



SUSTAINABILITY
REPORT
2011



MONDADORI

SUSTAINABILITY REPORT
2011
MONDADORI

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For more than one hundred years Mondadori has been dedicated to publishing, evidencing a curiosity for new styles and trends and the courage to innovate. We are part of the history and culture of Italy and we have always been aware of the responsibility that any company, and even more so a culture-based corporation, has towards the community.

In more than one hundred years we have grown, extending our activities beyond the national borders and developing innovative products and services. Concurrently we have increased our attention to every aspect that may favor the Company's responsible development.

We started from the attention to our key asset, represented by all those who work in and for this Company: employees and collaborators, authors and journalists, suppliers of goods and services. Everybody, each person according to their role and the skills they bring to their jobs, contributes to making Mondadori an open, fair company in which different opinions are expressed in a free environment, open to discussion.

This respect for the individual brings with it attention to the environment and the impact that our activities have on it. Acting responsibly means making more stringent adjustments, which frequently have considerable repercussions on production processes. We are, however, convinced that our commitment in this direction does not end with mere compliance with global directives and protocols, but translates into making a profitable investment in our future.

At a time in which almost nobody talked about sustainability, the Company had already started creating value for its employees and collaborators, shareholders, suppliers and the community in general, while contributing to the country's growth and development.



Our recent achievements and the propositions made for the upcoming years are evidence of how economic responsibility is a direct consequence of social and environmental responsibility.

Thus the process that began in 2010 with the establishment of the Sustainability Committee and the drafting of the 2010 sustainability report for internal use and dissemination has evolved into the 2011 Sustainability Report, the first public-access document that manifests our approach to sustainable development

The report to all of our stakeholders – employees, collaborators, shareholders, suppliers, clients – adds a new instrument that generates dialogue and analysis, which is intended to help them and us in pursuing this process targeting reciprocal growth in full compliance with the values that we have always shared.

Marina Berlusconi
Chairman
Mondadori Group

Maurizio Costa
Deputy Chairman and CEO
Mondadori Group

DC

DRAFTING CRITERIA

This document supplements the information regarding sustainability disclosed in the 2011 Annual Report, providing details about Group performance and the industry's key indicators. The analysis of the topics and data is compliant with the Guidelines of the Global Reporting Initiative (GRI), version G3.1. Mondadori confirms the compliance of this 2011 Sustainability Report with the application level C+ of the aforementioned standard.

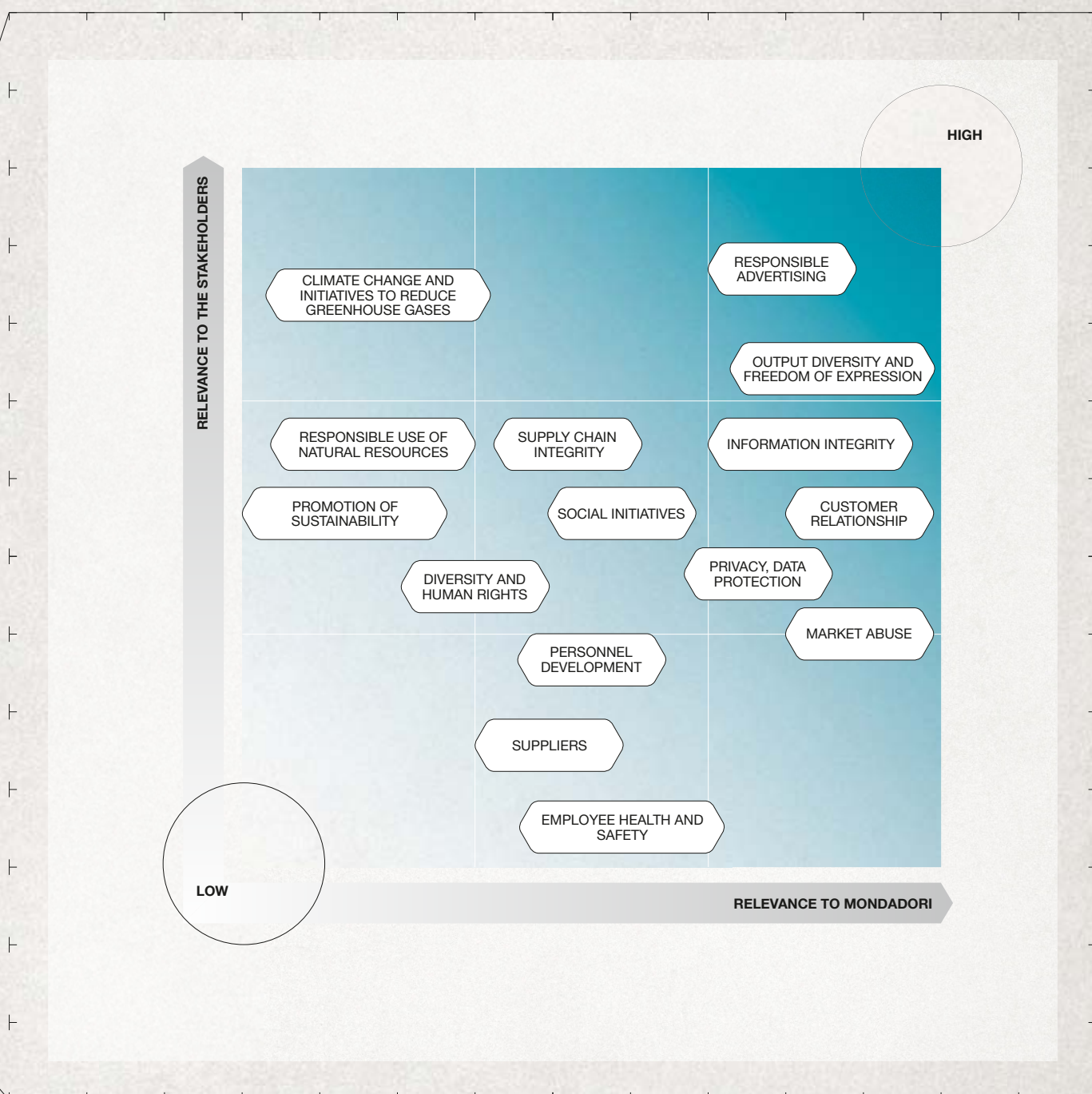
Materiality and stakeholder inclusiveness

A materiality analysis was performed in order to define the sustainability issues considered mostly relevant, both inside the company and for the stakeholders of reference. The level of significance of the issues was assessed during a series of audits accomplished by the Sustainability Committee (see § The first public edition of the Sustainability Report), during which the Committee members first mapped and classified stakeholders, then identified the key sustainability issues for the company and, lastly, defined the relevant materiality based on the relevance of the same for Mondadori (internal relevance) and the relevance vis-à-vis the stakeholders.

The criteria used for the assessment of the internal relevance were financial impact, impact on reputation, impact on clients, competitors' position and consistency with the company policies.

Materiality was defined in line with pre-existing analyses, as a combination of internal and stakeholder relevance.

In 2012, the Sustainability Committee proceeded with an update of the mapping and prioritization of the stakeholders in its meetings, working on the analysis of the key issues for the company and its stakeholders. Though not making reference to the year of reporting of this Report, the key outcomes of this analysis were taken into account during the drafting process in order to obtain a better and more exhaustive company overview.



Reporting perimeter and sustainability context

This document is the first public edition of the Mondadori Sustainability Report and includes a description of the key initiatives undertaken in 2011 (solar year) as well as the performance trends of the 2009-2011 three-year period, when available. In addition, the initiatives of particular interest undertaken in 2012 and already known as at the date of closing of this report were added. Performance indicators were collected on an annual basis and reporting periodicity is set on an annual basis.

The information included in this Report refers to Arnoldo Mondadori Editore S.p.A. and its consolidated companies operating in Italy; activities abroad are thus excluded. Arnoldo Mondadori Editore S.p.A. has legal offices in Milan, via Bianca di Savoia 12; the head offices are instead in Segrate (MI), via Mondadori. The consolidation perimeter coincides with that used for the financial reporting, except for some data explicitly indicated in the text.

As to environmental data, when not available, conservative estimates were used, which led to the underestimation of the company's actual environmental performance.

No significant changes in company size, structure or ownership were registered in the perimeter and reporting period considered (Italy, 2011).

In June 2011, Arnoldo Mondadori Editore S.p.A. completed its acquisition of a 70% stake in Glaming S.r.l., a company operating in the sector of remote management of public games. The gaming activities started generating their first significant volumes in 2012, since the Glaming.it website became active only in November 2011. As a result, Glaming will be included in the sustainability reporting period as of the next edition of this Report (except for figures related to personnel which are included in this Report).

Quality assurance principles for the Sustainability Report

This document highlights Mondadori's strengths and weaknesses, as well as actions envisaged for further improvement. Data is collected with the objective of giving a balanced and clear picture of the actions and characteristics of the Company. The information and quantitative data collection process is structured in such a way that it guarantees valid data comparability over many years, in order to obtain an accurate interpretation of the information and provide a complete overview to all stakeholders interested in the evolution of Mondadori's performance.

The 2011 Sustainability Report was reviewed by an independent auditing firm, whose limited report is available on pages 146-147.

Reporting process and calculation criteria

The definition of the content of the Sustainability Report involved all the key company functions, who contributed in close collaboration and under the co-ordination of the CSR personnel. Similarly to the first edition, published for internal use only, Mondadori relied on the support of the Italian team of Ernst & Young Climate Change and Sustainability Services also for the drafting of its 2011 Sustainability Report.

As to the calculation criteria:

- _ with regard to the method used to calculate the economic value generated (or value added) and the relevant allocation, the effects relative mainly to amortization, depreciation and provisions/utilizations of the funds were not considered;
- _ data regarding sanctions refer to the cash outflow in the year and are not calculated on an accrual basis;
- _ in the personnel breakdown by level, "Managers" include chief editors, co-editors and deputy-editors of magazines; members of the Board of Directors are not included;
- _ the accident rate is the ratio between the total number of injuries leading to an absence rate above one day and the total number of hours worked, multiplied by 200,000;
- _ the absenteeism rate is the ratio between the days of absence (including accidents and diseases and excluding vacations and permits) in the reporting period (calculated net of the days of injury) and the total number of days worked by the workforce in the same period, multiplied by 200,000;
- _ the 200,000 multiplier, which appears in the rates/indexes referred to GRI LA7 (and specifically: accident rate, severity index and absenteeism rate) is the result of 50 weeks worked multiplied by 40 hours and by 100 employees;
- _ the calculation of greenhouse gas emissions was made by applying the principles indicated in international standard ISO14064-1. In particular, it should be noted that the only greenhouse gas considered was carbon dioxide (CO₂).

The first public edition of the Sustainability Report

As previously mentioned, this document is the result of a process of analysis of sustainability issues started at the end of 2010 on the occasion of the drafting of the first edition of the Sustainability Report, published for internal use only. In addition to the development phase, the drafting process included other important steps:

- _ a discussion of the corporate governance model in relation to sustainability;
- _ an analysis of Mondadori's current situation with regard to such subjects and the relationship with the stakeholders;
- _ future development and improvement projections for sustainability performance.

In particular, the collection of the data for the drafting of the Mondadori Sustainability Report implied the conduction of numerous interviews with the Group functions and, downstream of this process, the collection of quantitative and qualitative data. This procedure, which was initiated at the start of 2011, was applied pragmatically and organically throughout the process of data collection for this edition of the Sustainability Report.

Concurrently, Mondadori assessed its current performance in the matter of sustainability and its positioning in the coming years. The insufficiencies found led to the identification of a series of objectives to reach according to precise responsibilities and timing. In this respect, the Sustainability Committee shared a three-year action and improvement plan in the matter of sustainability with an orientation targeting stakeholder engagement aimed at enhancing the currently existing communication channels and the development of new engagement tools to use with some specific stakeholder categories.

Mondadori considers the drafting of the Sustainability Report as the achievement of an important target, but also and above all, the report is an instrument that triggers and supports a virtuous cycle within the company, a mechanism that began as a result of the top management's willingness to focus on sustainability and the consequent establishment of the Sustainability Committee in 2010.

For information and details about the Report contact:

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SUSTAINABILITY COMMITTEE

In September 2010 a Sustainability Committee was established, chaired by the Head of External Relations and Communication, in which the key company functions are represented.

The Committee, which meets on a monthly basis and reports directly to the CEO, is charged with formulating proposals relative to the strategic, sustainability-focused orientations and policies with advisory and constructive functions.



THE GROUP PROFILE AND CORPORATE GOVERNANCE

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01

MONDADORI HISTORY

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Since its establishment in 1907, Mondadori followed its vocation to become Italy's publishing house "par excellence", playing both an educational role – closing the gap between the written language and the population brackets still acquiring basic literacy skills – and the dissemination of the pleasure of reading while, concurrently, witnessing the evolution of the society.

The milestones in its history highlight, on one hand, the evolution of the company from a small print shop in the Lombard countryside to a global publishing house and, on the other, the innovations underlying its success.

At 18, Arnoldo Mondadori establishes **Lucel**, the first magazine with which he started his publishing activity in Ostiglia (Mantua).

1907

He publishes his first book, **Aia Madama**, and launches the first series – **La Lampada** – dedicated to children's books.

The offices of the publishing house are moved to Milan.

1912

1919

Launch of Mondadori **Enciclopedia dei ragazzi**.

With the publication of the opera omnia by Gabriele D'Annunzio, the long period of acquisitions of Italy's major authors began, including Luigi Pirandello, Giovanni Pascoli, Giovanni Verga, Antonio Fogazzaro and Grazia Deledda.

1922

1926

Launch of **Gialli Mondadori**, the first Italian series of crime novels.

Mondadori develops the **Medusa** series, to include the works of the major authors of international standing.

1929

1933

Thanks to the contract with Walt Disney, Mondadori stipulates Italy's first large international agreement in the publishing industry.

Launch of **Grazia**, the first large distribution women's weekly.

1935

1938

Mondadori publishes the **Biblioteca Moderna Mondadori**, the first series of quality books at budget prices designed to reach a large number of readers, mainly young people.

With the magazine **Epoca**, Mondadori launches the American model of illustrated journalism in Italy.

1948

1950

Mondadori gains international standing, not only in terms of size of the company and production, but also in terms of ability to establish profitable relationships with foreign cultures and authors.

The Mondadori per Voi book shop chain is established, with the objective of re-launching domestic book circulation.

1952

1954

Launch of Club degli Editori, Italy's first mail-order book club.

Mondadori launches Italy's first newsmagazine: **Panorama**.

1960

1962

The Italian book market undergoes a true revolution with the launch of the Mondadori **Oscar** series: the first budget price paperbacks sold also in newsstands.

Launch of **Meridiani**, a prestigious series to collect the most representative international authors of all time.

1965

1969

Growth continues in the magazine sector. Mondadori progressively expands to the dimension of a large publishing group, including the parent company and numerous subsidiaries and affiliates, which carry out key publishing activities.

Arnoldo Mondadori dies and his son Giorgio succeeds him.

1970

1971

Inauguration of the new Mondadori headquarters at Segrate, designed by one of the most renowned architects of the 20th century, Oscar Niemeyer.

Mondadori and l'Espresso stipulate an agreement to develop the daily, **la Repubblica**.

1975

1976

The publishing house penetrates the TV market with the establishment of Retequattro, which was later transferred to the Fininvest Group.

Mondadori acquires Ediciones Grijalbo and establishes Elemond, a publishing house that controls the Electa and Einaudi brands.

