

# 4

## NON-FINANCIAL STATEMENT AND DUTY OF CARE PLAN

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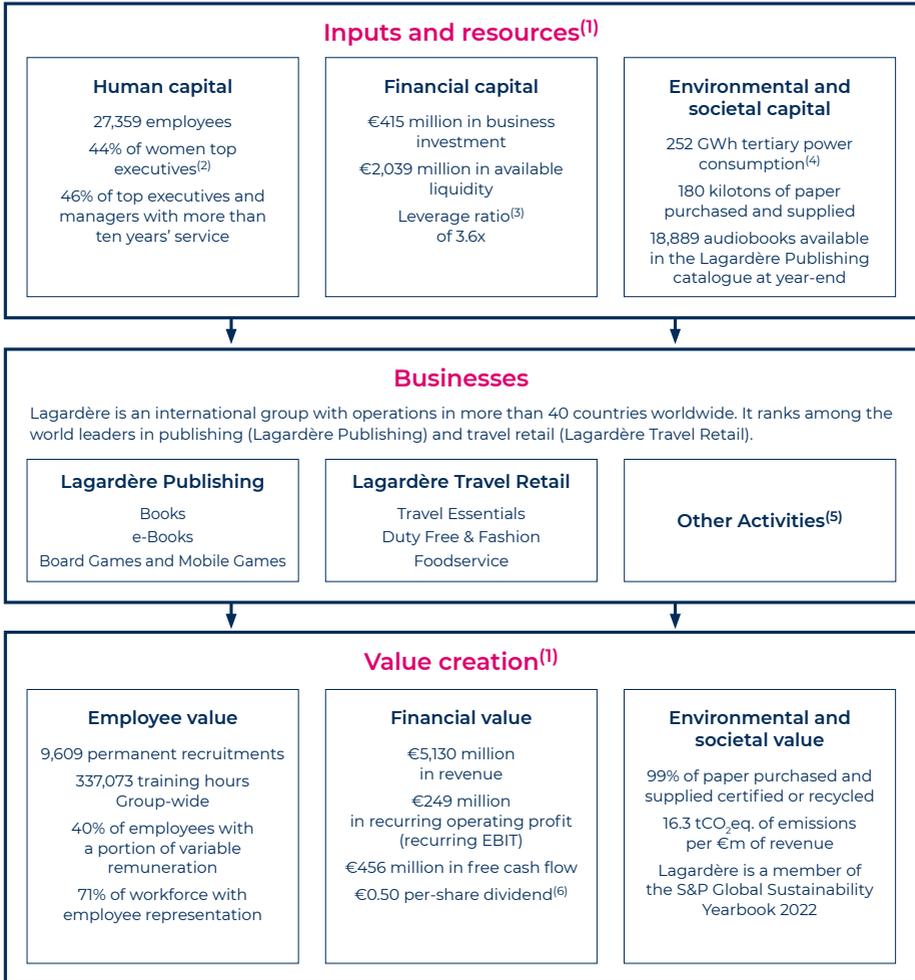
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## 4.1 LAGARDÈRE GROUP BUSINESS MODEL AFR

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 2021.

(2) Due to the increase in the proportion of women in executive management in recent years (around 550 in total), Lagardère is now focusing its efforts on a smaller number of top executives (around 350 in total), of which the proportion of women is also growing faster than in previous years.

(3) Leverage ratio: net debt/recurring EBITDA.

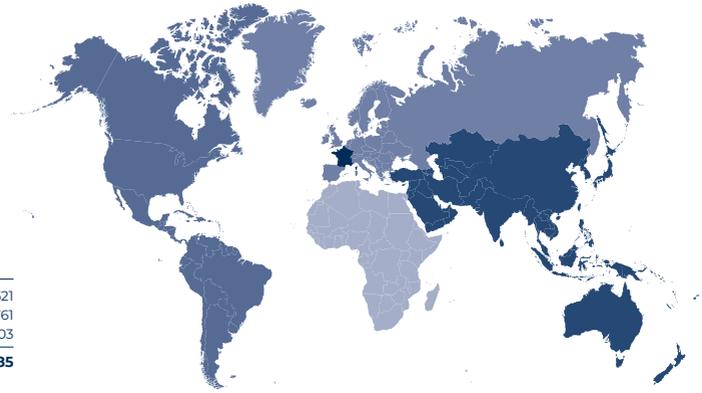
(4) Oil, gas, electricity and district heating.

(5) 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 (production of concerts and shows and venue management).

(6) Dividend subject to shareholder approval at the Annual General Meeting to be held on 22 April 2022.

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

## Workforce by geographic area at 31 December 2021



## ● FRANCE

Lagardère Publishing	2,521
Lagardère Travel Retail	3,761
Other Activities	1,103

**Total** **7,385**

● EUROPE  
(EXCLUDING FRANCE)

Lagardère Publishing	2,561
Lagardère Travel Retail	5,730

**Total** **8,291**

## ● AMERICAS

Lagardère Publishing	1,613
Lagardère Travel Retail	7,150

**Total** **8,763**

## ● ASIA-PACIFIC

Lagardère Publishing	150
Lagardère Travel Retail	2,597

**Total** **2,747**

## ● AFRICA

Lagardère Publishing	74
Lagardère Travel Retail	99

**Total** **173**

## 4.2 CSR – KEY PRIORITIES, STAKEHOLDERS AND GOVERNANCE

**AFR**

Create purpose. Foster personal fulfilment at work. Combine professional excellence with respect for the planet. Anticipate the needs of a changing society. These challenges are reflected in the Lagardère group's CSR commitments, without compromising on

three internal objectives: comply with increasingly stringent regulatory requirements, make responsibility an integral part of the development strategy and maintain strong 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 more stringent 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), as well as Regulation (EU) 2020/852 of the European Parliament, known as the Taxonomy Regulation (see section 4.8).

Internationally, Lagardère applies a number of core CSR documents and principles, such as the International Bill of Human Rights, the ILO's Fundamental Principles<sup>(1)</sup>, 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<sup>(2)</sup>) – 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, Arnaud Lagardère, Chairman and Chief Executive Officer of Lagardère SA, is renewing his commitment to the principles of the Global Compact, to which the Group has adhered since 2003.

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

(1) International Labour Organization.  
(2) 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**

*Chairman and Chief Executive Officer of Lagardère SA*

#### 4.2.1.2 ADAPTING CSR TO GROUP STRATEGY AND DEVELOPMENT

The Lagardère group applies its CSR policy in its various businesses. Its roadmap reflects:

- ▶ 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 Group'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 has 30 members, but drawn from employees of the Lagardère group in Europe. Since the committee's renewal in July 2019, French employees have held 15 seats, with the balance held by representatives from the nine other European countries in which the Group has operations – Austria, 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 plenary meeting. In addition to these annual meetings, extraordinary meetings or meetings between committee members and these committees may be held if warranted.

The persistent health situation in 2021 rendered labour relations intense and sustained at all levels.

The main issues addressed were the effects of the pandemic on the various businesses:

- ▶ 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.

At Group level, issues that had a prominent place in discussions between Management and the representative bodies included the effects of the Covid-19 crisis on the various organisations, governance issues and questions from employees about changes in the shareholding structure.

Several special topic-specific 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 addition, in May and October 2021, two joint extraordinary meetings of the Group Employees' Committee and the European Works Committee were held to address, respectively:

- ▶ Lagardère's legal conversion from a partnership limited by shares into a French joint-stock company (*société anonyme*);
- ▶ Vivendi's announcement of its proposed takeover bid for the Group.

In July 2021, the Group Employees' Committee had to appoint a new secretary as a result of the previous secretary's resignation following her appointment as director representing employees on the Board of Directors of Lagardère SA in June 2021.

In November 2021, the Group Employees' Committee and the European Works Committee met to discuss the proposed collective redundancy plan affecting certain activities related to music radio networks.

The Group Employees' Committee met one last time at the end of November in an extraordinary meeting devoted to internal organisation issues specific to the body (renewal of consulting firm Sextant, signing of an agreement with a lawyer and opening of a bank account).

## 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.

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 seven on-site audits at five suppliers in 2021, and was also able to review some ten social audits on other suppliers. At two Chinese suppliers, social audits revealed areas of critical non-compliance and an action plan was defined with them. Both suppliers up to one year to correct these critical issues, and the implementation of the action plans will be verified and validated during a further audit carried out during the period. Should they fail to provide the results of a further audit without critical non-compliance issues, the suppliers will be removed from the supplier base and any business relationships with them will be terminated.

## 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, ODP, VigeoEiris, Sustainalytics, ISS-Oekom etc., enables the Group to deliver steady progress in its outcomes with each new rating.

The Lagardère group accordingly obtained the following outcomes on its responses to the various questionnaires for 2021, reflecting its commitment, its level of maturity and its good sustainability and ESG practices:

- ▶ S&P: inclusion in the S&P Global Sustainability Yearbook 2022, for the fourth consecutive year;
- ▶ Sustainalytics: 2022 "ESG Industry Top-Rated" and "ESG Regional Top-Rated";
- ▶ VigeoEiris: ranked second (out of 21) in the Publishing sector.

