶ entities meeting certain size criteria: for energy data, premises hosting fewer than ten employees.

Labour, social and environmental data presented in this document are reported using dedicated software covering all consolidated subsidiaries.

Taking the global footprint into account and factoring out the scope exclusions listed above, data on energy consumption and greenhouse gas emissions cover 99.9% of the Group's workforce at 31 December 2020.

Comparative data from one year to the next are on a like-for-like basis. As such, for 2020, the data for fiscal 2019 and 2018 have been recalculated using the scope of consolidation for the 2020 fiscal year as a reference.

4.5.2 REFERENCE LIBRARY 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. It is based on a library of more than 150 indicators that have been regularly updated, initially in 2006 and again in 2010.

The library of social indicators was reviewed in detail in 2012 in order to make it easier to understand for contributors and more relevant for the Group's divisions and activities, as well as to take account of the provisions of the implementing order of article 225 of France's Grenelle 2 law.

In 2019, the library of social indicators was once again reviewed to streamline and align it with the changes in the Group's organisation.

Rather than using a Group average approach, frequency and severity rates and lost time due to work accidents are now calculated using the number of theoretical hours worked per year per FTE in each of the Group's entities. This calculation method enables the Group to take account of the business and geographical specificities of each subsidiary and thereby generate more representative results.

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 2012, specific work was carried out on the environmental indicator reference library to improve its reliability and especially to make it more relevant in view of the Group's many activities. In 2013, the library was reviewed for the purposes of harmonising the methods used for calculating the proportions of certified and recycled paper contained in paper purchases and supplies.

Data on energy consumption disclosed concern 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 Lagardère group's employees work (offices, storage warehouses and retail stores). Data on electricity consumption also include electricity used by the radio broadcasting sites that are directly managed by the Group. This information has systematically been reported on a per-building basis since 2015, and on a rolling 12-month basis from 1 October to 30 September since 2020. For 2020, to take into account the heavy impact of the crisis on the Lagardère Travel Retail activities and best reflect the correlation, the revenue used to measure carbon intensity covers the same period, from 1 October 2019 to 30 September 2020.

With regard to Lagardère Travel Retail's store network, a common reporting line is defined at the level of each country to gather data on electricity consumption (as well as oil and gas, where applicable) for all points of sale to be consolidated on a country-by-country basis. Energy consumption by equity-accounted entities is included proportionately to the Group's control.

The greenhouse gas emissions data only concern the above-mentioned energy consumption. The emissions are specified for each type of energy (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 (oil and gas).

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, the French public database of emissions factors needed to establish carbon accounting. These factors are reviewed annually and are an integral part of the reporting procedure review process.

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

The reporting protocol for societal data, which is mainly based on qualitative questions, has been in place since 2015 and comprises around 15 indicators common to all of the Group's divisions and about 10 indicators specific to certain activities.

Updates to reporting guidelines broadly aim to simplify and facilitate the work of contributors.

The reporting method for social, environmental and societal data follows the same process. Data are entered by a contributor for each Group company included in the reporting scope. This information is then validated/verified by the subsidiary's management (Human

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

(1) The list is provided in note 38 to the consolidated financial statements in this Universal Registration Document.

Resources Department or Finance Department) before being sent to the Group Sustainable Development and CSR Department, which checks the consistency of the data.

Consistency checks aim to ensure the quality and fair presentation of reported data, including comparisons with prior periods, thereby improving the reliability of the reporting system.

Although the Group seeks to make contributors' work as easy as possible, by defining a clear reporting process and factoring 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), certain difficulties, sources of 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.

4.6 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

AFR

Independent third party's report on the consolidated non-financial statement

To the General Meeting,

In our quality as an independent third party, accredited by the COFRAC under the number no. 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the Statutory Auditors of your entity Lagardère S.C.A. (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31 December 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Managing Partners are responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the entity's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, ethical requirements and French professional guidance.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- ▶ the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- ▶ the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation, or on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF THE WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French

Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000⁽¹⁾:

- ▶ we obtained an understanding of all the consolidated entities' activities and the description of the principal associated risks;
- ▶ we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- ▶ we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax evasion legislation;
- ▶ we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- ▶ we verified that the Statement presents the business model and the principal risks associated with the activity of all entities included in the scope, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- ▶ we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (tax avoidance, lack control and traceability of products for the Publishing division), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities: Lagardère Travel Retail France, Lagardère Travel Retail Italia, Corporate Hachette Livre;
- ▶ we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- ▶ we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- ▶ for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:

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

(1) ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 12% and 38% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (12% of the workforce, 17% of the tertiary energy consumption, 38% of the paper purchased and supplied);
- we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our verification work mobilised the skills of five people and took place between September 2020 and March 2021 on a total duration of intervention of about seven weeks.