1981

1988

A period of uncertainty begins with regard to the Mondadori ownership structure.

The Mondadori Group establishes a joint venture with the German publisher Gruner und Jahr for the publication of magazines in Italy.

1989

1990

Leonardo Mondadori is appointed Chairman of the publishing house, now owned by the Fininvest Group.

Mondadori puts its name on one of the greatest publishing successes ever: **Varcare la soglia della speranza**, by Pope John Paul II, published globally.

1991

1994

Launch of **Miti**, Italy's first series of budget paperbacks, sold in all the key retail channels. With it Mondadori kicks off a new mass-market strategy designed to expand the book market in Italy.

The publishing house scores a huge success also through the organization of the cultural event and promotion of one of the year's most high-profile initiatives: the exhibition **Da Monet a Picasso**.

1995

1996

Development of the franchising sector through the acquisition of the Gulliver series and the opening of a chain of Mondadori book shops in franchising.

An aggressive policy of acquisitions, agreements and joint ventures accelerates the expansion of activities in the educational sector, in periodicals (joint venture with Hearst) and in direct marketing (development of Mondolibri with Bertelsmann); establishment of Mondadori Printing.

1998

1999

The development strategy continues with the establishment of the joint ventures Mondadori Rodale, BOL Italia and ACI Mondadori.

Establishment of Grupo Editorial Random House Mondadori, a joint venture between Mondadori Group and the Bertelsmann Group.

2000

2001

Leonardo Mondadori dies. Marina Berlusconi is appointed Group Chairman.

Mondadori acquires 70% of Piemme and an interest in Attica Publishing, a leader in the Greek periodicals sector.

2002

2003

Launch of the bestseller **Il Codice Da Vinci** by Dan Brown, the year's publishing sensation.

Mondadori penetrates the radio industry with R101.

2004

2005

The Group further expands in the international market, acquiring Emap France, France's third ranking magazine publisher. Establishment of Mondadori France.

Mondadori celebrates its 100th anniversary.

2006

2007

La solitudine dei numeri primi, Paolo Giordano's debut novel, lauded as the book of the year, sells over one million copies in a few short months and wins the Campiello Giovani Prize and ranks 64th for the Strega Prize.

The Group launches the **Grazia** weekly in France.

2008

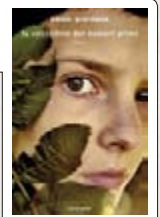
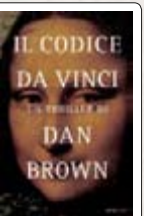
2009

Mondadori penetrates the e-book market.

The development strategy in the digital publishing market picks up speed with the stipulation of new agreements for the distribution of e-books and a catalogue featuring more than 3,000 titles.

2010

2011



01

THE GROUP TODAY AND 2011 KEY RESULTS

2

16

Mondadori is one of Europe's leading publishing houses; it is Italy's most important publisher and one of the largest in France in the magazine sector. The company also operates in the advertising, digital, radio, retail and direct marketing sectors.

With more than 50 subsidiary and associated companies and 3,664 employees worldwide, the Mondadori Group covers a full range of publishing activities, from product design to retailing and distribution.

In 2011 the Group sales volume totaled euro 1.5 billion, with net profits of euro 49.6 million.

Mondadori is Italy's largest operator in the publishing industry and absolute leader in the market of books and magazines.

Though activities outside Italy are excluded from this Report, it should be noted that the company operates abroad through Mondadori France, established in September 2006 following the acquisition of Emap France, one of France's main magazine publishers, and thanks to the foreign editions of strongly recognizable Italian magazines like *Grazia*, *Casaviva*, *Interni*, *Sale&Pepe* and *Flair*. In 2011, 28 editions of Mondadori magazines are circulated in the world through joint ventures or licensing agreements; of these 18 comprise the *Grazia* network.

_ Books: the Mondadori Group is absolute leader in the domestic market of books with a market share equal to 26.5% and a sales volume of euro 389.1 million in 2011. The book business activities are managed through two divisions: Trade, which publishes novels and essays through the following publishers: Edizioni Mondadori, Giulio Einaudi editore, Edizioni Piemme and Sperling & Kupfer; and Educational, that groups all the internally developed book production, school texts and training manuals in general (published under numerous Mondadori Education brands), art books and illustrated books published by Mondadori Electa, a company operating also in the organization of cultural initiatives and management of exhibitions and monuments (including the Colosseum). In 2011 the digital publishing activity was strongly accelerated both in the Trade business sector, with an e-book catalogue of over 3,000 titles, and in the Education business sector, the catalogue of which was 90% digitalized, and the process is expected to be completed in 2012.

_ Magazines: the Mondadori Group is Italy's leading publisher, with a market share of 33.3% and a portfolio of over 40 magazines. In 2011 the sales volume of the Direzione Periodici Italia totaled euro 458.8 million. The offering of the Mondadori magazines represents a complete portfolio which, in addition to the traditional periodical segments (automotive, cuisine, women's magazines, newsmagazines, health and fitness, science and technology, TV magazines, men's magazines and travel) also includes magazines dedicated to specific targets – information technology, cinema, interior design and design – specialist magazines and literary and cultural magazines. In addition to printed magazines, over the years websites and portals have been developed which, exploring a magazine's potential, have increased the number of users of Mondadori magazines thanks to the launch of the web channel.

_ Advertising: Mondadori Pubblicità S.p.A. manages the sale of the advertising spaces not only for the Mondadori Group magazines, its websites and radio R101, but also for third party magazines and important publishers and also for the Italian national radio KissKiss. The concessionaire for the Mediamond internet market, a joint venture with Publitalia '80, had in concession or sub-concession the sale of all the advertising spaces present on the websites belonging to the Mondadori Group, RTI (a company of the Mediaset Group) and third publishers for a total of 30 vertical websites and 11.5 million single users on a monthly basis in 2011. For the year, total revenues from advertising amounted to euro 219.9 million.

_ Digital: the Management of the Digital business carries out its activity with a double orientation. On one side, the objective is to explore the potential of the digital business under every aspect – through technology, the websites and the new digital platforms – developing the publishing house's essential assets (brand, content, authors, readers, advertisers) in strict relation with the traditional activities. On the other, it has the task of picking up any development opportunity in the digital market, by identifying all the possible new growth lines for the asset and thus targeting an increase in revenue. In June 2011, Glaming S.r.l., a company 70% owned by Mondadori, was formed to operate in the sector of remote management of public games. It began operating in November with the launch of the Glaming.it website; the website offers a wide selection of dexterity games with cash winnings in a friendly, safe and entertaining environment, which gives priority to the entertainment and play side with particular attention to women. In 2011 the overall volume of direct activities (e-commerce) and cross-sectional activities (e-books and properties) totaled euro 44.2 million.

_ Direct: with a sales volume of euro 265.5 million in 2011, the Direct business groups all the activities involving a direct relationship with consumers, ranging from the marketing of publishing products and services to direct marketing. In total, there are 628 points of sale (at 31 December 2011) including directly managed bookstores, bookstores in franchising, Edicolò points of sale (543 stores in total), multicenters (8, all directly managed) and club book stores (77 both directly managed and in franchising). Cemit Interactive Media is a subsidiary offering integrated services for relational marketing. The company, leader in this market segment, offers diversified strategies for the design and development of one-to-one communication and CRM (Customer Relationship Management) thanks also to a large database of over 30 million individuals and corporate contacts.

_ Radio: through Monradio S.r.l., Mondadori operates Radio R101, whose positioning on an adult target and publishing format based on news and entertainment are consistent with the Group's key activities. Thanks to the extensive reach of the station's signal throughout Italy, the renewal of the music format and the new structure of the program schedule, the radio station has consolidated into one of Italy's most listened to commercial radio stations. The development in the digital business is also relevant: as music channel on the web, through five theme-based web radios, and also as a public aggregation channel, thanks to the presence of official fan pages and proprietary channels on the main social networks and the WebnTv channel (on the radio website) featuring the entire video production of the radio station. R101 revenues in 2011, derived entirely from advertising revenues, totaled euro 16.3 million.

01.3

MONDADORI STAKEHOLDERS

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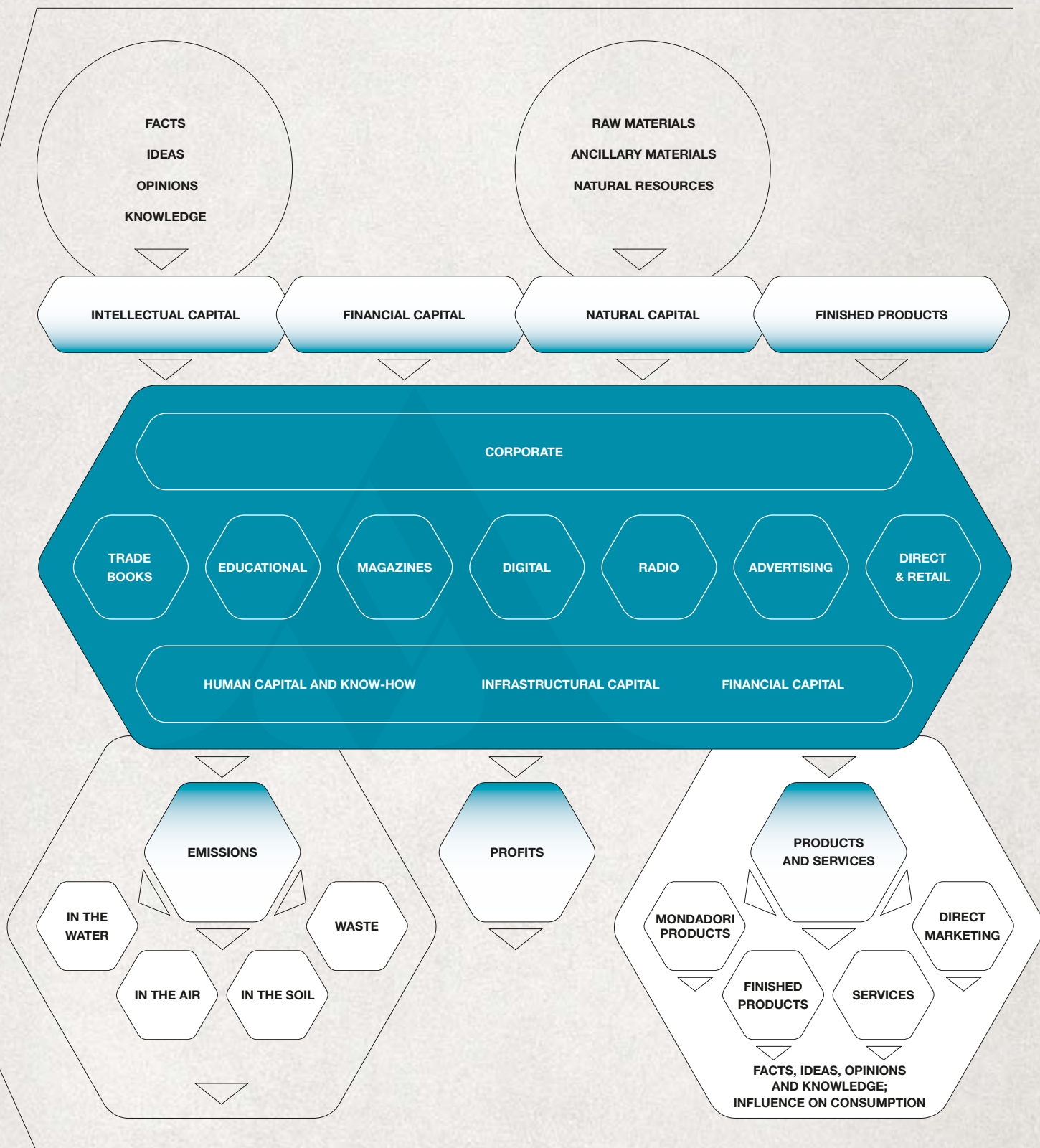
As anticipated in the Drafting Criteria above, Mondadori started defining and promoting stakeholder engagement together with the drafting of this Sustainability Report. Stakeholders were mapped by using a summary scheme of Mondadori activities and its relations with the external world, including:

- _ stakeholders who are interested in / provide inputs to Mondadori;
- _ stakeholders who are part of Mondadori;
- _ stakeholders who are interested in / receive outputs from Mondadori.

Such mapping enabled Mondadori to identify more than 40 categories of stakeholders, who were subsequently classified based on the following criteria:

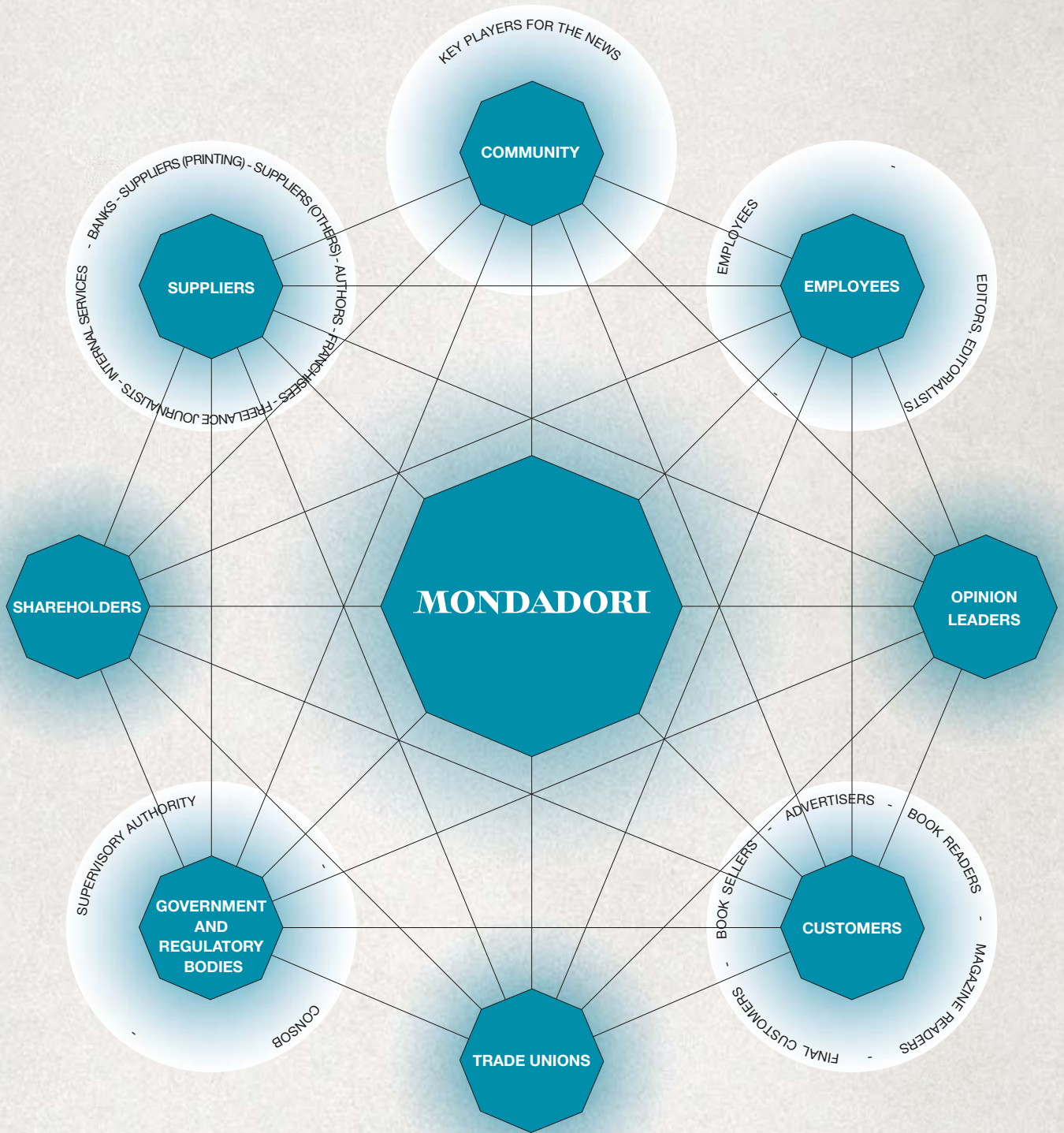
- _ dependence on Mondadori;
- _ influence on Mondadori.