**D) STAKEHOLDER PANEL**

To take a more innovative approach to stakeholder dialogue, Lagardère set up a stakeholder panel in 2015. This advisory body comprises 13 members (including 12 from outside the Group) who represent the Group's main priorities, business lines and sectors. Chaired by the General Management and facilitated by the Sustainable Development and CSR Department, this panel's meetings have three objectives:

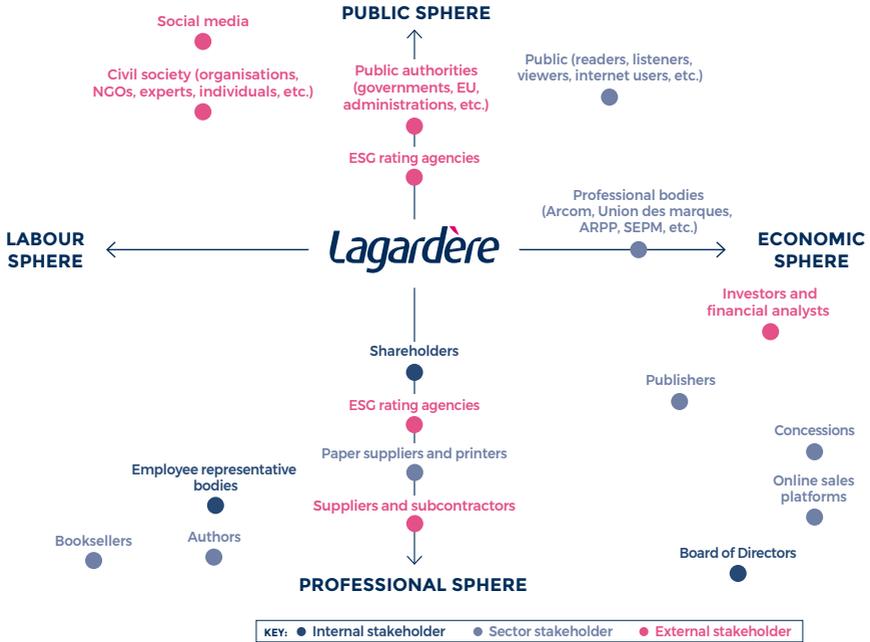
- ▶ establishing regular dialogue at Group level between Lagardère and its stakeholders;

- ▶ 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.

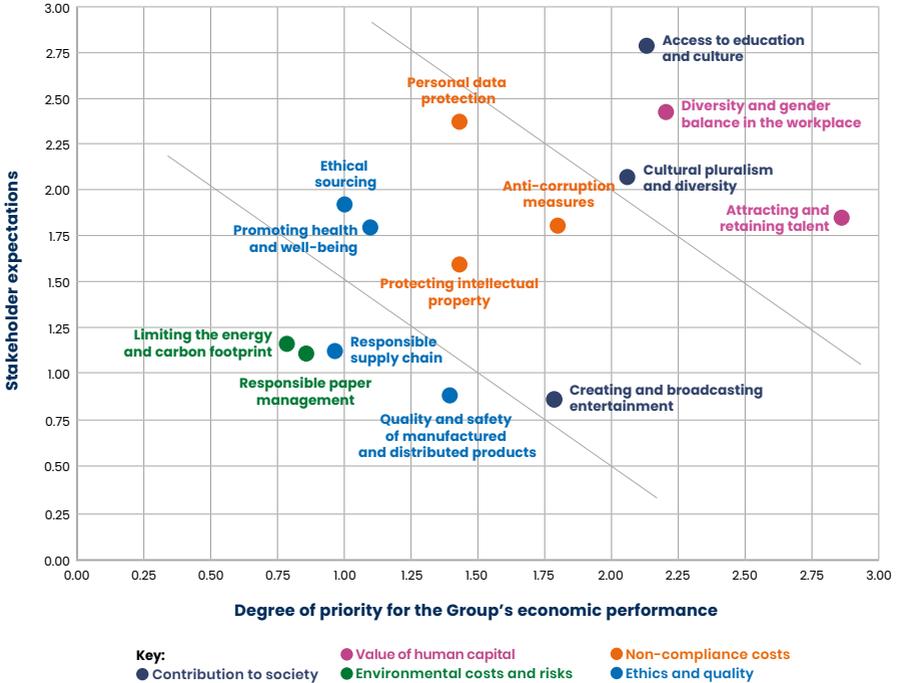
The panel has met ten times since its establishment. Its most recent meeting, in 2021, focused on the challenges of sustainable finance.

Dialogue with this panel also enabled the Lagardère Group to validate the materiality analysis conducted in 2017.

After determining the initial qualitative and quantitative methodology, the final matrix, shown below, was fine-tuned and presented to the panel with the aim of simplifying the overall CSR roadmap.



Lagardère group materiality matrix



4.2.2 CSR PLAYERS AND GOVERNANCE

Updated in 2020, Lagardère's Code of Ethics sets out a collection of guidelines providing a set of shared standards for all Lagardère employees. The Code of Ethics is one of the core documents used to define the Group's CSR approach. The Group also bases its strategy on three policies (a social policy, a human rights policy and an environmental policy) used to inform its approach and determine its areas of commitment.

From an organisational and cultural perspective, three categories of players are involved in CSR governance within Lagardère: the Group Sustainable Development and CSR Department; the division CSR Departments; and the operating entities.

At Group level, the Sustainable Development and CSR Department, which reports to the Secretary General, sets the framework for Lagardère SA's strategy and monitors its rollout and execution within the divisions. It also ensures that the Group's activities are compliant, carries out non-financial reporting campaigns, establishes a consolidated view of the Group's non-financial data, interacts with the rating agencies and investors, manages communication and relationships with stakeholders on all issues concerning Lagardère SA, and takes charge of the cross-divisional projects incumbent on a listed Group.

Within the divisions, the CSR Departments propose and lead each division's strategy, in line with the Group's strategy, and coordinate implementation across all subsidiaries and regions. They help the operating entities to identify local challenges and roll out the resources needed to manage them.

The operating entities manage the action plans associated with their activities in order to meet the objectives set by the Group and the divisions. Within this framework, they roll out the provided systems and programmes.

At the same time, the Group Sustainable Development and CSR Department leads steering committees for each of the divisions (two meetings per year), plus an annual cross-division steering committee meeting.

Since 2015, CSR has been included in the duties of the Appointments, Remuneration and CSR Committee. In 2021, the Sustainable Development and CSR Department plotted out its 2022 roadmap, issued a progress report on the Group's non-financial rating and presented the findings of the 2021 carbon audit.

## 4.2.3 CSR ROADMAP

The CSR roadmap is based on four pillars—three strategic pillars linked directly to the Group’s activities and a governance pillar reflecting the compliance obligations of a listed group:

### ► 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 (especially paper and plastics) and an environmentally responsible approach to the food chain.

### ► Placing people at the heart of our strategy

The Lagardère group is committed to a policy of greater diversity and inclusion, and has made the fight against sexism in the workplace one of the major thrusts of its gender balance policy.

Meanwhile, its day-to-day involvement in developing its employees’ skills also plays a role in attracting and retaining talent.

### ► 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.

### ► Ensuring ethical and responsible corporate governance

The Lagardère group is committed to developing its business in accordance with major ethical and compliance priorities, including the fight against corruption, duty of care and personal data protection.

## 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;
- fighting climate change;
- resource management, anti-waste measures and the circular economy;
- 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**

Corporate social responsibility cross-reference table

ESG challenges	Non-financial risks and opportunities	Strategy and KPIs	SDG
<b>Placing people at the heart of our strategy</b>  <i>Roadmap</i>	Management of skills and key talent	Chapter 4.3.1.1 KPI: • Voluntary departure rate • Percentage of top executives and managers with more than ten years of service • Percentage of employees with a portion of variable remuneration	
	Diversity and gender balance in human capital	Chapter 4.3.1.2 KPI: • Percentage of women top executives • Percentage of women executives • Percentage of women managers • Percentage of managers to receive diversity awareness-raising or training	
<b>Sharing the social and cultural diversity of our businesses</b>  <i>Roadmap</i>	Access to and dissemination of education, culture and entertainment	Chapter 4.3.1.3 KPI: • Number of audiobooks available in the Lagardère Publishing catalogue at year-end • Percentage of e-books available in ePub3 format among new textbooks in the Lagardère Publishing catalogue at year-end	
	Quality, compliance, hygiene and safety of the products sold	Chapter 4.3.1.4 KPI: • Number of countries audited for health and safety during the year • Percentage of countries audited for health and safety at year-end	
<b>Limiting the environmental impact of our products and services</b>  <i>Roadmap</i>	Fighting climate change	Chapter 4.3.2.1 KPI: • CO <sub>2</sub> emissions per €m of revenue (carbon intensity)	
	Resource management, anti-waste measures and the circular economy	Chapter 4.3.2.2 KPI: • Total weight of paper purchased directly • Total weight of paper supplied • Total weight of paper purchased and supplied • Percentage of certified paper • Percentage of recycled paper • Percentage of Foodservice revenue in countries that have a waste measurement system and run waste reduction initiatives • Percentage of Foodservice revenue in countries that have switched to responsible consumables and banned single use plastic consumables in proprietary brands	
			
<b>Respect for human rights</b>	Respect for privacy	Chapters 4.3.3.1 and 4.3.3.2 KPI: • 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 related to work accidents	
	Respect for fundamental freedoms	• 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	
<b>Ensuring ethical and responsible corporate governance</b>	Fighting corruption	Chapter 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

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 during the Group's Human Resources meetings held every month.

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: 65% of total training hours provided focus on "business" or "management" specialisations. These courses are closely correlated to employees' current performance and development potential.