We conducted six interviews with the persons responsible for the preparation of the Statement including, in particular, the Sustainable Development and CSR Department, the Risk and Internal Control Department, the Human Relations Department, the Technical Department and the Foodservice Department.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

French original signed in Paris-La Défense, 18 March 2021

Independent third party

EY & Associés

Jean-François Bélorgey

Partner

Eric Duvaud

Partner, Sustainable Development

Appendix 1: The most important information

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>overall voluntary departure rate, and the rate by socio-professional category.</p> <p>The percentage of women among executives and managers.</p> <p>The percentage of employees who received training at least once in the year.</p> <p>The number of managers who attended awareness/training sessions on diversity over the year.</p> <p>The number of formal disputes involving discrimination.</p> <p>Work-related accident frequency rate.</p>	<p>Actions implemented to ensure diversity and gender balance of human resources.</p> <p>Local outcomes of the internal talent management policy.</p>

Environmental Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>The total weight and percentage of certified and recycled paper.</p> <p>Tertiary energy consumption.</p> <p>CO₂ emissions of scope 1 and 2 per euro of revenue.</p>	<p>The certified and recycled paper purchase process within Lagardère Publishing entities.</p> <p>The analysis of significant sources of greenhouse gas emissions.</p>

Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>The percentage of audited countries in food safety in the Foodservice business.</p> <p>The number of formal disputes involving forced labour, child labour and harassment.</p> <p>The percentage of the workforce with employee representation.</p>	<p>Actions taken to guarantee health security, particularly in response to the health crisis.</p> <p>The product safety incident and crisis management process.</p> <p>Actions in favour of human rights, in particular the respect of the fundamental conventions of the ILO.</p> <p>Actions taken to prevent corruption and tax evasion.</p>

4.7 APPLICATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

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4.7.1 MAIN POINTS OF THE DUTY OF CARE PLAN

For more than 20 years, the Lagardère group has striven to carry out its businesses while strictly adhering to a certain number of universal principles. The Group's first Code of Ethics dates from 1994 and was subsequently revised in 2005, 2012, 2016 and 2020. It sets out guidelines on integrity and professional conduct for all employees of the Lagardère group. The issues of human rights and fundamental freedoms, and of the health and safety of people and the environment are integral to the principles covered by the Code.

A cross-disciplinary working group was set up in the second half of 2017 to prepare the Group's compliance with French law 2017-339 of 27 March 2017 on the duty of care for parent companies and their contractors. Under the supervision of the Sustainable Development and CSR Department, this committee drew together representatives from all divisions, as well as representatives from the directly affected corporate departments, namely the Group's Legal Department and the Risk, Compliance and Internal Control Department.

The first step involved mapping out the risks linked to the Group's supply chain. At the end of this stage, seven procurement categories

were identified as being most likely to give rise to risks involving Lagardère group subcontractors or suppliers: printing activities and printing-related services, production of paper pulp, wholesale supply of accessories and household items, own-label products sold in stores, disposable items used in restaurants, energy supply (electricity, gas, steam, air-conditioning), and production of plastics.

After the risk mapping process, the operating entities ranked suppliers in order of priority for their supplier assessment plan, which will be implemented over the next several years.

2020 was the third year of the plan's roll-out.

In parallel, the Sustainable Development and CSR Department and Risk, Compliance and Internal Control Department have also been working together more closely to identify any non-financial risks caused by the Group's businesses, using the same methodology used for the Group risk mapping exercise. The risk identification process is detailed in section 4.3.

4.7.2 MONITORING

All methods used to monitor measures taken in application of the Group's duty of care can be found in the following sections of this Universal Registration Document:

- ▶ regarding issues relating to respect for human rights and fundamental freedoms, see section 4.3.1.3 on access to and dissemination of education, culture and entertainment, and section 4.3.3 on the general strategy to address these issues;
- ▶ regarding issues relating to personal health and safety, see section 4.3.1.4 on the quality of products and services distributed and sold by the Group, and section 4.3.3.2 on health and safety in the workplace;

- ▶ regarding environmental issues, see section 4.3.2.1 on the issues of natural resource management, anti-waste and the circular economy, and section 4.3.2.2 on energy and carbon impacts.

A set of indicators is used to assess the effectiveness of measures taken in each of these areas, some of which have been in place for many years.

Lastly, in 2019, Lagardère designed and developed a Group-wide, cross-business whistleblowing tool open to all stakeholders. It was officially launched in 2020.

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