After having conducted targeted interviews and dedicated workshops with the in-house Sustainability Committee, Mondadori defined a map of its stakeholders and their respective levels of priority within the Company.



Stakeholders were grouped into uniform clusters, which were later individually examined to establish the level of interest vis-à-vis the main issues considered relevant by Mondadori in order to extend and deepen the materiality analysis already carried out by the in-house Sustainability Committee.

In the first months of 2012 a stakeholder engagement plan was drafted, which, starting from the identified categories of stakeholders, the possible engagement criteria and the relevance of the issues to analyze (see section dedicated to materiality under Drafting Criteria), plans out all their relations with Mondadori in the upcoming years. Activities are expected to begin immediately downstream of the final version of the plan.



01.4

THE ORGANIZATIONAL MODEL OF MANAGEMENT

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Mondadori employs a traditional model of management and control, including a Board of Directors and a Board of Auditors appointed by the Shareholders' Meeting.

Mondadori acknowledges that, in principle, the model of reference illustrated in the Corporate Governance Code of listed companies (the "Code") reflects its organizational structure and operating practices in the matter of corporate governance.

CORPORATE GOVERNANCE	2009	2010	2011
NO. OF MEMBERS IN THE BOARD OF DIRECTORS	11	14	14
EXECUTIVE DIRECTORS IN THE BOARD OF DIRECTORS	3	4	4
INDEPENDENT DIRECTORS IN THE BOARD OF DIRECTORS	4	6	6
NO. OF WOMEN IN THE BOARD OF DIRECTORS	2	2	2
NO. OF MEETINGS OF THE BOARD OF DIRECTORS	9	9	7
NO. OF MEETINGS OF THE INTERNAL CONTROL COMMITTEE	5	4	7
NO. OF MEETINGS OF THE REMUNERATION COMMITTEE	3	3	2
NO. OF MEETINGS OF THE BOARD OF AUDITORS	10	13	11

The corporate entities that comprise the Mondadori governance system are: the Board of Directors, the Board of Auditors, the internal Committees and the Shareholders' Meeting.

01.4.1 THE BOARD OF DIRECTORS

The Board of Directors was appointed by the Shareholders' Meeting on 29 April 2009, which set the number of board members at eleven, and shall remain in office until the next Shareholders' Meeting called for the approval of the financial statements at 31 December 2011.

During 2010 the Shareholders' Meeting of 11 November 2010, following the increase in the number of members as envisaged by the Company By-Laws, appointed three new directors: two non-executive directors also qualifying as independent and one executive director.

The increase in the number of independent directors on the Board is consistent with the progressive expansion of the role and function of the independent directors, as specifically defined by Consob regulations in the matter of transactions with related parties, and enables a further consolidation and support of the functions and activities of the internal Committees established by the Board of Directors within the framework of the Company's corporate governance.

The Board of Directors currently in office (the composition of which is reported below) is composed of fourteen members.

NAME	TITLE	STATUS		
		EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
MARINA BERLUSCONI	CHAIRMAN			
MAURIZIO COSTA	DEPUTY CHAIRMAN AND CEO			
PIER SILVIO BERLUSCONI	DIRECTOR			
ROBERTO BRIGLIA	DIRECTOR			
PASQUALE CANNATELLI	DIRECTOR			
BRUNO ERMOLLI	DIRECTOR			
MARTINA MONDADORI	DIRECTOR			
ROBERTO POLI	DIRECTOR			
ANGELO RENOLDI	DIRECTOR			
MARIO RESCA	DIRECTOR			
CARLO SANGALLI	DIRECTOR			
MARCO SPADACINI	DIRECTOR			
UMBERTO VERONESI	DIRECTOR			
CARLO MARIA VISMARA	DIRECTOR			

One Mondadori director is under 30 years old, two are between 30 and 50 and 11 are over 50. More details are illustrated in the tables.

The power allocation system is organized to maintain, within the corporate and company organization, the central role of the Board of Directors which, according to the By-Laws, enjoys the broadest powers for the Company's ordinary and extraordinary management, excepting those specifically reserved by law to the exclusive competence of the Shareholders' Meeting, and to which the functions and the responsibilities for the determination of the strategic and organizational orientation of the Company and the Group make reference.

In particular, the Board of Directors:

- _ examines and approves the Company's and the Group's financial and strategic plans presented by the CEO;
- _ examines and approves the Company's corporate governance and the Group structure;
- _ defines the guidelines for the internal control system and verifies the appropriateness, efficiency and proper operation of the same system with the assistance of and based on the indications provided by the competent Committee;
- _ assesses, with particular reference to the internal control system, the appropriateness of the administrative and accounting organizational system of the Company and its subsidiaries having strategic relevance and, more specifically, of those subsidiaries particularly relevant for consolidation purposes, according to the criteria set out in Article 165 of Italian Legislative Decree no. 58/1998;
- _ attributes and revokes the power conferred upon the CEO, defining the limits and the exercise criteria and determines, upon proposal made by the Remuneration Committee and having heard the opinion of the Board of Auditors pursuant to Article 2389 of the Italian Civil Code, the remuneration of the CEO and of the other directors holding special office;
- _ assesses general performance, on the basis of the information received by the CEO at least quarterly, comparing actual results against budget projections;
- _ approves upstream Company transactions with significant economic or financial value; in particular, in compliance with specific Board resolutions, the transactions listed below are considered of significant economic or financial value and their examination and approval falls within the exclusive competence reserved to the Board of Directors:
 - _ acquisitions, contributions, disposals of shareholdings;
 - _ acquisitions, contributions, disposals of companies or going concerns;
 - _ acquisitions, contributions, disposals of properties;
 - _ definitions of joint venture agreements;
 - _ release to third parties by Arnoldo Mondadori Editore S.p.A. of personal and real guarantees in its own interest or in the interest of its subsidiaries for a total amount exceeding euro 20 million;
 - _ stipulation of loan contracts for an amount exceeding euro 30 million;
 - _ investments in technical assets of great relevance under the strategic impact profile and, in any case, those exceeding an amount equal to euro 5 million for each individual investment.

GENDER		AGE	2011
MEN		< 30	0
		30 - 50	1
		> 50	11
TOTAL MEN			12
WOMEN		< 30	1
		30 - 50	1
		> 50	0
TOTAL WOMEN			2
TOTAL			14

The Board of Directors examines and approves upstream transactions having a strategic, economic and financial relevance also regarding subsidiaries.

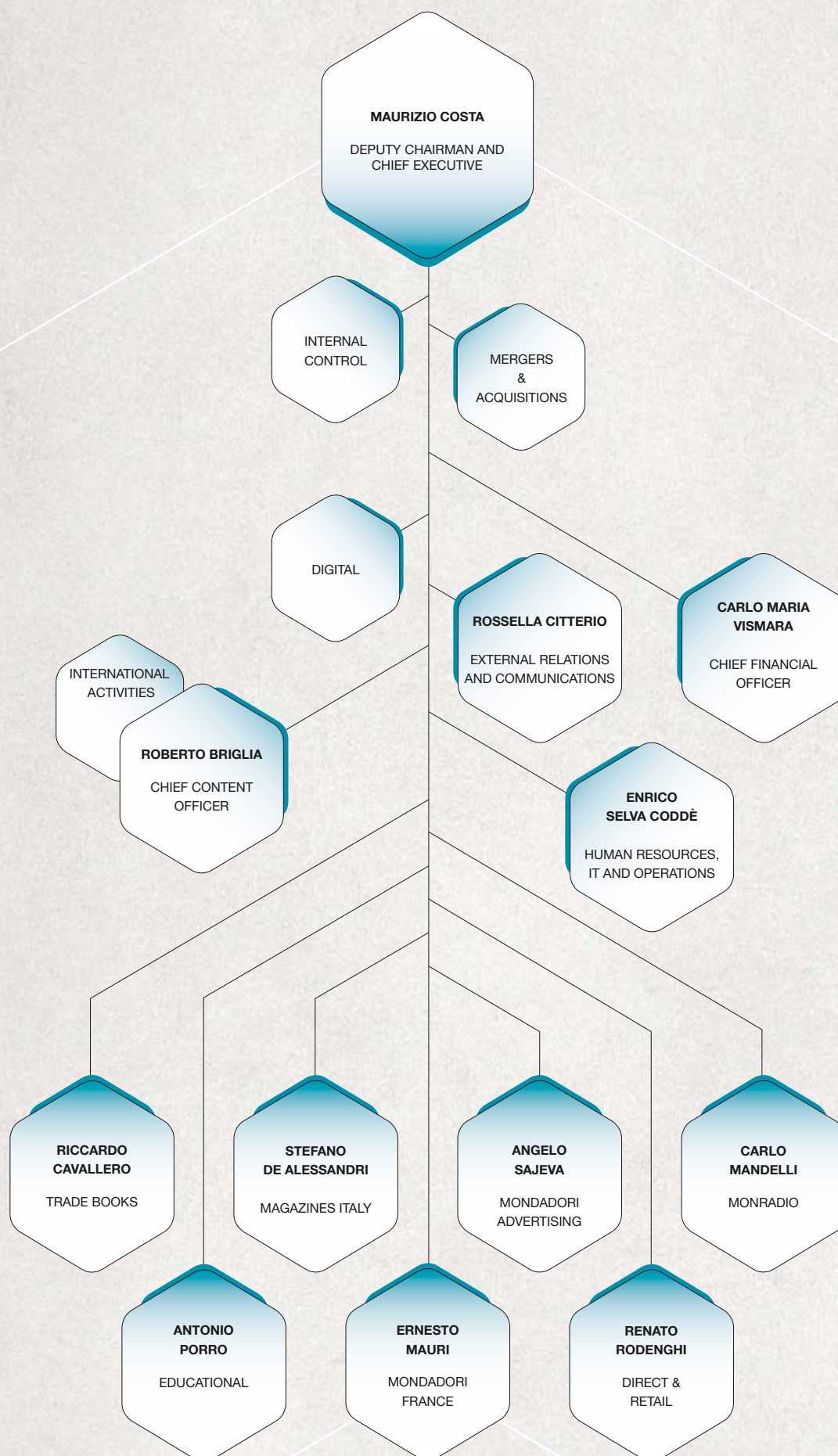
Transactions made by subsidiaries that must be submitted to the Board of Directors of Arnoldo Mondadori Editore S.p.A. for approval are identified as significant based on criteria that relate to their subject matter and value.

In 2011 the Board of Directors met 7 times with the regular participation of the Board of Auditors.

The Board of Directors implemented a self-assessment process and an assessment process to evaluate its Committees. The outcomes of such processes revealed a general level of appropriateness of the elements included in the self-assessment process also with reference to the component regarding the independent directors.

The Mondadori Code of Ethics, approved by the Board of Directors in 2002, is currently being revised and updated, also with the intention of extending it to all Group companies. The new Code is expected to be adopted in the second half of 2012.

THE TOP MANAGEMENT



01.4.2 THE BOARD OF AUDITORS

The Board of Auditors, composed, in accordance with the relevant provision set out in the Company By-Laws, by three Standing Statutory Auditors and two Substitute Statutory Auditors, was appointed by the Shareholders' Meeting of 29 April 2009 and shall remain in office until the Shareholders' Meeting called to approve the financial statements at 31 December 2011. The members are listed here below.

NAME	POSITION
FERDINANDO SUPERTI FURGA	CHAIRMAN
FRANCESCO ANTONIO GIAMPAOLO	STANDING
FRANCO CARLO PAPA	STANDING
EZIO MARIA SIMONELLI	SUBSTITUTE
FRANCESCO VITTADINI	SUBSTITUTE

The Statutory Auditors hold office for 3 consecutive years and can be re-elected.

In 2011 the Board of Auditors:

- verified the correct implementation of the criteria adopted by the Board of Directors to assess Directors' independence;

- _ verified that the Board members fulfilled the independence requirements set out in the Company By-Laws, by applying all the criteria therein established with reference to the independence of the directors;

- _ checked on the independence of the independent auditing firm also with reference to the nature and size of the services other than those relating to accounting audits provided to the Company and its subsidiaries by the auditing firm and the entities belonging to its network.

In 2011 the Board of Auditors met 11 times and each meeting was regularly recorded; moreover, the Board of Auditors had meetings also with the Internal Control Committee and the heads of the different corporate functions – including Internal Audit – with particular reference to the assessment of the appropriateness of the internal control system, as well as meetings with the independent auditing firm for the purpose of the reciprocal exchange of information.

01.4.3 THE REMUNERATION COMMITTEE

The Remuneration Committee is composed of 3 non-executive directors, the majority of whom are independent. The Remuneration Committee members hold office until the expiry of the mandate granted to the directors and, therefore, until the approval of the financial statements at 31 December 2011. In 2011 the Committee had 2 meetings in which, upon invitation extended by the same Committee, the Statutory Auditor Chairman participated. Attendance at the Committee meetings was equal to 100%.

The meetings referred to the following:

- _ analysis of the work in progress of the three-year 2010-2012 cash incentive plan for executive directors and strategic executive managers;
- _ definition of the proposal, submitted to the Board of Directors, to not proceed with the allocation of the options relative to the 2009-2011 stock option plan in 2011;
- _ update on regulatory developments in the matter of transparency of remuneration attributed to directors and strategic executive managers of listed companies;
- _ the evaluation of compliance of the remuneration policies with the principles indicated in Article 7 of the Corporate Governance Code of listed companies.

The Board of Directors assigned the following functions and competences to the Remuneration Committee:

- _ advisory and constructive functions vis-à-vis the Board of Directors in relation to the definition of the remuneration policies for directors and executive managers with strategic responsibilities and periodic review, in co-operation with Human Resources, of the congruence of executive activities with the principles defined in the context of the same policies with relevant reports to the Board of Directors;
- _ advisory functions vis-à-vis the Board of Directors in relation to the remuneration of the directors holding special offices (i.e. Chairman, CEO, directors with special powers and directors participating as members in committees);
- _ the responsibility of submitting to the Board of Directors the initiatives undertaken by the Committee in relation to the identification and definition of corporate guidelines for the purpose of building up management loyalty and incentivisation;
- _ advisory functions in relation to the implementation of the stock option plans established by the Shareholders' Meeting pursuant to Article 114 of the Italian Legislative Decree no. 58/1998..

The Remuneration Committee members are listed on page 29.

NAME	POSITION	STATUS		
		EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
BRUNO ERMOLLI	CHAIRMAN			
CARLO SANGALLI	DIRECTOR			
MARCO SPADACINI	DIRECTOR			

01.4.4 THE INTERNAL CONTROL COMMITTEE

The Board of Directors established an Internal Control Committee composed of three directors having, *inter alia*, administrative and financial expertise deemed adequate by the Board of Directors.