Amid the persistently unstable health context in 2021, Lagardère Travel Retail developed Global Digital Week to unite its employees around key Group issues. The event was held in an exclusively online format in June 2021. Aimed at 500 employees in more than 25 countries, Global Digital Week opened with a plenary session that gave the Global Executive Committee a chance to celebrate international and local successes, and explain how Lagardère Travel Retail's strategic priorities and the intensification of its CSR commitment can help it make the most of the crisis. Over the subsequent days, more than 10 online sessions open to all participants provided an opportunity for over 40 internal speakers to share their expertise and open conversations with the audience on issues such as in-store operational excellence, collaboration within the industry, commitment, CSR and the need to respond to crisis-induced consumer trends. External speakers also took part in the event to train employees on subjects including well-being at

work and the fight against food wastage. Lastly, exchange sessions between employees were planned to foster remote meetings and discussions. The event, a first in Lagardère Travel Retail's history, was very well received by participants. It will be repeated in future years in a hybrid format as a way for Lagardère Travel Retail to keep engaging and training many of its teams around the world.

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 permits, 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.

Lastly, in 2021, Lagardère Travel Retail France completed a project that had been in the pipeline for several years by launching the "TOKNOW" e-learning platform. The purpose of this new system is to develop widespread access to training, available at any time and on any device (smartphone, tablet, etc.). Lagardère Travel Retail France is using digital training to become more agile, productive and proactive. Until 2019, 90% of training sessions were conducted in a classroom setting. From 2022 onwards, the blended learning approach, under which the best medium is chosen to suit the business and the trainees concerned, will become the norm.

##### INTERNAL MOBILITY

Internal mobility is a key component of human resource management, building on the training and employee skills development initiatives. Group-wide, 0.6% of vacancies for permanent positions were filled through internal mobility in 2021. 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 2021, the Group's internal mobility rate came out at 6%.

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 2021, the inter-division committee in France (made up of HR representatives in charge of mobility) met four times in addition to regular exchanges.

##### 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.

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

## Voluntary departures (%)<sup>(2)</sup>

Division	2021			2020		
	Top executives	Managers	Other employees	Executives	Managers	Other employees
Lagardère Publishing	3.0	7.0	13.8	4.5	5.1	10.0
Lagardère Travel Retail	9.2	11.4	41.1	8.7	8.8	19.4
Other Activities	4.1	8.3	11.6	2.6	8.0	6.3
<b>Group</b>	<b>6.3</b>	<b>8.9</b>	<b>35.8</b>	<b>5.7</b>	<b>7.0</b>	<b>17.9</b>

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

## Other performance indicators

Indicator	2021	2020	2019
Percentage of top executives and managers with more than ten years of service	46	48	43
Percentage of employees with a portion of variable remuneration	40	43	43

### 4.3.1.2 DIVERSITY AND GENDER BALANCE IN HUMAN CAPITAL<sup>(3)</sup>

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 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, particularly through the commitment of its human resources departments.

First, 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.

#### 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<sup>(1)</sup>, variable remuneration, and length of service of managers and executives within the Group.

The increase between 2020 and 2021 can be mainly explained by particularly low rates in 2020, which was when the health crisis was most acute. The 2021 rates are therefore comparable to 2019, albeit slightly lower.

As explained in the following section, the top executive category represents a smaller population than the executive category (around 350 people compared to just under 600 for the latter).

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.

#### A.2 APPLICATION

##### GENDER BALANCE IN THE GROUP

Women continue to occupy a central position in the Group's workforce. In 2021, they represented 65% of the Group's total permanent workforce and 58% of managers. Not surprisingly, they also made up the majority of training participants (women took 61% of training hours and accounted for 65% of employees taking at least one training course during the year) as well as the bulk of promotions and pay rises (64% of promotions and 68% of pay rises).

In 2020, women accounted for 51% of the Lagardère group's 550-600 executives. In 2021, this proportion climbed further to 54%.

This steady increase has prompted the Group to focus its efforts on a smaller number of "Top Executives" (around 350 people in total) from 2021. In 2020, women represented 42% of the members of this new panel, which comprises the members of all divisional

(1) Calculated as (resignations plus recruitments) divided by 2 divided by the workforce at 31 December of the prior year.

(2) 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 in 2021 just over 2% of the workforce (versus less than 1% of the 2020 workforce).

(3) 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*).

Executive Committees and Management Committees, in each of the countries where they are based, in addition to the Group Executive Committee. That proportion was 44% in 2021, slightly ahead of target versus the 45% target set for 2024.

One of the ways the Group supports women is through the LL Network, an internal group dedicated to promoting gender balance for all employees in France. In 2018, it established a mentoring programme, in addition to holding personal development workshops. The network is one of the vectors through which the Group demonstrates its commitment to a range of causes in support of women, such as its endorsement of Women's Empowerment Principles and its commitment to the #StOpE initiative to put an end to everyday sexism in the workplace. In 2021, the fight against sexism also resulted in the Group producing an interactive awareness-raising document for employees in France.

At Hachette Livre (France), an awareness-raising and self-diagnosis web app available to all employees, addressing the fight against sexism and sexual harassment at work, was a resounding success, with nearly 1,000 employees taking part during the year.

On the issue of equal pay, Group entities subject to disclosure of their equal pay index in France generally made progress in 2021. Hachette Livre, for instance, reported a score of 91 out of 100 in 2021 (89 in 2020), while Lagardère Travel Retail France scored 88 out of 100 (86 in 2020).

### 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 its customers and consumers.

At Group level, regular diagnostics of recruitment procedures performed until 2019 served to test recruiters' objectiveness (with regard to the two criteria studied, namely origin and gender) in the selection of applicants for jobs and work placements. Although the health crisis of the last two years has prevented these tools from being used further, the Lagardère group has continued to raise awareness against stereotyping and provide training in diversity management.

In France, the human resources departments and executive committees of each division were among the first employees to be

given this training course, which has now been extended to all of the Group's managers. In 2021, 118 managers were trained in France. Following on from previous years, numerous initiatives conducted in partnership with charitable associations promoting diversity and inclusion were continued within the Group, across all divisions and continents.

In France, the launch of a Diversity Committee has enabled Hachette Livre to cement its partnership with Nos Quartiers ont des Talents and to diversify its recruitment channels.

Hachette UK remains at the forefront on this issue thanks to the Changing the Story programme. For the past five years, it has been working on an increasing number of initiatives, partnerships and employee networks to promote all forms of diversity. In 2019, Hachette UK notably committed to raising the proportion of employees from ethnic minorities to 15% in 2024. This proportion was 9.6% in 2020 (versus 7.7% in 2019), and rose to 11.5% in 2021.

Hachette Book Group (USA) hired a Head of Diversity and Inclusion and launched an action plan.

Lagardère Travel Retail continued its work in 2021 as the Diversity Committee at Paradis (United States), established in 2020, conducted numerous awareness-raising initiatives.

### INTEGRATING EMPLOYEES WITH DISABILITIES

In France, Hachette Livre, which set up its own Mission Handicap programme in 2015, and was one of the first companies to sign the "Charter for the inclusion of people with disabilities in the workplace", was particularly active on the issue in 2021. The division's most noteworthy initiatives include the establishment of a network of Disability Officers in each of the entities, tasked with promoting recruitment, communicating with the financial departments and organising provision of occupational health prevention.

At Lagardère Travel Retail, the teams in Italy and the United Kingdom have also taken action on the subject of disability. In Italy, a Charter for Equal Opportunities has been signed while the United Kingdom has participated in the Disability Confident programme since 2019. Lastly, at Lagardère News, the November 2021 Disability Week was an opportunity to welcome people with disabilities to the company's premises for DuoDay, and to organise an inclusion challenge on the Aviséa platform.

## A.3 PERFORMANCE

Indicator	2021	2020	2019
Percentage of women top executives <sup>(1)</sup>	44	42	-
Percentage of women executives	54	51	49
Percentage of women managers	58	57	57
Percentage of managers to receive diversity awareness-raising or training during the year <sup>(1)</sup>	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

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 and the reach of the Lagardère Travel Retail network.

The Group businesses aim not only to instill a love of reading, but also to foster critical thinking, knowledge, openness and learning through a range of content available on various media and in brick-and-mortar retail spaces. They support people in their everyday lives, helping to satisfy their need to learn, discover, gain knowledge and open up to the world around them.

### A.1 STRATEGY

Diverse cultures, products, countries and ideas, freedom of expression, development of critical thinking, the ability to analyse and understand the world, accessibility of content and knowledge transmission are just some of the issues addressed by the Group's operating entities, which are each tasked with ensuring the accessibility, distribution and promotion of their products and services in a way that is appropriate to the local context. This notably involves setting up partnerships and rolling out new systems.

Lagardère Publishing uses digital technologies to make books accessible to people with reading difficulties. By signing the Accessible Books Consortium (ABC) Charter, the division has committed itself in France, the United Kingdom and the United States to increasing the number of books in accessible formats, including for the blind and visually impaired, or otherwise print disabled. Lagardère Publishing also contributes to democratising and promoting reading and culture through a host of programmes and partnerships.

Meanwhile, Lagardère Travel Retail relies on its store network to organise and/or support a large number of initiatives designed to promote reading and culture.

### A.2 APPLICATION

#### ON ACCESSIBILITY, LITERACY AND THE PROMOTION OF READING

Lagardère Publishing promotes and develops audiobooks in France, the United States and the United Kingdom through its various brands. In the context of opening up the world of reading, audiobooks are especially helpful for visually impaired people, as well as for people who have difficulty reading, such as young people with dyslexia. However, they also have broader appeal in bringing the pleasure of reading to a wider audience, whether for the quality of the narrator's voice, simple convenience or education.