The members of the Internal Control Committee, listed in the following table, hold office until the expiry of the mandate of the directors and, therefore, until the approval of the financial statements at 31 December 2011.

The Internal Control Committee has advisory and constructive functions vis-à-vis the Board of Directors and assists and supports the same in its actions regarding the verification of the appropriateness of the internal control system.

The Committee co-ordinates its activity for its area of competence with that of the Board of Auditors, the independent auditing firm, the person responsible for internal control, the executive directors in charge of controlling the efficiency of the internal control system and the person responsible for the drafting of the accounting and corporate documents.

In particular, in compliance with the provisions set out in the Code, the Committee:

- _ assesses the work plan prepared by the person responsible for internal control and receives periodic reports from the same;
- _ assesses, together with the person responsible for the drafting of the accounting documentation and the independent auditors, the correct application of the accounting principles used and their standardization in relation to the preparation of the consolidated financial statements;
- _ assesses the proposals formulated by the independent auditing firm in order to obtain the assignment of the contract, as well as the work plan prepared for auditing and the results illustrated in the report and in the relevant letter of recommendations, and also controls the efficiency of the accounting auditing process;
- _ periodically reports to the Board of Directors and, in any case at least half-yearly on the occasion of the approval of the financial statements and interim half-year report, on the activities accomplished and the appropriateness of the internal control system;
- _ carries out any additional tasks that are assigned to it by the Board of Directors;
- _ expresses, at the request of any executive director, opinions on specific aspects regarding the identification of the main company risks as well as in relation to the design, implementation and management of the internal control system.

In 2011 the Internal Control Committee had 7 meetings, regularly recorded, with the participation, from time to time, of members of the Board of Auditors, the Deputy Chairman and the CEO, the person responsible for the internal control and the Supervisory Body, as well as the independent auditing firm Deloitte & Touche S.p.A. and the heads of some corporate functions.

NAME	POSITION	STATUS		
		EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
MARCO SPADACINI	CHAIRMAN			
ANGELO RENOLDI	DIRECTOR			
MARIO RESCA	DIRECTOR			

With reference to the activities carried out in 2011 the Internal Control Committee specifically:

- _ approved the 2011 annual action plan of Internal Audit for the Company and its subsidiaries drafted by the person responsible for internal control and verified its implementation;
- _ examined the activity carried out by Internal Audit in 2011, sharing the suggestions proposed and making additional recommendations;
- _ acknowledged the operating guidelines implemented by the Company during the year;
- _ examined the impairment test criteria adopted by the Company relative to the financial statements at 31 December 2010 and approved the procedure for the relevant calculation;
- _ examined the annual report drafted by the Committee for Risks referred to 2010;
- _ acknowledged the outcomes of the Risk Assessment activity presented by the executive director in charge of controlling the efficiency of the internal control system and the report prepared by the same;
- _ acknowledged the report drafted by the person responsible for internal control in relation to the self-assessment of the internal control system of Mondadori Group with reference to 2010;
- _ acknowledged the report drafted by the Supervisory Body in relation to the activity carried out during the year;
- _ analyzed the self-assessment process of the members of the Company's Board of Directors.

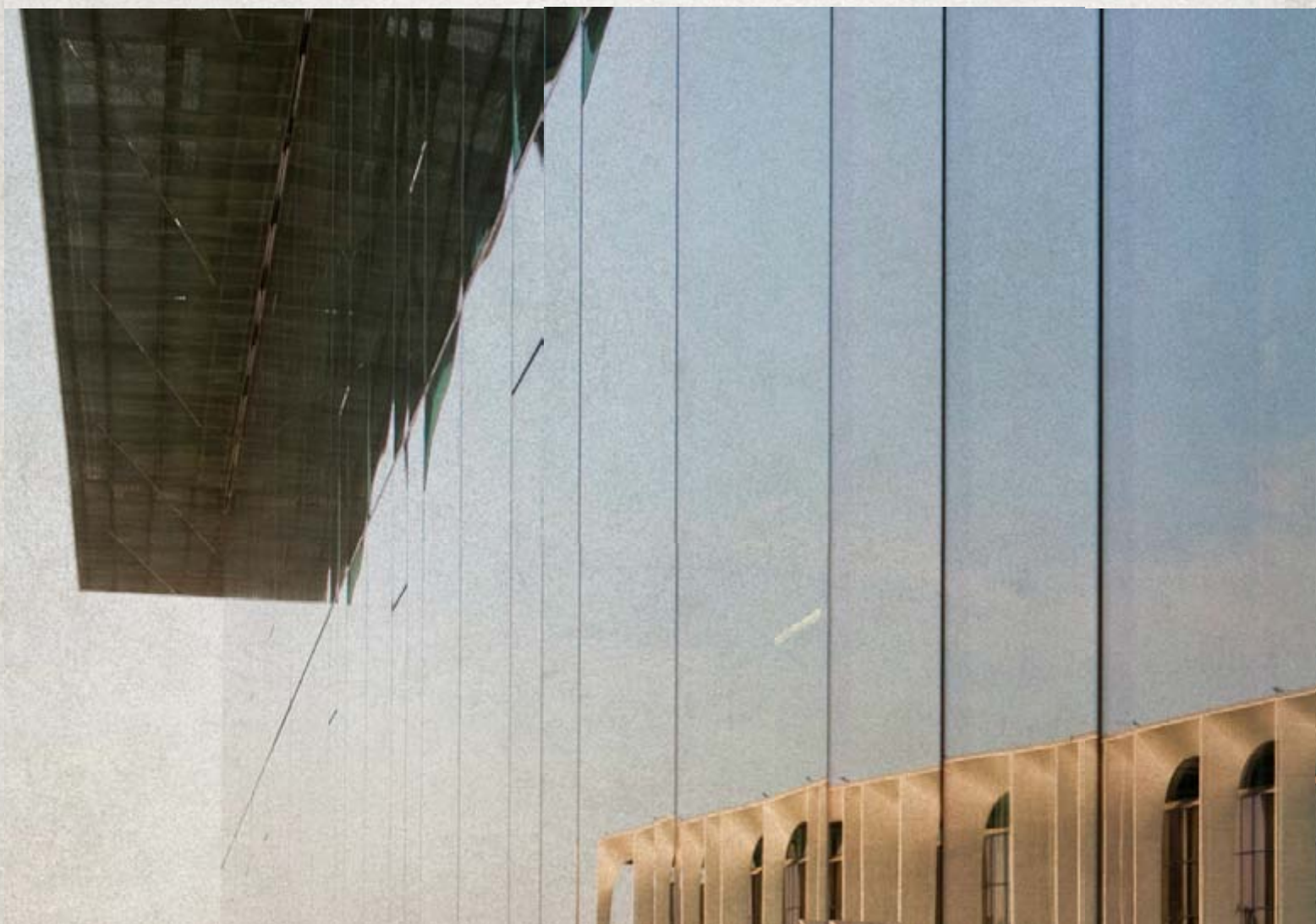
01.4.5 THE SHAREHOLDERS' MEETING

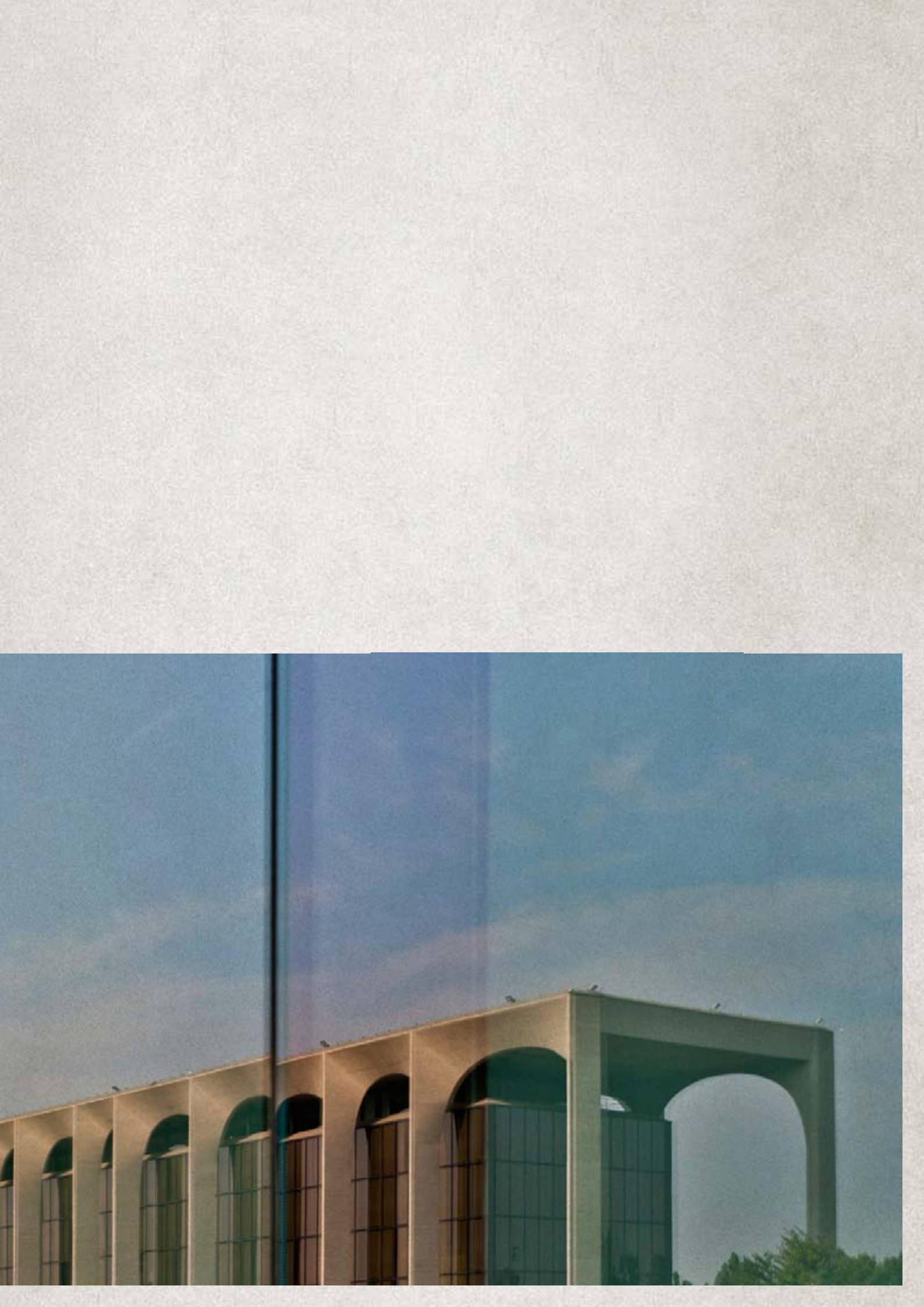
The powers of the ordinary and extraordinary Shareholders' Meeting are those established and governed by law. With specific reference to the provisions set out in Article 2365 of the Italian Civil Code, the Company By-Laws assign the Board of Directors the power to adopt specific resolutions in relation to some specific issues that may also pertain to the competence of the Shareholders' Meeting, subject to the final approval of the Shareholders' Meeting.

Pursuant to Article 9 of the Company By-Laws, a Shareholders' Meeting is called by advertisement of the relevant notice on the Company website, subject to any additional applicable regulations in the matter. The documentation regarding the items on the agenda is advertised pursuant to law by means of filing at the Company's premises, forwarding through NIS to Borsa Italiana S.p.A. and on the Company website.

The Shareholders' Meeting of 24 April 2001 resolved upon the adoption of a regulation that establishes, among other provisions, the criteria regarding the right of each individual shareholder to intervene in the discussion of the items on the agenda and the assurance of the regular and functional holding of the meetings, by ensuring and facilitating the decision-making process in the interest of the totality of the shareholders.

It is also standard practice for the Board of Directors to use the Shareholders' Meetings as an opportunity to report about the activities performed and planned in compliance with the regulations in the matter of privileged information.





01.5

THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

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The Internal Control System of Mondadori Group is defined as the set of procedures, organizational structures and related activities aimed at ensuring, through an adequate process of identification, measurement, risk management and monitoring, a correct company management consistent with the established objectives.

The guidelines and orientation of the Internal Control System make reference to the principles envisaged in the Enterprise Risk Management (ERM) standard, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).

In 2008, within the framework of guideline definition, the Mondadori Group implemented a process aimed at identifying, assessing and managing the main risks and uncertainties to which it is exposed in the process of pursuing the company objectives. A Risk Management function was established for the purpose of developing an Internal Risk Management Model and controlling the performance and periodic updating and monitoring of the same process.

Risk relevance, classified in categories and sub-categories, is determined on the basis of parameters of probability of occurrence and impact, not only economic, but also considered in terms of market shares, competitive advantage and reputation. Through the process of self-assessment, company management identifies the risks attributable to its own competence and assesses the effects on the objectives that were previously defined by the business and staff General Directors. The assessment is accomplished both inherently – that is, without any mitigation action – and residually, thus taking into account the actions implemented to reduce the probability of occurrence of the risk event and/or limit its damaging impact.

The outcomes, collected and processed by Risk Management, are subject to targeted disclosure to the Internal Control Committee, the Board of Auditors and the Board of Directors. The revision and updating process of the risk scenario is repeated annually. The actual identification and efficiency of the mitigating actions indicated by management during the process of assessment are subject to auditing by the Internal Audit function. In addition, in order to align the residual risk within a certain risk range considered acceptable (Risk Appetite), the Risk Management function plans and implements Risk Response actions in collaboration with the company heads involved, by mapping the additional designed mitigating actions.

The main risk elements identified refer to external and market factors, including: the persistent reduction in advertising, in terms of both volume and value; reduced spending, a direct consequence of the current difficult economic scenario; numerous factors regarding technological discontinuity, associated with the digital evolution of the business model implied in the publishing industry; growing competition, determined by the pressure exercised by traditional competitors and the entry of new out-of-industry players.

In the context of fostering the commitment towards sustainability within the Group, in the latest Risk Assessment, a more complete and systematic analysis of the risks attributable to the social and environmental effects of the company activities was conducted, which also involved the identified stakeholders of reference. The mapping includes, among the key aspects, risks referred to the evolution of the regulatory and legislative framework (i.e. carbon tax), the selection and evaluation of suppliers using social and environmental criteria, the relationship with customers in terms of attention to satisfaction and responsiveness, the environmental impact of the company activities and decisions and the allocation of resources for sustainability projects and initiatives. The identified elements, for which adequate mitigating actions are defined, are subject to constant and increasingly stringent monitoring, also as a result of the increasing relevance that they are expected to gain in the upcoming future. In particular, the Group recently made concerted efforts to report and manage issues inherent to climate change; in this respect, see § 03.2.2.

In relation to transparency and anti-corruption, in 2011 no episodes of corruption were either identified or reported. Mondadori manifested its commitment to these issues by instituting training activities on the topic of anti-corruption, addressed to all middle managers and executive managers, representing approximately 17% of the total work force.

01.6

HOW SUSTAINABILITY IS PROMOTED

Mondadori participates and supports associations and work groups to disseminate the culture of sustainability.

Since 2005 Mondadori has been a member of Sodalitas, Italy's largest association within Confindustria (promoted by Assolombarda in 1995), which leverages on the commitment of enterprises and managers to build a more sustainable future.

At 31 December 2011 Sodalitas had 85 member companies, which contribute to the organization of company sustainability initiatives with the Foundation, and 95 managers who operate as volunteers, donating their time and skills.

The enterprises adhering to Fondazione Sodalitas are market leaders in Italy in terms of sustainable commitment, providing jobs to 753,000 people and generating an economic value equal to 25% of GDP.

Fondazione Sodalitas represents CSR Europe in Italy, a network committed to implementing the Agenda of the European Union in the matter of sustainability.

In 2011 Mondadori also adhered to CSR Manager Network: established in 2006 thanks to an initiative launched by a group of researchers operating in the university sector, who recognized the increasing importance given to social-environmental issues, CSR Manager Network groups managers and company professionals of any industry and size who dedicate their time, both full time and part time, to CSR issues. The network organizes workshops focused on sustainability issues, open to the public or reserved for members, and also carries out research on topics of interest to its members.





02

ECONOMIC RESPONSIBILITY

	40	48	52	56
	•	•	•	•
ECONOMIC PERFORMANCE			GENERATING ECONOMIC SUSTAINABILITY FOR OUR CLIENTS	
OWNERSHIP STRUCTURE			RELATIONS WITH SUPPLIERS	

02.1

ECONOMIC PERFORMANCE

In this section we describe the main indicators affecting the Company's economic performance.

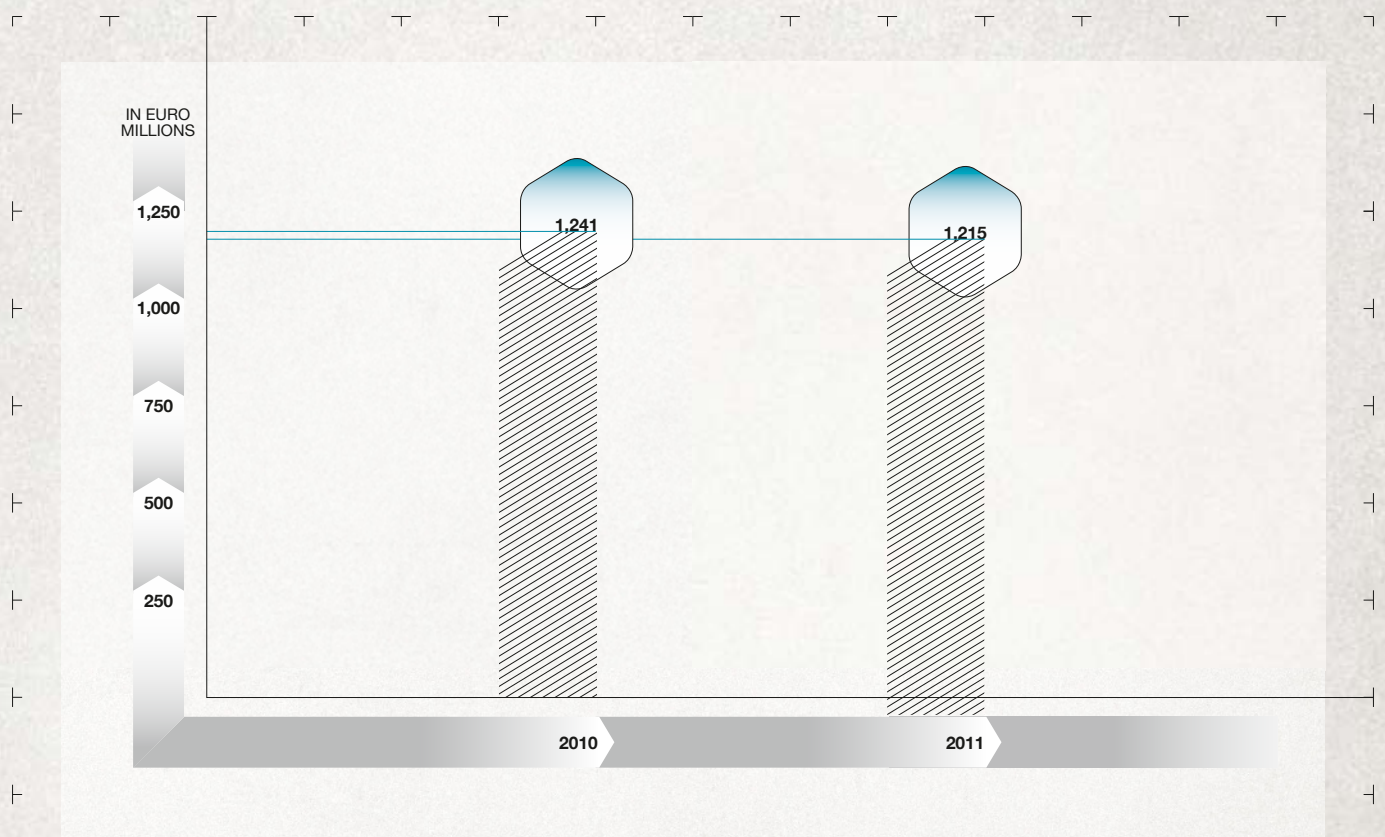
02.1.1 ADDED VALUE

The added value generated and distributed by Mondadori Group limited to the Italian perimeter was calculated based on the consolidated income statement with the following indications:

- _ foreign subsidiary companies were excluded;
- _ the equity of foreign subsidiary companies was excluded;
- _ intercompany transactions with foreign companies and other consolidation entries were included (foreign subsidiaries are treated as third parties);
- _ maintenance of the dividend paid out by the parent company to the shareholders (however, the shares owned by Mondadori International were considered as outstanding shares, because the company was excluded from the consolidation perimeter).

The economic value generated in 2011 by Mondadori (perimeter: Italy, if not otherwise indicated) was equal to euro 1,215 million (-2.1% against 2010), of which 5.6% was allocated to reserve by the Company (euro 67.5 million).

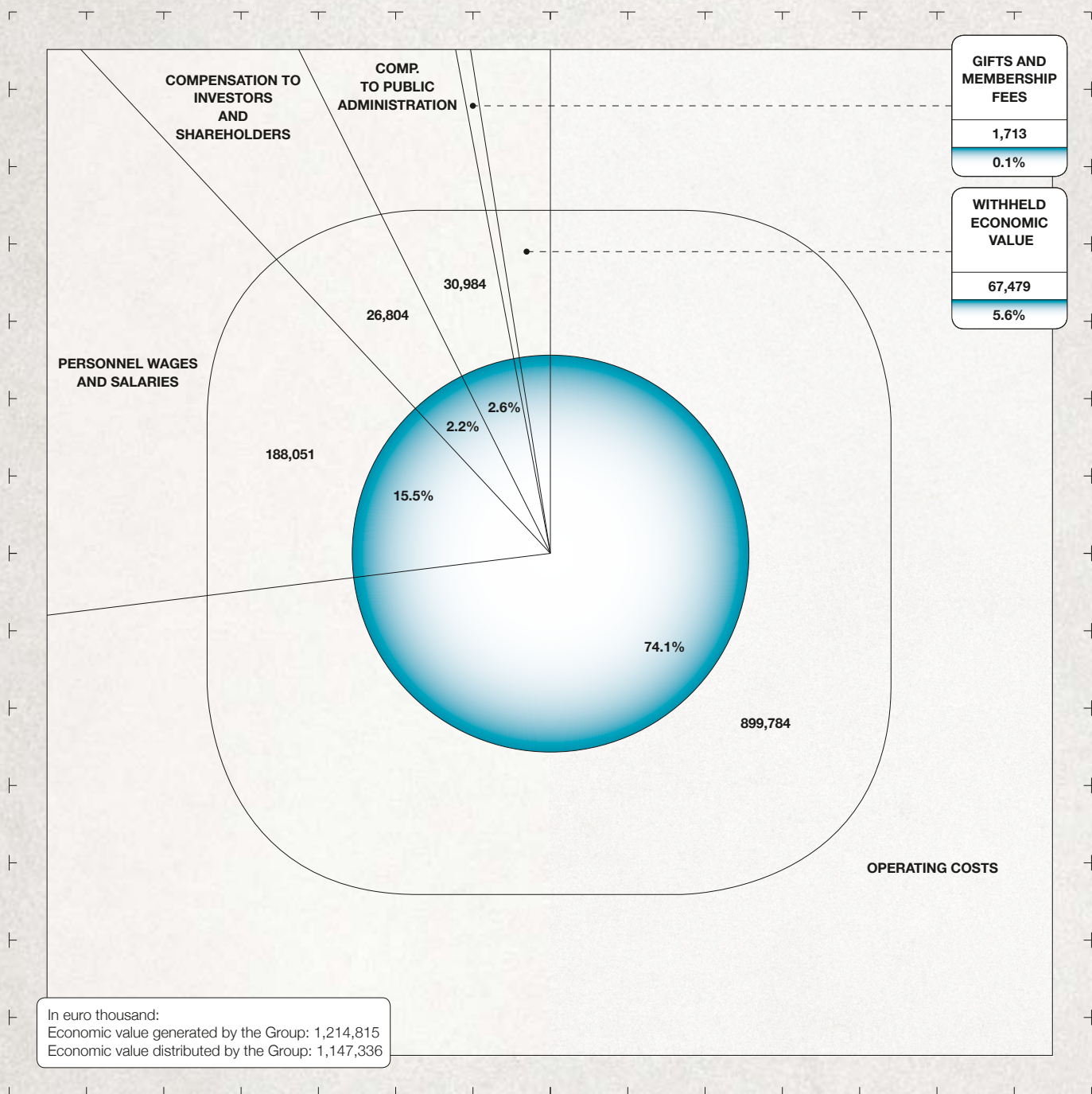
GENERATED ECONOMIC VALUE



The residual part of wealth generated was distributed to stakeholders.
In particular, the economic value generated in 2011 was allocated in the following way:

- _ operating costs were equal to euro 900 million (74.1% of the total, -1.4% against 2010) of which 94.8% were associated with trade payables (euro 853 million, -1.2% against 2010);
- _ staff salaries and wages (15.5% of the total) accounted for euro 188 million, down 2% against the previous year;
- _ payments to investors totaled euro 26.8 million, while payments to shareholders were equal to zero, because no dividends were paid out;
- _ payments to the public administration totaled euro 31 million (2.6% of the total, -34% against 2010);
- _ gifts (see § 4.3.1) and membership fees accounted for euro 1.7 million (0.1% of the total; -4% against 2010) (0,1% del totale; -4% su 2010).

DISTRIBUTION OF THE GENERATED ECONOMIC VALUE



Comprehensively, in 2010 and 2011 the economic value generated dropped (from euro 1.24 to euro 1,21 billion; -2.1%), along with the economic value distributed (from euro 1.21 to euro 1.15 billion; -5%); while the economic value kept by the Group has more than doubled (from euro 32.5 to euro 67.5 million).

IN EURO THOUSANDS	2010 PERIMETER: ITALY	2011 PERIMETER: ITALY
ECONOMIC VALUE GENERATED BY THE GROUP	1,240,831	1,214,815
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1,208,326	1,147,336
OPERATING COSTS	912,395	899,784
PERSONNEL WAGES AND SALARIES	191,837	188,051
COMPENSATION TO INVESTORS AND SHAREHOLDERS	55,339	26,804
COMPENSATION TO PUBLIC ADMINISTRATION	46,958	30,984
GIFTS AND MEMBERSHIP FEES	1,797	1,713
ECONOMIC VALUE WITHHELD BY THE GROUP	32,505	67,479

In order to achieve maximum consistency with the other social and environmental data included in this report, it was decided to use the economic data relative to the Italian perimeter. Similarly, in order to enable comparisons with the data disclosed in the consolidated financial statements, the table below shows the calculation criteria for the determination of the economic value and also shows the values of the Group consolidated financial statements at 31 December 2011.

IN EURO THOUSANDS	2010 PERIMETER: ITALY	2011 PERIMETER: ITALY	2010 GROUP CONSOLIDATED	2011 GROUP CONSOLIDATED
ECONOMIC VALUE GENERATED BY THE GROUP	1,240,831	1,214,815	1,580,123	1,553,185
REVENUES	1,215,501	1,163,310	1,558,302	1,509,843
OTHER REVENUES	30,217	30,579	33,036	35,604
FINANCIAL REVENUES	3,624	15,590	4,280	6,882
FINANCIAL REVENUES AND INTEREST ACCRUED	3,624	15,590	4,280	6,882
REVENUES/COSTS FROM THE DISPOSAL OF TANGIBLE AND INTANGIBLE ASSETS	438	3,424	933	3,420
CAPITAL GAIN FROM THE DISPOSAL OF TANGIBLE/INTANGIBLE ASSETS AND EQUITY INVESTMENTS	599	3,707	1,144	3,707
CAPITAL LOSS FROM THE DISPOSAL OF TANGIBLE/INTANGIBLE ASSETS AND EQUITY INVESTMENTS	(161)	(283)	(211)	(287)
VALUE ADJUSTMENTS OF TANGIBLE AND INTANGIBLE ASSETS	(1,012)	(1,130)	(1,912)	(3,330)
LOSSES FROM RECEIVABLES	(10,822)	(12,283)	(11,359)	(13,621)
CURRENCY DIFFERENCES	194	19	235	35
INCOME/LOSS FROM EQUITY INVESTMENTS	2,691	15,306	(3,392)	14,352
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1,208,326	1,145,623	1,547,901	1,474,971
TRADE PAYABLES	862,573	852,729	1,086,614	1,079,029
COSTS FOR THIRD PARTY ASSETS USE	38,078	38,199	48,775	44,100
PERSONNEL WAGES AND SALARIES	191,837	188,051	271,508	270,748
COMPENSATION TO INVESTORS	13,737	26,804	28,434	27,421
FINANCIAL COSTS	13,737	26,804	28,434	27,421
COMPENSATION TO SHAREHOLDERS	41,602	-	40,834	-
COMPENSATION TO SHAREHOLDERS	41,069	-	40,301	-
MINORITY SHAREHOLDERS' INCOME	533	-	533	-
COMPENSATION TO PUBLIC ADMINISTRATION	46,958	30,984	49,564	41,782
INCOME TAX	43,570	27,198	43,611	35,969
TAXES AND OTHER DUTIES	3,388	3,786	5,953	5,813
OTHER OVERHEAD COSTS	11,744	8,856	20,373	11,891
GIFTS AND MEMBERSHIP FEES ^a	1,797	-	1,799	-
GIFTS ^a	-	866	-	866
MEMBERSHIP FEES ^a	-	847	-	847
ECONOMIC VALUE WITHHELD BY THE GROUP	32,505	67,612	32,222	76,634
AMORTIZATION AND DEPRECIATION OF PROPERTIES, PLANTS AND MACHINERY	9,985	10,336	12,823	12,117
AMORTIZATION OF INTANGIBLE ASSETS	2,884	3,024	11,233	11,134
FUND PROVISIONS	25,178	28,772	28,384	30,704
FUND UTILIZATIONS	(20,197)	(20,379)	(26,040)	(24,169)
DEFERRED (ANTICIPATED) TAXES	4,149	2,220	4,022	(2,773)
RESERVES	10,506	43,506	1,800	49,621

^aGifts and membership fees is broken down in two separate items only in 2011.

02.1.2 SUBSIDIES RECEIVED FROM THE PUBLIC ADMINISTRATION

In 2011 no subsidies were granted by the government (they totaled euro 156,000 in 2010). In addition, Mondadori no longer enjoys the mailing rate reductions previously granted to publishers by law for the shipment of books (Mondolibri) and magazines under subscription (such amount cannot be quantified for 2009 and 2010).