Furthermore, in France, publishing houses simultaneously release novels and essays in print form and in a "natively accessible" digital version (ePub 3 format) so that they are accessible to readers using a Braille keyboard or the text-to-speech audio transcription function on a compatible device. Publishers also submit their works to the Platon platform operated by the French National Library (BNF) to allow the creation of files adapted by approved bodies.

Several of the Group's Youth Works and Textbooks publishers have also signed partnerships to make more than one hundred titles (to date) from their catalogues accessible to readers with dyslexia or learning difficulties, in audio or digital versions.

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 Lit*, which embarked on its eighth consecutive year of commitment in 2021, 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 over summer, this operation

ties in with *Le Livre de Poche*'s historical purpose of making reading and culture accessible to all. In 2021, the house also completed the fifth 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 the United Kingdom, Hachette UK partnered with the Royal National Institute of Blind People (RNIB) to make all books in its catalogue (more than 40,000 titles to date) available via the RNIB Bookshare platform. Bookshare is a free service that provides access to an online library of digital resources that can be read electronically or adapted to the user's reading needs, including for people who are blind, visually impaired or dyslexic.

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.

As a result, Hachette UK became the first publisher to win a Smart Award from the British Dyslexia Association (BDA). The award was given in recognition of the company's efforts to promote good practice and address the needs of dyslexic and neurodiverse people, both in the workplace and in terms of content. Lastly, since the end of 2021, all new releases have been available in the most accessible digital format, ePub 3, as they already were in France.

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 thereby 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 (15,870 titles in 2021) and audiobooks (6,325 titles in 2021) 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 2021, Hachette Book Group donated 30,000 books as part of this partnership.

Lagardère Travel Retail is running a number of campaigns to give reading and culture their rightful place, particularly in France via the Relay 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 multichannel campaign;
- ▶ during the Angoulême International Comics Festival, thereby improving accessibility for this transgenerational and educational cultural celebration;
- ▶ 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.

Lastly, the Group's two main divisions in France have joined forces on two noteworthy initiatives.

The first is the partnership in the Trophées de l'Édition awards, organised by the magazine Livres Hebdo. This exceptional event rewards publishing professionals who contribute to the influence of publishing through their excellence, boldness and creativity.

The second is a joint initiative which sees books, magazines and newspapers donated 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.

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.

In France, for example, publishers Hatier and Jean-Claude Lattès are both making a contribution by running competitions. Hatier has organised a major contest called Le Tremplin Prépabac since 2013, with a €5,000 winning prize intended to fund the future career plans of a secondary school student. The second edition of Jean-Claude Lattès' "Voix d'Afriques" writing competition, launched in partnership with RFI and the Cité internationale des arts, was also staged in 2021. Intended for young authors, this prize aims to showcase new African novel-writing talent in French.

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 division's variety of available works and has

provided La Plage with a broader platform for its authors to wave the environmental flag.

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.

In the United States, Hachette Book Group continued its partnership with the Read Ahead programme for the tenth year running. 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 continuing to support 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 through coaching and mentoring sessions, thereby providing middle and high school kids with the academic and social skills necessary to succeed in college and beyond.

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, as well as through customised merchandising in dedicated displays. Over 150 regional press titles are available at Relay. Among books, the tourist guides sold in 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 2021, Lagardère's media activities helped explain, through their content, opinions and/or partnerships, many topical issues to various audiences. For instance, the Europe 1 radio station demonstrates its commitment to raising awareness of major social issues among its audience by organising the Trophées de l'Avenir awards for excellence in social innovation and commitment.

### A.3 PERFORMANCE

Indicator	2021	2020	2019
Percentage of e-books available in ePub 3 format among new textbooks in the Lagardère Publishing catalogue at year-end <sup>(1)</sup>	89	72	-
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	18,889	16,453	14,203

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

### 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.

At Lagardère Travel Retail, the Foodservice business 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 impact 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

Lagardère Publishing works with suppliers possessing quality assurance systems that are generally certified in accordance with ISO 9000 requirements.

In addition, Lagardère Publishing monitors regulations to ensure that products marketed comply with regulatory requirements, such as those relating to marking, waste sorting information and materials.

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.

Lagardère Publishing's international subsidiaries are also subject to the same stringent requirements.

At Lagardère Travel Retail, which now offers food at more than 1,100 points of sale in 27 countries, the development of the business has brought added focus on food hygiene and safety issues, which are considered to be a priority going forward. 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, this commitment was only announced in 2021.

#### A.2 APPLICATION

At Lagardère Publishing, suppliers are contractually bound to deliver products compliant with the characteristics defined in the specifications provided to them. In addition, quality control is carried out by the supplier as well as by Hachette's manufacturers at the various product and book production stages (press slips, printing slips, binding slips, acceptance copies, etc.).

Acceptance copies provided by suppliers are also checked for compliance with regulatory requirements.

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. This is the case for toys, articles suitable for contact with food or electrical and electronic articles.

The Product Safety Committee has also implemented incident and crisis management procedures for product safety which went into effect in early 2015.

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).

In addition, products subject to specific regulations, such as toys, kitchenware, electrical/electronic items and cosmetics, are screened for safety post-development and are controlled by independent laboratories before being marketed to the public. The aim is to verify that the concentration or migration limits of the substances present are well below the levels set by the regulations. Test reports are archived for a period of ten years.

In France, Hachette Livre 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, 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 five pillars:

1. Food Safety Guidelines include tools for implementing action plans as well as objectives. Across all countries, an HACCP<sup>(1)</sup> 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 specific procedures, from the supplier delivery phase to final sale to the consumer;

2. 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.

(1) HACCP: Hazard Analysis Critical Control Point.

In 2020 and 2021, the health crisis and the ensuing uncertainties (with in-store trading subject to the various waves of Covid-19 infection and local policies) prevented store audits from taking place. However, the wave of audits of headquarters resumed at the end of 2021 and will continue until April 2022 in line with the situations prevailing in the various countries. Covering a total of 17 countries, this work, led by headquarters in France, 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 Foodservice network;

**3.** awareness-raising programmes in new countries including Chile, Senegal and Mauritania. In 2022, one e-learning module will be launched after testing in France, and another in the United Arab Emirates;

**4.** digitalisation of daily checks since 2018, thanks to the use of web tools on tablets;

**5.** the WellDone platform (launched in 2021), which addresses Quality Management and includes one section on Food Safety and Hygiene, and another on monitoring Operational Excellence (3,000 audits carried out in stores in 11 countries, with all three business segments involved). The aim is to continue rolling out this platform throughout 2022.

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, Australia and New Zealand. Others, such as the Czech Republic, Germany, Spain and the United States have already succeeded in modifying a substantial part of their range and are on track to beat the target of 2025 for the change.

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 addition, some of the company's own brands, such as Relais H Café (the leading brand in French hospitals) and Natoo (currently present in Italy, Austria and Germany), are now spearheading the division's sustainable development strategy, with a very strong emphasis on such features as local products and vegetarian recipes.

### A.3 PERFORMANCE

Indicator	2021	2020	2019
Number of countries audited for health and safety during the year	0	0	16
Percentage of countries audited for health and safety at year-end	0	0	70

As previously explained, the results reported for 2021 and 2020 reflect the health crisis, as audits were postponed until 2022 (17 countries are expected to be concerned by this).

## 4.3.2 ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

### 4.3.2.1 FIGHTING CLIMATE CHANGE

Increases in the volume and concentration of greenhouse gas emissions caused by human activities has been scientifically proven to accelerate climate change. This global challenge affecting many regions across the world calls for both a concerted international effort involving numerous different countries and smaller-scale initiatives led by individual countries, corporates and citizens. 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 world-leading publisher and a major player in the French media landscape, one of the Lagardère group's main responsibilities on the issue of climate change is to use its ability to raise awareness, inform and educate the general public. 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 regularly cover 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, fighting climate change is central to the Group's environmental strategy, which is why it decided to step up its commitment in this area in 2021.

Having calculated its inaugural consolidated carbon footprint in 2016, the Group updated that work in 2021 – its profile having changed over the intervening four years – most notably with a view to setting a Scope 3 reduction target. To achieve this, Lagardère once again worked with the Carbone 4 consultancy, using the carbon audit and GHG Protocol methods. The analyses were conducted on the basis of 2019 data, as 2020 was not representative of the Group's usual level of activity due to the Covid-19 pandemic.

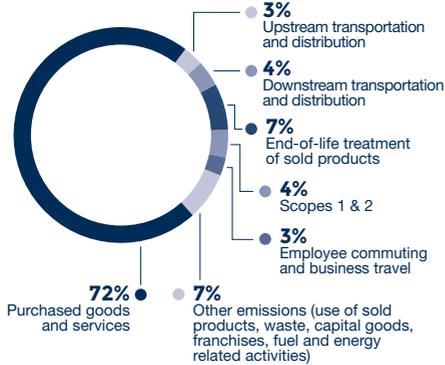
The carbon footprint calculation covered all direct and indirect emissions related to the Group's various operations and sites, both upstream and downstream. In the interests of exhaustiveness contributing to the transparency of the analysis, the decision was

made to report on all Scope 3 categories, despite the fact that this required work for some items to be based on estimates and monetary ratios. The analysis therefore contains a measure of uncertainty, notably in respect of the average emission factors used, the calculation assumptions applied, and the extrapolations and estimates made.

Lagardère Publishing, Lagardère Travel Retail and Lagardère News all took part in the process. Specifically, the various countries and activities of the Group that have directly contributed to the development of the Group's footprint, with a coverage ratio equivalent to 71% of the Group's revenue, are as follows:

- ▶ at Lagardère Publishing, the countries of operation, namely France, Spain, North America and the United Kingdom (plus Australia and New Zealand) were all covered, as were all relevant businesses with the exception of the Partworks and Board Games activities;
- ▶ at Lagardère Travel Retail, France, Italy, the Czech Republic, Switzerland, North America and the Pacific region contributed to the analysis of the division's three business segments (Travel Essentials, Food, Duty Free and Fashion);
- ▶ at Lagardère News, all activities were covered.