02.1.3 SANCTIONS

In 2011 Mondadori paid sanctions (see table) for euro 5.6 million. This amount cannot be compared with the value indicated for 2010, because the latter also included extraordinary items.

TAX AND ECONOMIC SANCTIONS

Economic sanctions mainly include amicable settlements of disputes with the counterparty, which do not imply any liability on the part of Mondadori.

In 2011 the Group did not pay any sanctions deemed due by authorities; a single payment of a monetary sanction of an environmental nature was reported: Monradio (R101) received a fine for euro 4,250 for a breach of the law on radio broadcast frequencies.

Tax sanctions amount to euro 4.3 million and refer to the 2004-2005 tax years. This amount cannot be compared with the value indicated for 2010, because the latter included the application of the regulation in the matter of settlement of pending tax disputes (Italian Law no. 73 of 22 March 2010).

For the purpose of fostering an ever increasing level of transparency towards its stakeholders, Mondadori developed an archive dedicated to non-monetary sanctions in 2012.

in euro millions

TYPE OF SANCTIONS	2009	2010	2011
TAX	0.19	9.20	4.29
ECONOMICS	2.31	4.22	1.26
TOTAL	2.50	13.42	5.55

In September 2010 Mondadori Electa S.p.A. (hereinafter “Electa”) established with the French partner Réunion des Musées Nationaux (hereinafter “RMN”, the latter through Société Editions d’Art LYS) a new company, Electa RMN S.r.l. (hereinafter “JVCO”), 75% owned by Electa and 25% by RMN, in order to participate in the tenders launched by the Ministry of National Heritage and Cultural Activities for the management of ancillary services in the main museums and archaeological sites in Italy. In September, the operation was identified as an aggregation both by the Competition and Market Authority (AGCM) and by the French Competition Authority.

On October 29, 2010 The French Competition Authority authorized the operation as an aggregation for the part falling within its competence. On 24 November 2010, AGCM identified the operation as having a co-operative nature. It specifically assessed the alleged effects of co-ordination between parent companies in the market involved in the transaction, the market for the management of museum bookshops and the market for the organization of exhibitions and cultural events and consequently adopted a resolution excluding legal actions against the aggregation.

On December 15, 2010 AGCM filed a proceeding pursuant to Article 101 of the Treaty on the European Union Operation to verify whether the two companies intended to limit competition in the tender market, since they presented themselves as one single entity for the purpose of participating in tenders. Such proceeding was notified to Electa at the beginning of January 2011.

Though totally convinced of the correctness of their conduct from the standpoint of fair competition, the parties, also following to meetings with the competent Authorities, terminated the agreement they had stipulated in September 2010 by mutual consent.

Electa then acquired from RMN (rectius: from its subsidiary Société Editions d’Art LYS) the remaining 25% of the JVCO, which thus became fully owned by Electa. On April 29, 2011 the extraordinary Shareholders’ Meeting of the JVCO resolved to change the company name from Electa RMN S.r.l. to Electa S.r.l., thus eliminating any reference to the former partner RMN in the company name.

On September 12, 2011 Electa filed a final version of the commitments pursuant to and by virtue of Article 14-ter of Italian Law no. 287/90. The same activity was accomplished by RMN.

On December 13, 2011 AGCM published on its website the commitments submitted by the parties and established 35 days as the term to submit any comments and observations by any interested third party.



02.2

OWNERSHIP STRUCTURE

Mondadori fully underwritten and paid up share capital is equal to euro 64,079,168.40, divided in 246,458,340 ordinary shares with a par value of euro 0.26 each.

The ownership structure at 31 December 2011 is summarized in the table below, which includes shareholdings exceeding 2%.

SHAREHOLDER	ORDINARY SHARES OWNED	% SHAREHOLDING ON SHARE CAPITAL
FININVEST S.P.A.	130,773,658	53.06
ARNOLDO MONDADORI S.P.A.*	12,322,917	5.00
SILCHESTER INTERNATIONAL INVESTORS LLP	32,114,963	13.28
TWEEDY BROWNE COMPANY LLC	12,669,738	5.14

*Treasury shares of which 1.833% owned by subsidiary company Mondadori International S.p.A.

In particular, it should be noted that Arnoldo Mondadori Editore S.p.A. directly owned 12,322,917 Treasury Shares, corresponding to 5% of the share capital at December 31, 2011.

The Shareholders' Meeting of 21 April 2011 in its extraordinary part, resolved upon the cancellation of no. 12,971,492 treasury shares with a unit par value of euro 0.26, corresponding to 5% of the share capital, keeping in its portfolio, also for the purpose of the stock option plans, the remaining 4,878,609 shares and the 4,517,486 shares owned by Mondadori International.

The proposal for the cancellation of a portion of the treasury shares in the portfolio derived from the consideration that, in recent years, there has been no occasion for their use consistently with the objectives that had been set when the Shareholders' Meeting authorized their purchase, including their use in the framework of stock transactions or conversion into financial instruments.

Following to the cancellation and the subsequent reduction in the number of shares representing the share capital, the Company's ownership structure was optimized along with a positive impact in terms of earnings per share and dividends per share, while concurrently maintaining the necessary solidity to support the achievement of future growth targets.

02.2.1 INVESTOR RELATIONS

Arnoldo Mondadori Editore S.p.A. ordinary shares have been traded on the Milan Stock Exchange since 1982 (ISIN CODE: it 0001469383; trading code: MN). The security is traded in the MTA segment (FTSE index Italy Mid Cap), media sector. Mondadori has a specific function, called Investor Relations, dedicated to managing relations with institutional investors and, in agreement with Corporate and Legal Affairs, with shareholders in general. It is possible to contact the Investor Relations function at the following e-mail address invrel@mondadori.it. Mondadori developed a specific section on its website where it publishes all information regarding the Company, which is important to shareholders and investors in general. In particular, in addition to the usual documentation (financial statements, presentations and press releases) it is possible to analyze the relevant consensus on the main income statement items and analysts' reports. Mondadori management holds periodic meetings with the financial community, which may be re-classified according to the following categories:

- _ analyst meeting: in general analyst meetings are held once in a year at the Segrate offices, when the annual results are presented before financial analysts, investors and sector press representatives;
- _ conference call: conference calls are organized to disclose interim quarterly results or extraordinary transactions; analysts and investors are connected by phone and may ask questions;
- _ roadshow: this is when the top management meets the most important institutional investors in the main international financial venues;
- _ one to one: these are one-to-one meetings with analysts and investors, held either at the Segrate offices or at the offices of such investors and/or analysts.



02.2.2 RELATIONS WITH THE MEDIA

Mondadori Group External Relations and Communication function controls all aspects relative to the relations the Company has with all the media, ranging from product communication for each single business unit to institutional communication.

Media relations are followed by the internal press office structures, divided by type of product and by Institutional Communication with regard to information more strictly related to the Group's corporate, financial and economic aspects.

The main communication channels are the dissemination of press releases (through forwarding to press agencies, dailies, radio, TV and internet) and the Group institutional site (www.mondadori.it), which is updated almost daily both in the Press section, which groups the corporate press releases and a selection of product press releases, and in the Investor Relations (see § 02.2.1) and Governance sections. The documents are available in Italian and English. (www.mondadori.com).

The activity of External Relations and Communications covers the majority of the information requirements of an ample spectrum of stakeholders, providing transparent and timely information, in compliance with the currently applicable regulations for listed companies and the internal procedure for public disclosure of privileged information.



02.3

RELATIONS WITH SUPPLIERS

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In 2010 the Operations function was set up with the task of monitoring the Group's processes of refurbishment, production, distribution and logistics.

In synchrony with Operations, the Group Purchasing function has the task of guaranteeing the control of the entire purchasing process for the Group, directly operating in a co-ordinated way vis-à-vis all companies, monitoring prices and improving the quality of the necessary products and services.

The purchasing process now meets the requirements of the Organizational Management and Control Model. In the first year of implementation (2011), the Purchasing function applied the key principles, identified beforehand, for correct and efficient cost management.

A Vendor Management system is currently being analyzed, within which new supplier selection policies may be developed, also targeted to achieving specific sustainability results for the service or product requested.

Vis-à-vis suppliers, the trend will be that of favoring an approach envisaging ethical standards of behavior, by also incentivizing the acquisition of certifications in line with the principles set out in the Company's Code of Ethics, the respect of human rights and safety compliance in the work place, while prohibiting child labor and pursuing sustainability.

Within the three different areas included in the Purchasing function (Facilities and IT systems, Marketing and promotions, External products), the Mondadori Group will identify and certify those suppliers that will increasingly align with the Company requirements, becoming an active party in the significantly broad project of value creation in order to pursue economic, social and environmental objectives.

02.3.1 MONDADORI SUPPLIERS

In the light of an extended responsibility towards its customers, Mondadori always tries to increasingly take upon itself the management of products deriving from external suppliers.

Very frequently it happens that a Mondadori product (for instance a magazine) is jointly sold together with a third party product (for instance a DVD). The people buying such packs must be entirely confident about the content, be it internally produced by Mondadori or by third parties.

95% of the products sold as side products by Mondadori come from China. Mondadori does not import them directly, but relies on one or more intermediaries, who are responsible for plant scouting and for all the transportation and customs operations.

In order to protect Mondadori against the performance of activities which are not in line with its principles, contracts/orders specify compliance with:

- _ Mondadori Code of Ethics;
- _ European regulations;
- _ minimum worker age: 14 years.

Moreover, though lacking a standardized procedure, an agreement with suppliers was made, which requires that they specify the data listed here below on the product label, whenever requested by law:

- _ origin of the product components;
- _ product content, in particular for the substances that can have an environmental or social impact;
- _ safe product use;
- _ product disposal and relevant environmental/social impacts.

In 2011 no non-compliance events were reported violating regulations and voluntary codes relating to the labeling of the products sold by Mondadori.

ID Sourcing is one of the largest importers that Mondadori relies upon to import products from China. ID Sourcing declares that all of its installations operate in compliance with the provisions set out in the SA8000 standard (an international standard that lists the requirements for ethically correct behavior by enterprises and the production supply chain towards workers).

Lastly, it should be noted that one of the Italian suppliers, Tontarelli S.p.A., stood out because it created one of the world's largest roof photovoltaic plants. This system, with a power capacity above 7 million kW/h, covers approximately 30% of the plant's energy requirements.

Mondadori's most important supplier is undoubtedly Mondadori Printing, the graphic company that meets almost all of the Mondadori Group printing requirements, though approximately 50% of its sales volume is generated from printing activities carried out on behalf of third parties.

The success and the history of Mondadori Printing are profoundly rooted in Arnaldo Mondadori Editore since its establishment, when it still was a small print shop in 1907.

A long historical and company-related process contributed to making graphic printing an important independent entity for the Mondadori Group. Since 2008 Mondadori Printing has been controlled by Pozzoni Group, one of the most important players in the printing market.

Today, Mondadori Printing is one of Europe's leading graphics companies, with a turnover of over euro 300 million, 6 plants and more than 1,000 employees. Mondadori Printing employs its print production potential on behalf of important Italian and international customers while unflaggingly meeting Mondadori Group graphics needs.

Mondadori Printing has 11 offset rotating presses, 9 rotogravure machines, 11 sheet printers, 3 Cameron machines and 2 Timson machines and is absolute leader in the Italian market and one of the major players at the European level.

Plants work on a continuous cycle, at an average of 90% of production capacity and contribute for approximately 10% to the total of exports of Italian graphic products, printing 80 magazines every year, 450 copies of magazines, approximately 300 million copies of catalogues, 20 million copies of illustrated books, 50 million copies of books in black and white, 120 million copies of brochures/headline boards and inserts as well as publications for add-ons.

Mondadori Printing carries out activities through the application of different international standards that can drive strategic planning on key issues (for instance the environment and governance) while improving the management of daily processes:

- _ quality (ISO 9001:2008): Mondadori Printing, which previously had a separate independent certification, is now ISO 9001:2008 certified through the certification of the Pozzoni Group multisite, dating back to February 2010 and released by SGS (an independent entity for the inspection, verification, analysis and certification of goods, services and systems);

- _ environment (ISO 14001:2004): similarly to ISO 9001, Mondadori Printing, which previously had a separate independent certification, is now ISO 14001:2004 certified through the certification of the Pozzoni Group multisite, dating back to 2009 and released by ISO. The certification only covers Mondadori Printing plants. A project is currently in the process of analysis in order to extend the ISO 14001 certification to the other plants of the Pozzoni Group as well;

- _ health and safety: the Pozzoni Group adopted a system for the management of health and safety issues which is as yet neither compliant with the requirements set out in Article 30 of Italian Legislative Decree 81/80 nor with the international standards (i.e. BS OHSAS 18001);

- _ other certifications: FSC and PEFC (certification regarding paper Chain of Custody) for the plant located in Verona. Such certifications, already available for Mondadori Printing and the Pozzoni Group, were combined into one single certificate released by SGS. For more details on these two certification schemes, see § 03.3.1.



02.4

GENERATING ECONOMIC SUSTAINABILITY FOR OUR CLIENTS

56

Under specific conditions, Mondadori activities may generate a high level of sustainability for the community. This is the case of the services carried out for non-profit groups (ONLUS) and NGOs: the Group takes pride in delivering good performance for these customers, in the knowledge that the benefits are directly enjoyed by the beneficiaries of the services made available by the same associations, thus generating an overall advantage for the Company. The main activities carried out refer to advertising, granted at discounted prices compared to traditional customers, and fundraising activities (an activity targeted to raising funds necessary to support an initiative without generating profits).

In 2011 Mondadori Pubblicità provided services to associations operating in the following sectors:

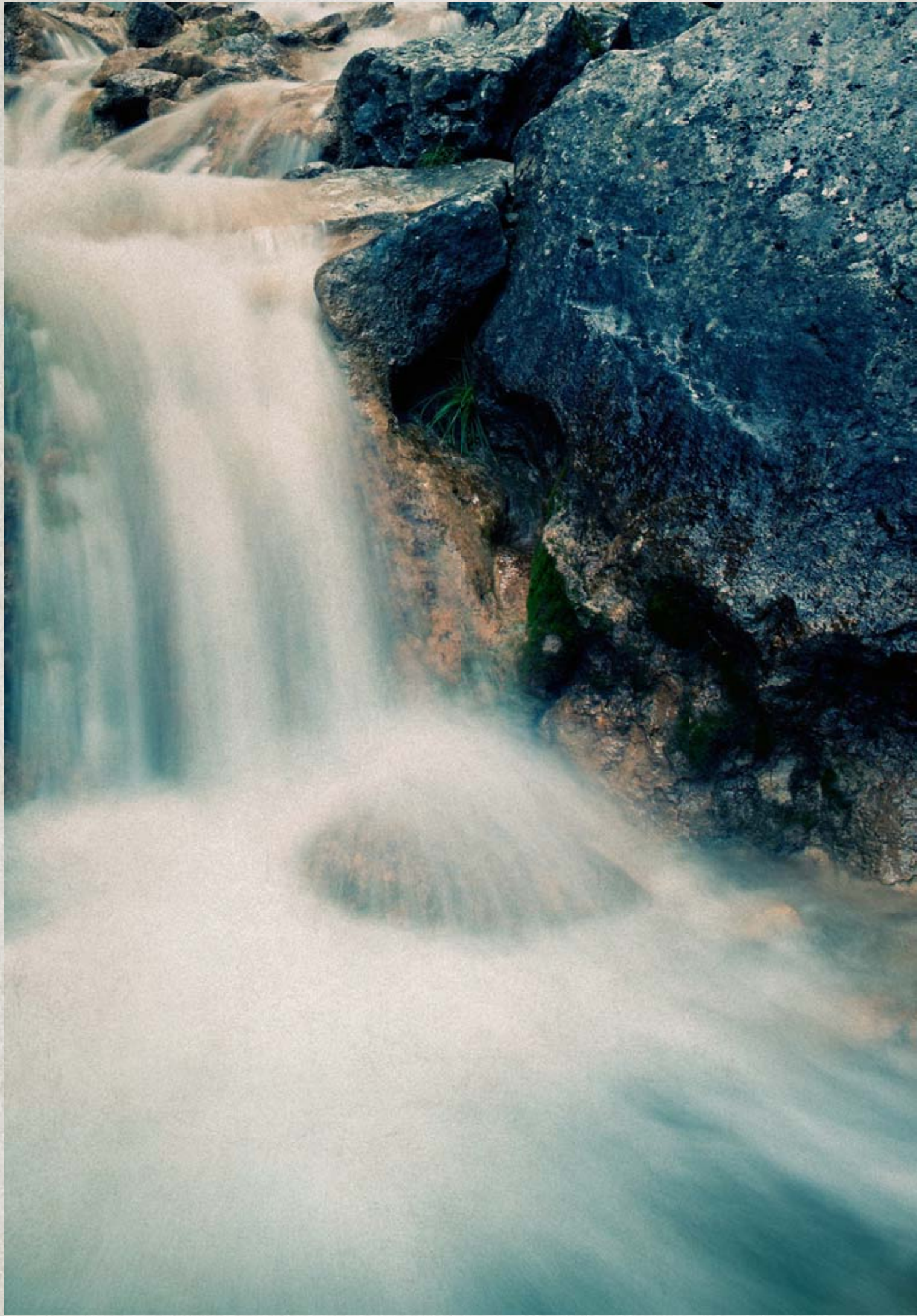
- _ remote adoptions in developing countries;
- _ support to needy children and families;
- _ assistance to the elderly;
- _ care and assistance to people affected by pathologies in developing countries;
- _ scientific and medical research;
- _ education;
- _ management of cultural assets.

Mondadori activities through Cemit enable it to optimize the fundraising process through the drafting of a strategic plan (target identification, measurement of the impact of the campaign) and the operating management of the same through different communication channels (i.e. mailing, telemarketing). Cemit is a specialist in such services (defined as relational marketing) and has years of experience in fundraising advisory services.



**THE
PARTNERSHIP
WITH HUMANA
ITALIA**

Since 2008 Cemit has collaborated with Humana People to People Italia Onlus to support the association in its fundraising efforts. Humana Italia is an independent and non-denominational humanitarian organization established in 1998 to contribute to the development of disadvantaged populations in the southern hemisphere through long-term humanitarian programs. In particular, Humana Italia promotes a culture of solidarity and sustainable development by financing and designing projects in the south of the world and by concurrently contributing to the protection of the environment, also through the collection, sale and donation of used garments. Humana Italia's objective is to increase the abilities of populations and communities so they can become key players in their own future.



ENVIRONMENTAL PROTECTION

• • •

THE INDIRECT ASPECTS

THE DIRECT ASPECTS

03

INTRODUCTION . 1

Most human activities, including industry, energy generation or the use of the soil, has an impact on the environment and on the territories involved, which is visible and measurable under different aspects, like the consumption of natural, non-renewable resources, the dispersion of polluting substances and the alteration of the ecosystem.

The main environmental aspects associated with Mondadori's activities are divided in:

- _ **direct** (under Mondadori's direct control; see § 03.2);
- _ **indirect** (not under Mondadori's direct control, generally determined by supplier activities; see § 03.3).

Direct aspects include, with regard to those most worth mentioning, resource consumption (see § 03.2.1) and climate change (see § 03.2.2).

Indirect aspects are also important, because much of the impact generated by Mondadori is associated with activities that do not fall under the Company's direct control, but are clearly and univocally correlated to it. In particular, the activities that can determine a high impact on the environment and that Mondadori decided to consider are:

- _ the production of paper and printed media (see § 03.3.1);
- _ the logistics of publishing products (see § 03.3.2).

03.2

THE DIRECT ASPECTS

As a result of the outsourcing of the printing activities accomplished in the past years, Mondadori activities are mainly focused on services.

Therefore, the direct environmental aspects are limited to energy and water consumption and the consumption of materials (mainly from packaging) and the associated environmental impacts.

Fossil fuels

Mondadori directly uses fossil fuels for the heating of its buildings in winter.

The heating in the majority of the buildings and stores considered in the perimeter of the Sustainability Report is generated through the use of natural gas and diesel oil (in small proportion). A few buildings represent an exception because they are heated by electrical heat pumps.

The table illustrates the consumption of natural gas and diesel oil used for the heating of the buildings; the reporting perimeter covers all the activities carried out by Mondadori in Italy with the exception of a few sites (whose weight against the overall perimeter is negligible), for which gas consumption is included in the building costs.

The consumption of natural gas is largely the result of accurate calculations; when this was not possible estimates were used based on conservative assumptions.

The fluctuations in the consumption of natural gas over the years are mainly attributable to balance amounts billed by the utility company with the exception of the increase in the last year due to a greater coverage of the 2011 data perimeter (extended to some sites that had not been included in previous years).

Energy

Mondadori energy consumption in Italy, entirely drawn from the domestic network, makes reference to different uses:

- _ illumination, air ventilation and equipment (i.e. pc, printers) in the offices and stores;
 - _ illumination and equipment in the warehouses;
 - _ electrical vehicle recharging (Segrate) and forklift trucks (warehouse);
 - _ radio signal antennas.
-

Energy consumption for the 2011 Italian perimeter is above 31,000 MWh, corresponding, for instance, to approximately 10,000 Italian households on average or the production of a photovoltaic field of approximately 250,000 m₂. The details are illustrated in the table.

The substantial variation in consumption in 2009, 2010 and 2011 is attributed to a better definition of the reporting perimeter. In particular, unlike 2010, in 2011 the consumption of the Piemme and Sperling offices, the Mondadori offices of Verona, and the R101 radio relay antennas were included, thus almost entirely covering the pick-up points.

TYPE OF ENERGY	UNIT OF MEASUREMENT	CONSUMPTION 2009	CONSUMPTION 2010	CONSUMPTION 2011	CONSUMPTION 2011 IN GJ
NATURAL GAS	M³	876,968	945,637	942,229	33,006
DIESEL OIL ^a	L	188,806	196,661	151,000	5,470
TOTAL					38,476

^a2009 and 2010 quantities of consumption were re-calculated as compared to 2010 Sustainability Report, to exclude consumption of the car fleet granted for use to employees, since this value is not directly attributable to Mondadori.

TYPE OF ENERGY	UNIT OF MEASUREMENT	CONSUMPTION 2009 ^a	CONSUMPTION 2010 ^a	CONSUMPTION 2011	CONSUMPTION 2011 IN GJ
ELECTRICITY	MWh	20,860	25,704	31,491	113,368

^aPartial figures, see the comment below the table.

Water

Water consumption is limited to only hygienic-sanitary use in the different offices. Whenever it was not possible to calculate the exact value, due to the fact that the costs are included in the total maintenance costs for the building, a precautionary consumption value was considered equal to 100 l/person/day, based on the number of employees operating in the different offices (such consumption was included in the table under "Water consumption from municipal waterworks").

Both water consumption from the waterworks and that from proprietary wells registered an essentially stable trend, even if it is possible to observe a slightly drop. With regard to the water from proprietary wells, data are expected in the next years in order to assess whether this can be attributed to climate cycles or modifications in end use.

Water is not recycled or re-used in the Group offices. Since there are no water discharge meters, the volume of water discharged is estimated conservatively as equal to the amount of water consumed.

Other materials

The logistic sector is characterized by a high level of packaging materials; the following table shows the consumption of the key materials used by Mondadori (based on a conservative approach, such materials are considered as direct consumption also in the case of outsourced management) for the shipment of books (Trade Books and Mondolibri), dailies and periodicals (Press-Di, data not available for 2009).

Concurrently, Mondadori is committed to analyzing consumption in relation to office materials.

The table also shows the first data survey for office materials, with specific reference to the internal consumption of paper (reams) at the Segrate offices.

PACKAGING MATERIALS (IN TONS)

The aforementioned data show a reduction in the number of pallets, particularly for Press-Di, and a slight decrease in the use of PE films for Trade Books and Mondolibri in 2011. The use of PE filling material for Trade Books and Mondolibri remained steady in 2011, after an increase registered in 2009 and 2010 due to the use of this material instead of pulp paper.

In 2011 the internal consumption of paper for office use registered a significant reduction against 2010 data: the decrease was equal to approximately 25% for the A4 reams and approximately 36% for the A3 format.

Currently, Mondadori's objective is to conduct a detailed analysis of the consumption of these materials in the coming editions of the Sustainability Report, in order to achieve more complete data coverage in the Company perimeter in Italy.

DETAIL	UNIT OF MEASUREMENT	CONSUMPTION 2009 ^a	CONSUMPTION 2010	CONSUMPTION 2011
CONSUMPTION OF WATER FROM PUBLIC WATERWORKS	M ³	133,257	126,231	121,762
CONSUMPTION OF WATER FROM OWNED WELLS	M ³	2,337,430	2,270,370	2,166,339
TOTAL	M³	2,470,687	2,396,601	2,288,101

^a2009 figures include the estimate referred to a broken meter for which a consumption amount equal to the maximum value registered in the three-year period of reference was conservatively considered.

RAW MATERIAL	DETAIL	2009	2010		2011	
		TRADE BOOKS AND MONDOLIBRI	TRADE BOOKS AND MONDOLIBRI	PRESS-DI	TRADE BOOKS AND MONDOLIBRI	PRESS-DI
WOOD	PALLETS	372	388	864	343	611
PAPER AND	BOXES ^a	425	363	0	345	0
CARDBOARD	PAPER FOR OFFICE PRINTOUTS (ONLY SEGRATE OFFICES)	N.A.	8	N.A.	6	N.A.
POLYETHYLENE	FILM	92	64	566	59	780
	PACK FILLING ^b	9	16	0	16	0
	PALLET COVERAGE ^b	3	4	N.A.	3	N.A.
POLYPROPYLENE	TAPES	3	3	N.A.	N.A.	N.A.
	STRAPPINGS ^b	2	5	N.A.	4	N.A.

^aThe figure relating to cardboard boxes is only referred to Mondolibri; the value for Trade Books is not available.

^bThe figure relating to pack filling, pallet coverage and strappings is only referred to Trade Books; the value for Mondolibri is not available.

THE GREENHOUSE EFFECT

Greenhouse gases are gases considered responsible for the climate changes, the increased greenhouse effect and the consequent global warming (broadly referred to as “climate change”). The main greenhouse gas is carbon dioxide (CO₂), responsible for approximately 80% of global warming. The other key gases are methane (CH₄), nitrous oxide (N₂O), halogenated compounds (PFC), hydrofluorocarbons (HFC) and sulfur hexafluoride (SF₆). The climate changing gases are released into the atmosphere mainly as a consequence of combustion processes and, specifically, through the use of fossil fuels. The climate changing emissions are conventionally measured in tons of CO₂ equivalent: the quantities of the other gases are converted according to this unit of measurement by applying specifically developed conversion algorithms. Based on the main international protocols, the emissions of greenhouse gases by Mondadori may be classified as follows:

- _ **direct (purpose 1)**, resulting from the use of the company car fleet and the heating in the buildings;
- _ **indirect energy (purpose 2)**, resulting from the use of energy purchased from third parties;
- _ **other indirect (purpose 3)**, other emissions relating to activities not directly controlled by Mondadori.

Human activities have a strong impact on the planet's climate. Phenomena like global warming due to the greenhouse effect, increasing temperatures and the growing frequency of extreme climatic phenomena are closely interrelated, as is broadly acknowledged by the world scientific community.

In particular, the progressive overheating of the earth's atmosphere and the oceans, which has been building up since the end of the 19th century, is due to a climate change that has had effects on a global scale. This is known as Global Climate Change.

Climate change was identified during the materiality analysis (see Drafting Criteria) as one of the most relevant issues for Mondadori stakeholders. Therefore, in order to meet this need, Mondadori started assessing its greenhouse gas emissions in 2010.

Recently, the project was extended and improved and, for the second half of 2012, the first completed survey of Mondadori greenhouse gas emissions is expected to be issued, conducted according to the ISO 14064:2006 international standard.

The primary objectives of this project can be summarized as follows:

- _ identification of the areas responsible for the emissions;
- _ development of the survey relating to the emissions of purposes 1, 2 and 3 (see the definitions in the "Greenhouse effect" box) and the relevant emission sources, with the ulterior aim of calculating overall emissions;
- _ development of the survey based on the requirements established by the ISO standards.

In the coming months Mondadori will participate in the new edition of the "Investor CDP" questionnaire, which indicates – on a voluntary basis – the greenhouse gas emissions of the main companies worldwide. The CDP (Carbon Disclosure Project) is a non-profit organization committed to collecting and disseminating environmental data, with a particular focus on greenhouse gases (for more details see the dedicated box on page 65).

As anticipated, the development of the complete survey on greenhouse gas effects is expected for the second half of 2012; here below is an initial estimate of the emissions regarding the defined perimeter:

- _ direct (purpose 1): heating of offices and warehouses with natural gas and diesel oil;
- _ indirect energy (purpose 2): energy (complete perimeter available only for 2011);
- _ other indirect emissions (purpose 3): employee air travel for professional reasons (data coverage refers to approximately 70% of the trips), train (the emission factor is derived from the 2010 Sustainability Report of Ferrovie dello Stato Italiane) and company cars and rented cars.

Other emissions of purpose 3 were temporarily identified in the processes associated with the production of paper and ink and product logistics; due to the difficulty related to the collection of reliable data relative to such flows, these emissions are currently estimated and may be more precisely measured in the upcoming years.



THE CDP

From the official cdproject.net website

The Carbon Disclosure Project (CDP) is an independent non-profit group formed for the purpose of promoting and incentivizing business transformation worldwide in order to fight climate change and protect natural resources. Thanks to its influence in the market through the involvement of shareholders, customers and governments, the CDP has persuaded thousands of companies and municipalities to measure and communicate their greenhouse gas emissions, the relevant risk associated with climate change and their water management plans. The key elements underlying this strategy are the increased awareness of companies vis-à-vis the measurement and disclosure of their emissions and transparency. In this sense, the CDP collects information on climate-related risks and opportunities from the world's largest companies, communicates it to its 655 investors and disseminates it through the global market in order to funnel investments towards businesses with low carbon footprints. In 2011 more than 3,000 companies responded to the CDP annual questionnaire, including 81% belonging to the Global 500 ranking, 68% to S&P 500 and 83% to South Africa 100.

EMISSIONS OF GREENHOUSE GASES (TONS OF CO ₂ EQUIVALENT)	2009 ^a	2010 ^a	2011
DIRECT (PURPOSE 1)	2,225	2,381	2,255
INDIRECT ENERGY (PURPOSE 2)	9,074	11,181	13,037
OTHER INDIRECT EMISSIONS (PURPOSE 3)	621	1,176	1,839 ^b
TOTAL EMISSIONS	11,920	14,738	17,131

^a2009 and 2010 emission figures of purpose 1 and purpose 3 were re-calculated as compared to the 2010 Sustainability Report to include emissions relative to the company car fleet under indirect emissions instead of direct emissions.