### Breakdown of the Lagardère group's emissions



The Lagardère group's total emissions amount to just over 1,457,000 tCO<sub>2</sub>e, breaking down as follows between the various businesses:

- ▶ 36% for Lagardère Publishing;
- ▶ 59% for Lagardère Travel Retail;
- ▶ 5% for Lagardère News.

As expected, Scope 3, with 96% of emissions, outweighs the rest:

- ▶ purchased goods and services (Scope 3): 72% of emissions;
- ▶ upstream and downstream transportation and distribution (Scope 3): 7% of emissions;
- ▶ end-of-life treatment of sold products (Scope 3): 7% of emissions;
- ▶ employee commuting (based on average data per country) and business travel (Scope 3): 3% of emissions;
- ▶ other Scope 3 emissions (use of sold products, waste generated in operations, capital goods, franchises, fuel and energy related activities): 7%.

Direct and indirect emissions (Scopes 1 & 2) account for the remaining 4%.

A steering committee was created in response to these readings. In 2022, it will work to **define the Group's climate strategy** and set a **reduction trajectory aligned with scientific information and international standards**. It will also be tasked with monitoring the implementation of projects and initiatives related to the reduction plan at the operating level, as well as with developing Scope 3 monitoring indicators.

The Group has also decided to analyse the risks associated with climate change (physical and transition risks) in 2022. The aim is to map the main risks and opportunities to inform the resilience plans of businesses liable to be affected. The resilience of the Group's activities and strategy will be examined using qualitative and quantitative tools, and drawing on climate scenario

analysis, as recommended by the TCFD. This assessment should help clarify the strategic guidelines to be associated with climate-related issues, including with regard to the global economy's various decarbonisation trajectories.

### A.2 APPLICATION

#### ON SCOPES 1 & 2

The Lagardère group is seeking to minimise the energy consumption of its leased or owned real estate (offices, warehouses, stores) by implementing measures designed to improve energy efficiency, including:

- ▶ opting for energy-efficient and/or environmentally certified sites. For example, the headquarters of Hachette Livre at Varves 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 BREEM certification;
- ▶ 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.);
- ▶ rolling out energy optimisation programmes across the international network of stores operated by Lagardère Travel Retail, involving such actions as switching to LED bulbs and using refrigerators with doors and equipment that consumes less energy.

In continuation of these efforts, in recent years Lagardère has also carried out numerous energy audits on industrial and service sites and within its store network in France. The findings of this work serve to enrich the sites' energy efficiency action plans.

The Group also seeks to promote the use of energy from renewable sources. In late 2018, the Group switched to clean electricity to supply all of the sites that it controls in France. The Group now intends to examine the feasibility of extending this approach internationally.

#### ON SCOPE 3

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 its production.

The action plan to be drawn up from 2022 should allow for the adoption of a greater number of initiatives geared towards reducing Scope 3 emissions.

### A.3 PERFORMANCE

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 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/sq.m./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	2021	35	30	65
	2020	35	31	66
Lagardère Travel Retail	2021	11	160	171
	2020	9	152	161
Other Activities	2021	6	10	16
	2020	5	10	15
Total	2021	52	200	252
	2020	50	192	242

### Group GHG emissions, worldwide (in tCO<sub>2</sub>eq)<sup>(1)</sup>

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2021	6,587	6,724	13,311
	2020	6,625	6,764	13,389
Lagardère Travel Retail	2021	1,989	66,312	68,302
	2020	1,707	63,493	65,200
Other Activities	2021	1,080	793	1,873
	2020	854	600	1,454
Total	2021	9,656	73,830	83,486
	2020	9,186	70,857	80,043

Indicator	2021	2020
CO <sub>2</sub> emissions per €m of revenue (in tCO <sub>2</sub> eq)	16.3	15.8

The slight increase in consumption and emissions in 2021, particularly at Lagardère Travel Retail, was attributable primarily to a timid recovery in business over the course of 2021, after 2020 was marked by the closure of many stores in the various countries where the Group operates as a result of the health crisis.

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 CO<sub>2</sub>.  
The carbon intensity ratio refers to the Scope 1 & 2 emissions presented above.

The slight nature of the increase between 2020 and 2021 is obviously attributable to the timid recovery in business for Lagardère Travel Retail, the main contributor to the Group's energy consumption through its extensive store network.

(1) The 2020 emissions have been recalculated to take into account the changes made in 2021 to the emission factors used.

### 4.3.2.2 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. The Group’s vigilance on this issue must meet the growing expectations of customers, consumers and other stakeholders.

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.

In addition to these three major priorities, the Group’s subsidiaries are also committed to eco-design and refurbishments of its stores.

### 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.

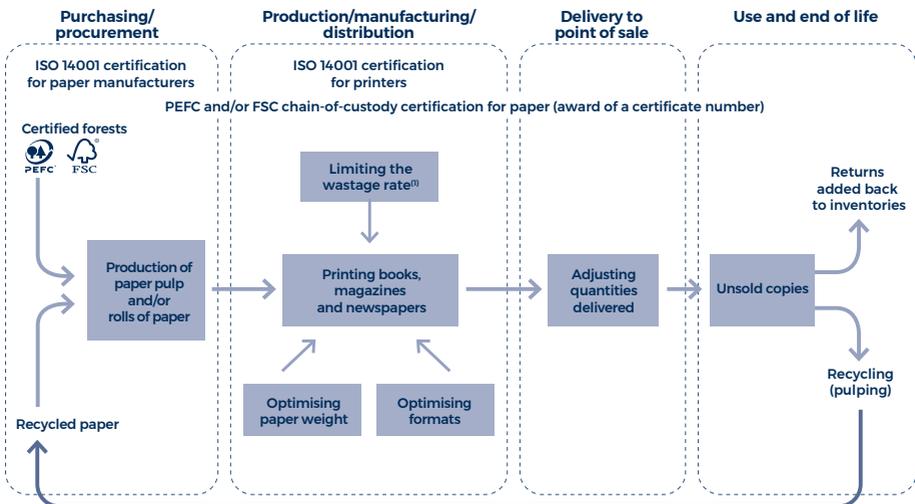
On the issue of plastic pollution, Hachette Livre initiated an action plan in 2021, drawing on the findings of an audit conducted in 2020. Meanwhile, Lagardère Travel Retail is working to gradually eliminate single-use plastic from all internal brands.

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 US 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 2021.

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 Slowd – 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 with 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.

An international initiative was also carried out in 2021 to facilitate close monitoring of the rate of wastage, to set objectives by type of business (fast food, table service, etc.), to identify and share best practices and to develop tools to support operational teams in the waste reduction strategy.

New initiatives have also emerged in some countries:

- ▶ In the United States, "The Good Program" uses a dedicated app to distribute unsold sandwiches among charities at the end of each day;
- ▶ in France, teams have launched the "Fini le Gaspi" (No More Waste) programme in hospitals: an hour before outlets close, reductions of 50% are offered on unsold sandwiches and pastries.

## PLASTIC REDUCTION

Driven by a constant determination to reduce their environmental footprint, the Lagardère group's subsidiaries successfully made progress on plastic reduction in 2021, despite the persistent challenge of the health situation.

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. In 2021, a plastic footprint reduction trajectory and a 2030 action plan were laid out. The action plan, which is to be implemented from 2022, has four main thrusts: reduction in plastic volumes (elimination of non-essential uses, eco-design); improvement in the material mix

(responsible purchasing, choice of plastics sourced from established circular channels); changes in structure to facilitate the rollout of the approach (installation of industrial innovations, involvement of all business lines); and commitment of the ecosystem (interprofessional initiatives, communication, etc.).

In late 2019, Lagardère Travel Retail decided to eliminate all plastic consumables provided with food products manufactured by its proprietary foodservice brands worldwide. This initiative was implemented in France in July 2020 and was gradually extended to most of Europe, as well as to Australia and New Zealand from December 2020.

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. In tandem with this approach, the division 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.

Lastly, fully rPET packaging will increasingly be used for beverages, representing an estimated two-thirds of volumes in 2022.

The decrease observed between 2020 and 2021 in the proportion of revenue generated by Lagardère Travel Retail's catering activities (proprietary concepts) that have switched to environmentally-friendly consumables and outlawed the use of single-use plastics (see table below) is attributable to the shortage of raw materials and a lack of alternative solutions, which have forced countries to revert to the use of plastic for certain consumables, such as cup lids.

## ECO-DESIGN

Lagardère Publishing aims to provide all its employees with practical steps to follow on this issue. In France, Hachette Livre organised an Eco-design Week in 2021, with the aim of introducing or intensifying eco-design practices within teams. The event resulted in the co-construction of to-do sheets enabling everyone to adopt best practices at each stage of a book's life cycle from choice of raw materials to editorial, manufacturing, transport, distribution, end of life and recovery. The aim is for these documents to be developed collaboratively on an ongoing basis and circulated throughout the organisation. Another Eco-design Week will be held in 2022.

## STORE REFURBISHMENTS

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 reinjecting 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 launched 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	2021	2020	2019
Weight of paper purchased directly (in kilotons)	135.1	121.5	123.3
Weight of paper supplied (in kilotons)	44.4	38.5	29.3
Total weight of paper purchased and supplied (in kilotons)	179.5	160.0	152.6
Percentage of certified paper	95	95	> 87
Percentage of recycled paper	4	3	< 10
Percentage of Foodservice revenue in countries that have a waste measurement system and run waste reduction initiatives <sup>(1)</sup>	49	33	-
Percentage of Foodservice revenue in countries that have switched to responsible consumables and banned single use plastic consumables in proprietary brands <sup>(1)</sup>	48	65	-

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

**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 is a major social issue that requires increased responsibility and vigilance.

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".

**A.1 STRATEGY AND APPLICATION**

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

The Group has been actively implementing the GDPR since 2016 with the full support of General Management. 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, comprising the Data Protection Officer (DPO), the Group IT Director and the Chief Compliance Officer.

A Steering Committee has also been set up with the divisions under the responsibility of the DPO, and a network of officers created in the divisions. This has made it possible to establish a Group policy and to validate the various applications, tools and policies for compiling information on data processed, ensuring that personal data are duly protected and managing personal data breaches. On the latter point, the Group Chief Information Security Officer also proactively monitors the Internet to identify content leaks, particularly leaks of personal data.

The GDPR compliance programme is now part of the Group's continuous improvement process, alongside all other risk management and compliance programmes. In 2022, a specific indicator will be introduced to better measure the level of IT security related to the processing of personal data. Internal audit assignments are regularly conducted on this programme, which is also regularly monitored by the Group's Audit Committee.

Issues related to the protection of personal data are also described in the Risk Factors chapter, under the heading "Risks associated with data security" (see section 3.2.6.5).

**4.3.3.2 RESPECT FOR FUNDAMENTAL FREEDOMS**

In an increasingly transparent world, companies must explain how 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. 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. The Lagardère group monitors the indicators covering work-related accidents and their prevention.

Amid the pandemic in 2020, one of the main priorities was 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 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.

In 2021, for all jobs that allowed it, home working continued to be 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.

Over the past several years, the Group has used four indicators to report any human rights violations in which one of its operating entities may be directly or indirectly involved. The number of formal disputes involving discrimination, forced labour, child labour and harassment was monitored to measure the maturity level of Group companies.

**A.3 PERFORMANCE**

Indicator	2021	2020	2019
Number of formal disputes involving discrimination	9	10	16
Number of formal disputes involving forced labour	1	3	5
Number of formal disputes involving child labour	0	0	0
Number of formal disputes involving harassment	4	10	11
Percentage of workforce covered by employee representation at 31 December	71	73	71

**Number of work accidents and days' absence due to work accidents<sup>(1)</sup>**

Division	Number of accidents	Number of days of absence due to work accidents
Lagardère Publishing	109	3,751
Lagardère Travel Retail	206	9,779
Other Activities	24	1,012
<b>Group total 2021</b>	<b>339</b>	<b>14,542</b>
Group total 2020	294	17,630

**Frequency and severity rate and lost time<sup>(2)</sup> related to work accidents**

Division	Frequency rate		Severity rate	
	2021	2020	2021	2020
Lagardère Publishing	9.36	8.26	0.32	0.40
Lagardère Travel Retail	5.69	5.69	0.27	0.38
Other Activities	15.12	8.00	0.64	0.43
<b>Group total 2021</b>	<b>6.86</b>	<b>6.42</b>	<b>0.29</b>	<b>0.39</b>

**Social dialogue and health and safety**

Indicator	2021	2020	2019
Percentage of the workforce at an entity with a health and safety committee	86	92	93
Percentage of the workforce at an entity with regular health monitoring	95	67	57
Percentage of training hours dedicated to health and safety	19	8	13

Given the specific situation prevailing in 2020, during which a large proportion of the Group's employees were placed on furlough, the frequency and severity rates published are likely to have been underestimated. These rates are based on a theoretical number of hours worked, generally aligned with a legal framework. However, that theoretical calculation does not fully reflect the furlough measures resulting from the health crisis.

The frequency rate increased mechanically in 2021 compared to 2020, due in particular to the business resumption at Lagardère

Travel Retail, but remains underestimated in 2021 insofar as the division continued to use furlough schemes.

Furthermore, several formal disputes<sup>(3)</sup> involving harassment, forced labour and discrimination were recorded in 2021.

Of the 14 disputes recorded, 64% concerned entities located in the United States and 29% were related to entities located in France. Lastly, 64% of the disputes concerned discrimination and 29% harassment, with the remaining 7% corresponding to one case of forced labour.

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

The outcome on the forced labour case was in favour of the entity (complaint dismissed by the competent authority).

Of the total of nine discrimination disputes, one was decided in favour of the entity further to arbitration (complaint dismissed by

the competent authorities), three were settled out of court and the other five are still awaiting settlement.

All four cases of harassment identified are awaiting settlement.

#### 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.

Issues related to business ethics are also described in the Risk Factors chapter of this document, under the heading "Business ethics" (see section 3.2.6.5).

##### A.3 PERFORMANCE

Anti-corruption performance is monitored at several levels:

- ▶ a dashboard is updated each quarter to monitor the implementation of anti-corruption procedures, training provided and actions identified;
- ▶ 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

**AFR**

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.

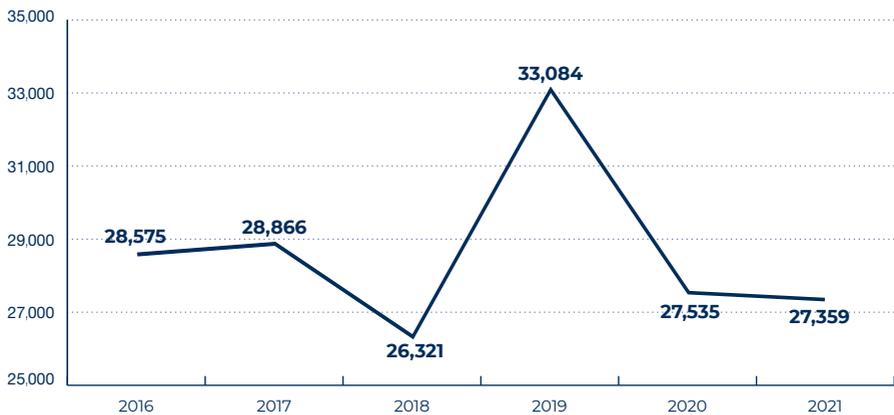
### 4.4.1 SOCIAL INFORMATION

#### A.1 WORKFORCE

The sharp fall in the permanent workforce between 31 December 2019 and 31 December 2020 (shown in the graph below) reflects the drop in Lagardère Travel Retail's workforce

(down 22%) as a result of the health crisis. At 31 December 2021, the Group's workforce was stable, reflecting the still timid recovery in the Travel Retail sector

#### Changes in permanent workforce at 31 December<sup>(1)</sup>



#### Workforce by division at 31 December 2021

Division	Women	Men	Total	2020/2021 change
Lagardère Publishing	4,265	2,654	6,919	-1%
Lagardère Travel Retail	12,865	6,472	19,337	0%
Other Activities	518	585	1,103	-10%
<b>Group total 2021</b>	<b>17,648</b>	<b>9,711</b>	<b>27,359</b>	<b>-1%</b>

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 (just over 2%) 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	1,295	1,824	1,862	1,938	<b>6,919</b>
Lagardère Travel Retail	6,172	5,177	3,906	4,082	<b>19,337</b>
Other Activities	167	282	316	338	<b>1,103</b>
<b>Group</b>	<b>7,634</b>	<b>7,283</b>	<b>6,084</b>	<b>6,358</b>	<b>27,359</b>
Percentage	55%		22%	23%	

### A.2 SOCIAL DIALOGUE

#### Number of collective agreements in force

Indicator	2021	2020	2019
Number of collective agreements in force at 31 December	<b>531</b>	533	530
Number of collective agreements signed during the year	<b>105</b>	126	105

#### 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
<b>Group total 2021</b>	<b>48%</b>	<b>64%</b>	<b>36%</b>	<b>57%</b>	<b>72%</b>	<b>44%</b>	<b>70%</b>
Group total 2020	48%	51%	37%	58%	75%	43%	68%

### 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<sup>(1)</sup>) basis, the total number of non-permanent and temporary workers stood at 7.2% of the Lagardère group's total FTE workforce in 2021, compared with 8.6% in 2020.

#### Employees on fixed-term contracts<sup>(2)</sup> (FTE basis)

Division	2021	2020
Lagardère Publishing	<b>205</b>	261
Lagardère Travel Retail	<b>1,041</b>	1,406
Other Activities	<b>93</b>	77
<b>Group</b>	<b>1,339</b>	<b>1,744</b>

(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<sup>(1)</sup> (FTE basis)**

Division	2021	2020
Lagardère Publishing	99	54
Lagardère Travel Retail	0	0
Other Activities	368	808
<b>Group</b>	<b>467</b>	<b>862</b>

**Number of temporary hours<sup>(2)</sup> worked during the year on a FTE basis**

Division	2021	2020
Lagardère Publishing	552	381
Lagardère Travel Retail	78	139
Other Activities	1	3
<b>Group</b>	<b>631</b>	<b>523</b>

**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 lie 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: Documentary Film-maker, Animated Film-maker, Writer, Print Journalist, Bookseller, Musician, Photographer, Film Producer and Television Scriptwriter.

Since the inaugural Jean-Luc Lagardère Foundation awards in 1990, 342 prize-winners (10 in 2021) have received a total of €7,080,000 including €170,000 awarded in 2021.

Several of the Foundation's prize winners enjoyed great success in 2021. To cite just a few examples: *Adieu les cons*, produced by Catherine Bozorgan (2008 Film Producer winner) won seven prizes at the 2021 César Awards. Mohamed Mbougar Sarr (2018 Writer winner) received the 2021 Goncourt Prize for *La plus secrète mémoire des hommes* (Philippe Rey/Jimsaan), a novel for which he received a grant from the Jean-Luc Lagardère Foundation. Meanwhile, François-Henri Désérable (2013 Writer winner) received the Grand Prix du Roman, the Académie française's literary prize, for *Mon maître et mon vainqueur* (Gallimard). Florian Zeller (2002 Writer winner) saw his debut film *The Father* win two of the six Oscars it was nominated for.

The Jean-Luc Lagardère Foundation's prize-winners also regularly participate in other programmes run by the Foundation, as illustrated by the examples below:

- ▶ as part of the partnership with the French Academy in Rome, Villa Medici, and in particular support of its Résidences Médicis programme of short-term residencies for artists and researchers from all disciplines (visual arts, photography, comics, screenwriting, etc.), three Foundation prize-winners were hosted for one-month residencies in 2021;

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

(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.

- ▶ as part of a partnership with 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. In 2021, two prize-winners took part in its programming, which combines on-site, off-site and digital formats. In a series of posts on Studio 13/16's Instagram, Léo Verrier (2009 Animated Film-maker winner) took young people behind the scenes of the preparation of his next animated short film. Off-site, Carolina Arantes (2015 Photographer winner) met with 13 young people to get a better grip of their unique experience during lockdown and to build a contemporary photographic portrait of a younger generation in need of support;
- ▶ 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, Salomé Berlemont-Gilles (2020 Writer winner) was invited to give a reading of her novel *Le premier qui tombera* (Grasset). With the help of author and actress Annie Ferret, she also produced a podcast featuring three excerpts from her novel on the new online Marathon platform, created in 2020 as a result of the pandemic.

The Foundation also continued its efforts to promote literature and cultural diversity in 2021 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. Successive lockdowns have seen the reinvention of literary events, which are now recorded face-to-face and broadcast live on the IMA's Facebook page. This digital format enabled an ever-increasing number of people to attend such events in 2021.

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 one of only a handful of French awards recognising new Arab literature, the 2021 edition went to Omani author Jokha Alharthi for her novel *Celestial Bodies* (Stéphane Marsan Éditeur), translated from Arabic into French by Khaled Osman. Ms Alharthi is the first Omani author to receive a literary prize in France.

The Foundation also very much honoured its commitment to promote **access to culture for all** in 2021, 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;
- ▶ Lire pour en sortir, a not-for-profit that runs integration initiatives through reading in prison. The association's flagship reading programme offers detainees the chance to receive time off their sentences by reading books and writing book reports. The Jean-Luc Lagardère Foundation provides particular support for the association's new programme, Lire en famille, which aims to combat the dislocation of family bonds. It involves detained parents choosing children's books that they practise reading aloud with a volunteer before passing them on to their children in the visiting room. In 2021, Lire pour en sortir also organised a writing competition that inspired more than 132 authors (detainees and prison officers);
- ▶ 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. In 2021, the Abbaye aux Dames also hosted a

residency for the musical duo ATOEM (2019 Musician winner) for a composition session ahead of their album release.

In addition, the Foundation supported the tenth edition of the Jules Rimet prize, which promotes sports literature. In 2021, the prize was awarded to Virginie Troussier for her novel *Au milieu de l'été, un invincible hiver*, published by Guérin.

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. In 2021, after an internal vote among Group employees, two charities received funding: Enfants du Sourire Khmer, to enable Cambodian children who dropped out of school during the Covid-19 pandemic to benefit from refresher courses; and Les Chemins du Cœur, to organise school holiday educational workshops for secondary school students in Bondy (Paris) to promote the personal development of young people who have restricted access to culture and to fight academic disengagement.

#### WITHIN THE SUBSIDIARIES

In all of the areas already mentioned above, as well as in others, the subsidiaries and the Group as a whole participated in various solidarity campaigns during 2021, in the form of partnerships, support for various programs and projects or donations. The examples below are not intended to be exhaustive and do not represent the full range of actions undertaken by all Group operating entities and countries.

At Lagardère Publishing, our societal commitment focuses on promoting reading and culture, particularly among those who have difficulty accessing literature, whether due to disability or for socio-economic reasons (the vulnerable, prisoners, etc.). The various entities contribute in particular by giving or making available free of charge a number of books, in physical or digital form. These points are discussed at length in section 4.3.1.3 of this chapter.

In France, 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. As in 2021, no meetings of the Charitable Action Committee were held in 2020 due to the health and economic situation.

At Lagardère Travel Retail, philanthropic commitment revolves around the following topics:

- ▶ donating food to limit losses and waste and to support the fight against hunger and malnutrition;
- ▶ supporting children with serious illnesses or disadvantaged backgrounds, etc.;
- ▶ supporting medical research;
- ▶ combating violence against women;
- ▶ reducing social vulnerability.

#### CORPORATE FUNCTIONS OF THE LAGARDÈRE GROUP

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 2021.

### 4.4.3 ENVIRONMENTAL INFORMATION

#### A.1 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. 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 2021.

#### Group water consumption (cu.m.)

Division	Year	Water (cu.m.)
Lagardère Publishing	2021	66,378
	2020	57,233
Lagardère Travel Retail	2021	288,211
	2020	329,070
Other Activities	2021	79,372
	2020	118,250
Total	2021	433,961
	2020	504,553

### 4.4.4 ETHICAL INFORMATION

In terms of preventing tax evasion, the Group takes steps to identify and reduce tax risks, which are reviewed specifically as part 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.

The Group is also committed to complying with the principles set out in European directives and by the OECD 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 Executive Committee. 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.

## 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<sup>(1)</sup> 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 fifteen 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 99.8% of the Group's workforce at 31 December 2021.

Comparative data from one year to the next are on a like-for-like basis. As such, for 2021, the data for previous years have been recalculated using the scope of consolidation for the 2021 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.

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 CO<sub>2</sub> 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. As part of the carbon audit carried out in 2021 with the help of Carbone 4, the Group has updated all of its Scopes 1 & 2 emissions factors, in particular to take into account only the combustion portion of energy emissions (the upstream portion is included in Scope 3).

Greenhouse gas emissions are calculated directly by the Group Sustainable Development and CSR Department based on the energy data reported 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.

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.

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 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 capacity as Statutory Auditor of your Company (hereinafter the "Entity"), appointed as independent third party ("third party") and certified by COFRAC under number 3-1681 (whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)), we have carried out work designed to provide a reasoned opinion expressing a limited assurance conclusion on the consistency of the consolidated non-financial statement for the financial year ended 31 December 2021 (hereinafter the "Statement") with the provisions of article R. 225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (observed or extrapolated) provided pursuant to article R. 225 105 I, 3 and II of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

#### CONCLUSION

Based on the procedures performed, as described below in "Nature and scope of the work", and the evidence that we gave gathered, 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.

#### PREPARATION OF THE NON-FINANCIAL STATEMENT

The lack of a generally accepted and commonly used reference framework or established practice on which to base the assessment and measurement of the Information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the main elements of which are presented in the Statement.

#### LIMITATIONS INHERENT IN THE PREPARATION OF INFORMATION

As stated in the Statement, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information presented

in the Statement is sensitive to methodological choices, assumptions and/or estimates made in its preparation.

#### ENTITY'S RESPONSIBILITY

It is the responsibility of the Board of Directors:

- ▶ to select or establish appropriate criteria for the preparation of information;
- ▶ to prepare the Statement pursuant to legal and regulatory requirements, 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, and the information required by article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- ▶ to put in place such internal controls as it determines necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement was been prepared in application of the Entity's above-mentioned Guidelines.

#### 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 historical information (observed or extrapolated) 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.

As it is our responsibility to express an independent conclusion on the Information as prepared by management, we are not authorised to be involved in the preparation of the Information as this could compromise our independence.

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

It is not our responsibility to comment on:

- ▶ the Entity's compliance with other applicable legal and regulatory provisions (particularly the information required by article 8 of Regulation (EU) 2020/852 [Green Taxonomy] the French duty of care law and anti-corruption and tax evasion legislation);
- ▶ the fairness of the information required by article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- ▶ the compliance of products and services with the applicable regulations.

## APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL STANDARDS

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, and with the professional standards applicable in France to such engagements and with ISAE 3000 as revised<sup>(1)</sup>.

## INDEPENDENCE AND QUALITY CONTROL

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

## MEANS AND RESOURCES

Our verification work mobilised the skills of five people and took place between September 2021 and March 2022 on a total duration of intervention of seven weeks.

To assist us in our work, we called on our specialists in sustainable development and corporate social responsibility. We conducted five interviews with the persons responsible for the preparation of the Statement including, in particular, from the Sustainable Development and CSR Department, the Human Resources Department, the Communications Department and the Foodservice business.

## NATURE AND SCOPE OF THE WORK

We planned and performed our work taking into account the risks of material misstatement of the Information.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion;

- ▶ 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 regarding respect for human rights and the fight against corruption and tax evasion;
- ▶ 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 one risk (quality, compliance, hygiene and safety of products sold), 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: Hachette Book Group, Paradis Lagardère, Lagardère Media News;

- ▶ 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:

- 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, and other selection methods, 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 21% and 32% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (32% of the workforce, 31% of the tertiary energy consumption, 21% 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.

The procedures carried out for a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with professional standards in France; a higher level of assurance would have required us to carry out more extensive procedures.

French language original signed at Paris-La Défense, on 15 March 2022

### Independent third party

#### EY & Associés

#### Thomas Gault

Partner, Sustainable Development

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

**Appendix I: The most important information**

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>The overall voluntary departure rate, and the rate by socio-professional category.</p> <p>Number of women among top executives.</p> <p>Work-related accident frequency rate.</p>	<p>Actions implemented to ensure diversity and gender balance of human resources.</p> <p>Outcomes of the internal talent management policy.</p> <p>Measures to prevent work-related accidents.</p>
Environmental Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>Total weight and proportion of certified and recycled paper (Lagardère Publishing).</p> <p>Tertiary energy consumption.</p> <p>CO<sub>2</sub> emissions of Scopes 1 &amp; 2 per euro of revenue.</p>	<p>The certified and recycled paper purchase process (Lagardère Publishing).</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>Measures in favour of the accessibility and dissemination of education, culture and entertainment (Lagardère Publishing).</p> <p>Measures to guarantee health safety, optimise waste management and reduce the use of plastic (Lagardère Travel Retail).</p> <p>The assessment approach to environmental, social and ethical performance of Group suppliers and subcontractors.</p>

## 4.7 APPLICATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

**AFR**

### 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.

The year under review was the fourth 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 fighting climate change and section 4.3.2.2 on the issues of natural resource management, anti-waste and the circular economy.

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

The whistleblowing tool has been in place within the Group since 2020.

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

## 4.8 IMPLEMENTING THE TAXONOMY REGULATION

**AFR**

### REGULATORY FRAMEWORK AND COMPLIANCE

In accordance with European Regulation 2020/852 of 18 June 2020 on the establishment of a framework to encourage sustainable investment in the European Union (EU), the Lagardère group is obligated to disclose certain key performance indicators (KPIs) corresponding to the proportion of its revenue, capital expenditure (CapEx) and operating expenditure (OpEx) that is derived from products or services associated with economic activities that qualify as environmentally sustainable under the Regulation. This classification system, known as the European taxonomy for sustainable activities or the "green taxonomy," establishes a list of economic activities deemed to be environmentally sustainable based on scientific criteria and aligned with the EU's green deal objectives. For 2021, only those KPIs relating to the "eligibility" of a company's activities must be disclosed. Lagardère is therefore obligated to disclose these indicators, which show the proportion associated with potentially sustainable activities, without taking into account the Regulation's technical screening criteria.

At this stage, taxonomy-eligible activities must be listed and described with regard to their contribution to the Regulation's first two objectives, climate change mitigation and climate change adaptation (Annexes I & II of the Climate Delegated Acts<sup>(1)</sup>). This process will be extended in 2022 to the other four environmental objectives (the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems), with an obligation to disclose the KPIs in 2023. Annexes I & II provide definitions of the eligible activities, along with the corresponding NACE codes, and the technical screening criteria for determining whether they are effectively sustainable (i.e., "aligned" with the Regulation's objectives).

Any activities that are not included in the initial list of defined activities or which do not correspond to the definitions are considered to be undefined in the framework and as such "non-eligible."

### PRESENTATION OF THE 2021 KEY PERFORMANCE INDICATORS

The financial data used in this analysis correspond to all the consolidated data for the year ended 31 December 2021. They have been prepared jointly by the Group's local and central teams based on the consolidated financial statements prepared under IFRS at 31 December 2021, and in accordance with guidance provided by applicable regulations<sup>(2)</sup> for the definition of the revenue, CapEx and OpEx components to be disclosed. The results of the analysis are presented in detail below.

### ELIGIBLE AND NON-ELIGIBLE REVENUE

As concerns revenue, based on the regulatory framework presented above, it appears that the majority of the Group's activities belong to industries that are not eligible with regard to the Taxonomy's two climate change objectives. This initial assessment was performed on the basis of a detailed analysis of the Group's activities and a strict reading of the texts. It resulted in the following initial conclusions:

- ▶ the activities of Lagardère Publishing are not considered to be taxonomy-eligible. The assessment also found that the division's textbook publishing activities do not correspond to the definition of the Education industry (NACE code P85) given in the Annexes;
- ▶ the activities of Lagardère Travel Retail are not considered to be taxonomy-eligible;
- ▶ some of the activities in the Other Activities segment are taxonomy-eligible, i.e., Lagardère News' radio business and all the activities of Lagardère Live Entertainment.

(1) Delegated Regulation of 4 June 2021 and its annexes supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

(2) Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology for complying with that disclosure obligation.

The table below shows the correspondence between the eligible activities as described in the Regulation and the related Lagardère group activities.

NACE Code	Industry	Activity	Description of the activity	Corresponding Lagardère activity
J60	Information and communication	Programming and broadcasting activities	Programming and broadcasting include the activities of creating content or acquiring the right to distribute content and subsequently broadcasting that content, such as radio, television and data programmes of entertainment, news, talk, and the like. Also included is data broadcasting, typically integrated with radio or TV broadcasting.	Lagardère News' radio business (Europe 1, Virgin Radio, RFM)
R90	Arts, entertainment and recreation	Creative, arts and entertainment activities	Creative, arts and entertainment activities include the provision of services to meet the cultural and entertainment interests of their customers. This includes the production and promotion of, and participation in, live performances, events or exhibits intended for public viewing and the provision of artistic, creative or technical skills for the production of artistic products and live performances.	All the activities of Lagardère Live Entertainment

In 2021, activities deemed eligible with regard to the two European Green Taxonomy climate objectives represented 2% of the Lagardère group's consolidated revenue.

All this revenue was derived from activities eligible with regard to the climate change adaptation objective (as identified in Annex II of Delegated Act concerning climate change objectives published in April 2021) and considered to be enabling activities. An activity qualifies as contributing to the climate adaptation objective and as an enabling activity if it directly enables other activities to reduce the adverse impacts of climate change and to maximise the positive impacts<sup>(1)</sup>.

## CAPITAL EXPENDITURE (CAPEX) AND OPERATING EXPENDITURE (OPEX)

In accordance with the Regulation, the CapEx KPI denominator covers the increase in the gross balance sheet value of right-of-use concessions and leases (IFRS 16), property, plant and equipment (IAS 16) and intangible assets (IAS 38), as well as additions to property, plant and equipment and intangible assets resulting from business combinations (IFRS 3).

In 2021, this denominator amounts to €476 million and includes €205 million in right-of-use assets under new concession agreements in the period.

The increase in right-of-use assets is the offsetting entry for the lease liability, representing the present value of future lease payments. This amount may increase or decrease depending on whether the lease liability is recalculated as a result of an increase or decrease in the term of the agreement, the surface area made available or as a result of lease negotiations or changes in the calculation formula, which is common in the Travel Retail business.

These concession agreements grant the concession operators access to certain passenger flows and to the resulting revenue, against the payment of fees (rent) in respect of the leased retail premises and the right to use those premises. These agreements are renewed by means of tenders. Operators cannot choose between buying or "leasing" the areas made available by airports or railway stations.

These fees are either variable, fixed, or variable with a guaranteed minimum payment. They can be renegotiated with the concession grantor in the event of changes in economic conditions or in applicable regulations. Rents can depend both on revenue and on passenger flows. The nature of these operating leases is therefore different from that of property leases, which only provide access to premises in return for in-substance fixed lease payments.

At this stage, due to the nature of the concession agreements, the Group has excluded rental expenses under these agreements from the analysis of the Taxonomy activities relating to activity 7.7 "Acquisition and ownership of buildings".

Accordingly, eligible CapEx, expressed in the numerator, comprises CapEx that is by nature eligible because it is associated with taxonomy-eligible economic activities, as well as any additions during the year corresponding to:

- ▶ the renovation of existing buildings (activity 7.2.);
- ▶ the installation, maintenance and repair of energy efficiency equipment (activity 7.3.);
- ▶ the installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings (activity 7.5.);
- ▶ vehicle fleet leasing (included in activity 6.5. "Transport by motorbikes, passenger cars and light commercial vehicles");
- ▶ freight transport services by road (activity 6.6.);
- ▶ non-current assets related to the storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres (activity 8.1.).

The initial review found that 12% of Lagardère's CapEx is taxonomy-eligible in respect to 2021.

Taxonomy-eligible OpEx, as defined in the Regulation and expressed in the denominator, includes direct costs relating to:

- ▶ non-capitalised building renovation measures;
- ▶ short-term real estate leases;
- ▶ short-term vehicle leases;

(1) EU Regulation 2020/852 of 18 June 2020, article 11 and article 16.

- ▶ other short-term leases;
- ▶ maintenance and repair of buildings;
- ▶ maintenance and repair of vehicles;
- ▶ other maintenance and repair;
- ▶ day-to-day servicing of assets.

In line with the analysis carried out on whether or not to include concession agreements in the CapEx denominator, variable lease payments under concession agreements only have been excluded

from the OpEx amount presented in the denominator. These variable lease payments represent €235 million for 2021.

This OpEx denominator represents less than 2% of the Group's total operating expenses (external charges, payroll costs, etc.), which is not representative of its business model. As a result, the review has concluded that this indicator is not material for the Group. Eligible OpEx was therefore not analysed and the numerator is considered to be zero.

### Revenue, CapEx and OpEx by division at 31 December 2021 (in €m)

	Denominator at 31 Dec. 2021	Total eligible	Eligible as a % of the total
<b>Total revenue</b>	5,130	103	2
Lagardère Publishing	2,598	0	
Lagardère Travel Retail	2,290	0	
Other Activities	242	103	
<b>Total CapEx</b>	271	32	12
<b>Total OpEx</b>	26		

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