^bEmissions deriving from trips by train and airplane include estimates with regard to the coverage of some stretches.

Direct emissions underwent no relevant changes in the 2009-2011 period.

With regard to the indirect energy emissions, 2009 and 2010 data make reference to a limited perimeter compared to the 2011 data: in particular, in the last reporting year the R101 radio relay antenna data were included, which consume substantial amounts of energy (see in this respect the comment on energy consumption data).

The first comparisons on emissions of purpose 2 utilizing an equal perimeter will therefore only be possible between the 2011 data and the future 2012 data.

2011 values of emissions of purpose 3 cannot be compared with 2009 and 2010 data, because the latter do not include trips by airplane, train and cars, rented cars included. With regard to company vehicles, initiatives are being examined to reduce their use and replace them with low CO₂ emission models (see in this respect § 03.1.3).

Mondadori overall emissions in 2011, equal to approximately 17,100 tons of CO₂ equivalent, correspond to the annual emissions of 6,000 Italian households on average, or the emissions generated by 12,000 mid-size cars, driven 10,000 km each.

EMISSIONS OF GREENHOUSE GASES IN 2011 (in tons of CO₂ equivalent)

The emission measurement process, which was carried out for the first time last year on 2010 data, enabled the Company to establish the calculation criteria and was used as a baseline to develop awareness inside Mondadori about the possible organic policies to apply in order to reduce the greenhouse gases generated by its activities. Reductions in the production of climate changing emissions will be one of the key points of the Group's future environmental policy, which is currently in the process of development (see § 03.1).

It is in any case worth mentioning that the Group has already launched some activities to mitigate its emissions, such as, for instance, the use of paper not deriving from timber felled in primary forests (see § 03.3.1), the implementation of energy efficiency measures in the buildings and the replacement of the car fleet with low emission models (see § 03.2.3).

TOTAL DIRECT EMISSIONS

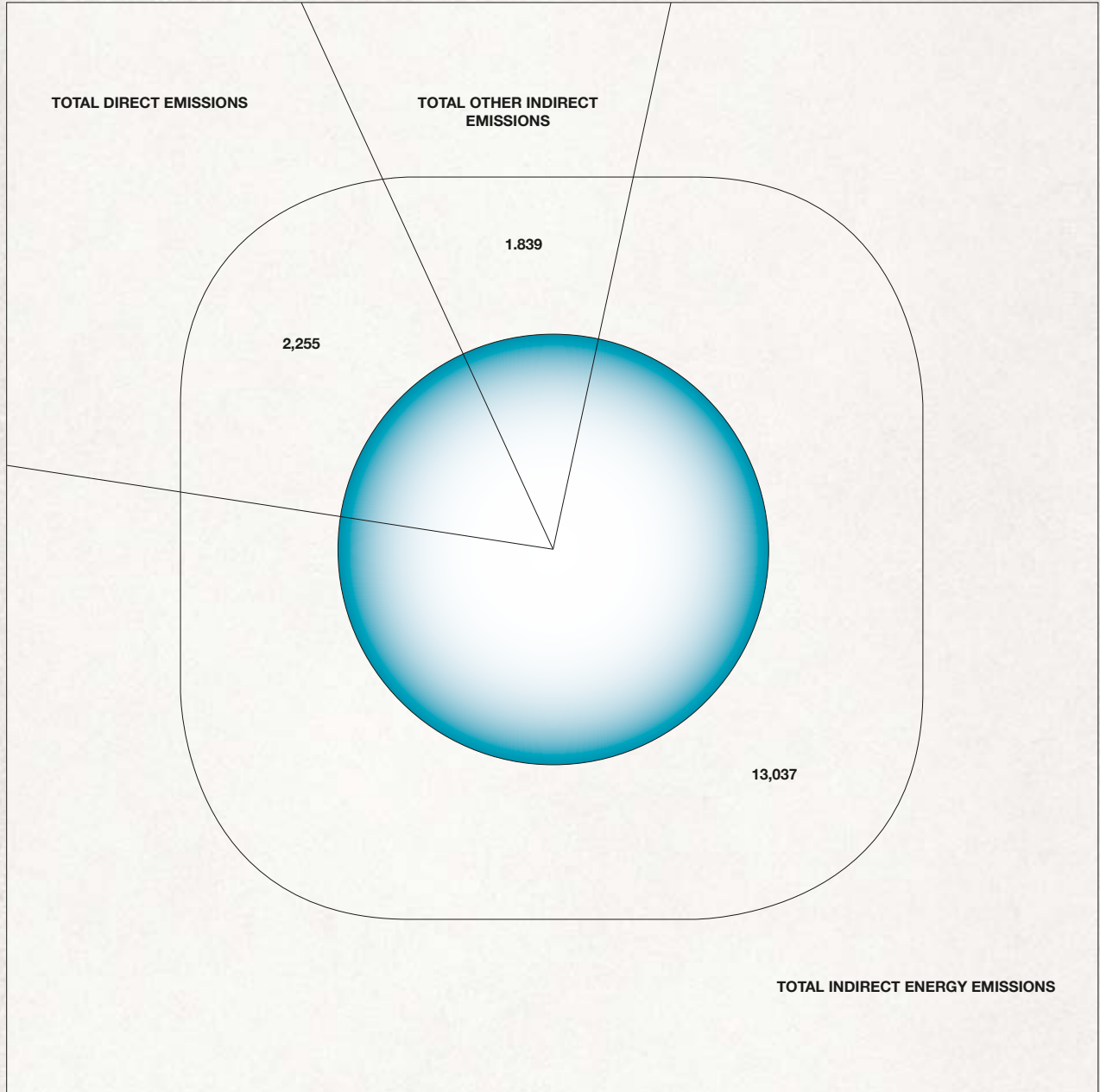
TOTAL OTHER INDIRECT EMISSIONS

1,839

2,255

13,037

TOTAL INDIRECT ENERGY EMISSIONS



Energy saving actions on the utilities in the offices and retail spaces

Mondadori implemented many energy-saving actions on its technical systems and air treatment plants, reducing consumption of raw materials and replacing air conditioning systems that used R22 gas, a gas recognized as damaging the ozone layer. In the table below is a detailed summary of all actions undertaken.

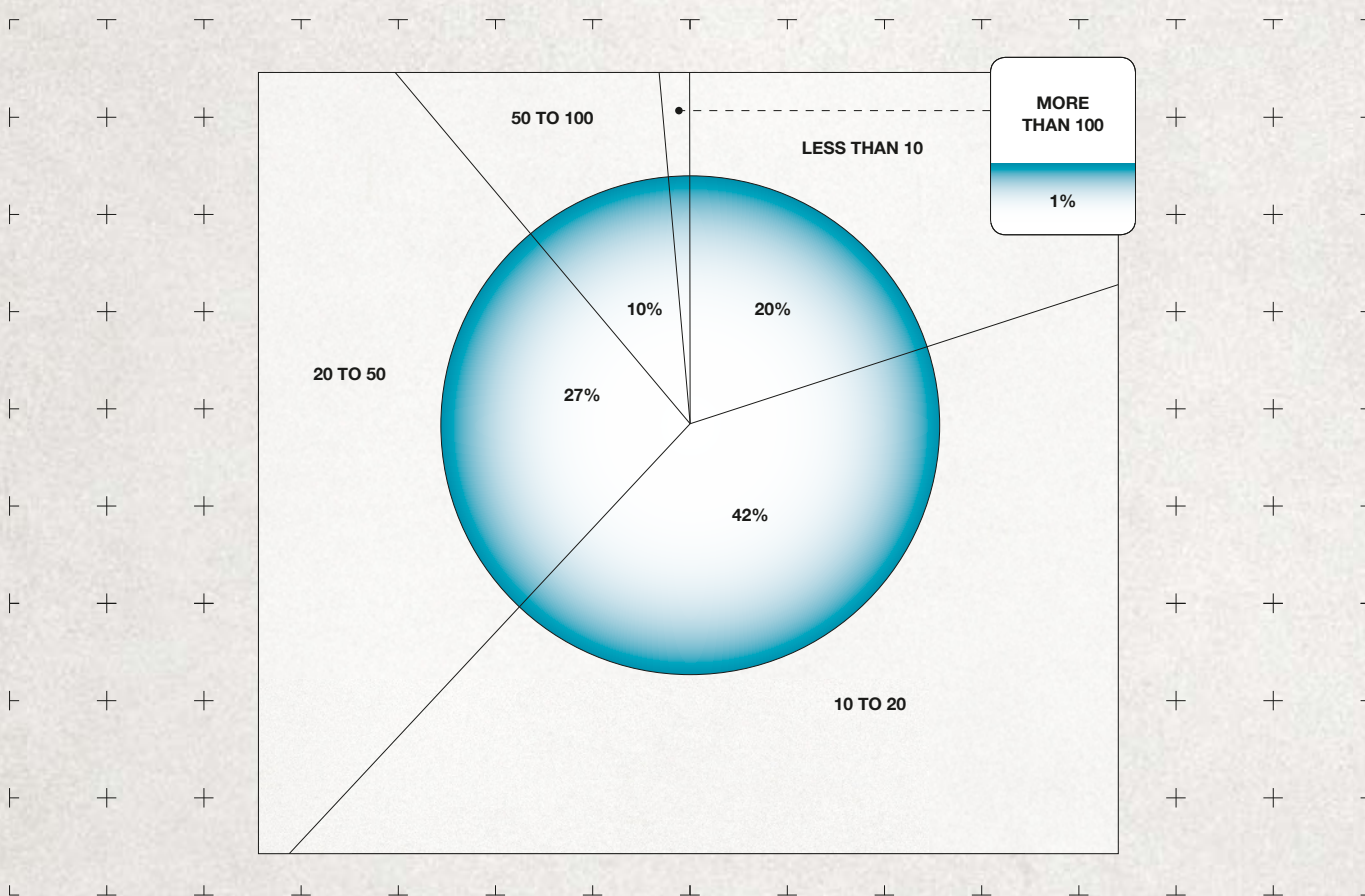
YEAR	ACTION	WHERE	OBJECTIVE
2011	Installation of heat pumps to produce sanitary hot water for the canteen instead of overheated water	SEGRATE OFFICES	ENERGY SAVING; THERMAL PLANT CONDUCTOR SAVING
2011	Development and replacement of R22 -3° gas fed and last phase conditioning plants	MILAN VIA TRENTACOSTE OFFICES	ENERGY SAVING
2011	VRV plant (variable refrigerating volume)	SEGRATE OFFICES (TECHNICAL ROOMS CANTEEN)	ENERGY SAVING; ELIMINATION OF GASES DAMAGING THE OZONE LAYER

Home-work commuting questionnaire

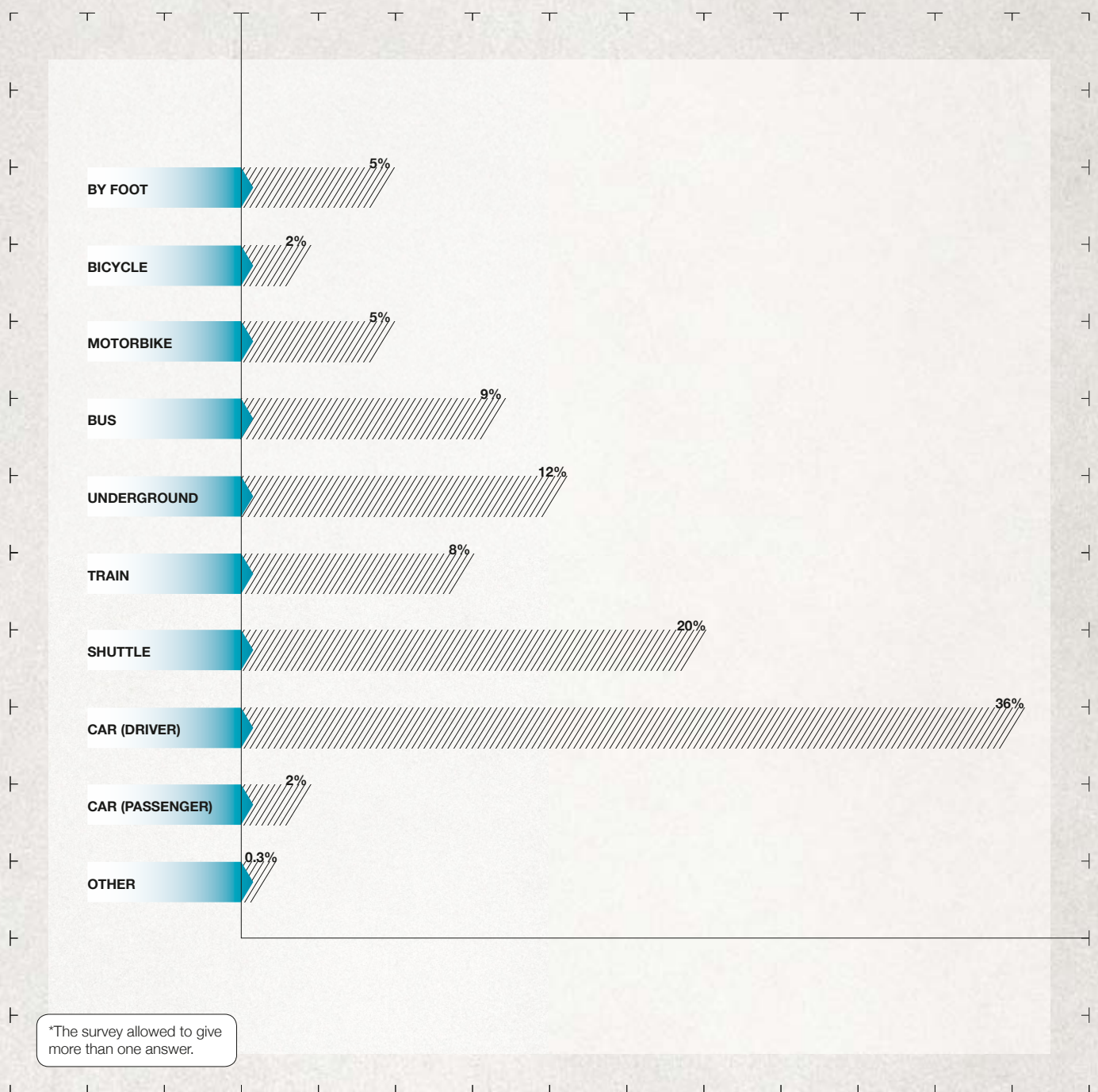
Employee mobility, both in terms of home-work commuting and in terms of business travel, has an impact on the environment, particularly in terms of polluting and climate-changing emissions. In 2011, on the occasion of the drafting of the first Sustainability Report, an internal analysis was carried out in order to analyze the mobility habits of Mondadori employees and quantify the impact in terms of CO₂ emissions for the purpose of collecting useful information to improve Company policies and favor more eco-friendly mobility management.

The survey, conducted using an anonymous questionnaire posted on the Company Intranet, analyzed the details regarding home-work commuting and the use of a series of services made available by Mondadori in order to limit the impact on the environment and reduce employee costs.

HOME TO OFFICE TRIPS: KM TRAVELLED



HOME TO OFFICE TRIPS: TRANSPORTATION MEANS*



More than 60% of the employees who participated in the survey drive less than 20 km to reach the offices. Private cars are the most commonly used means of transport; future actions to increase sustainable mobility shall therefore be mainly targeted in this field.

Renewal of the Company car fleet

Since 2008 Mondadori has progressively replaced its proprietary car fleet with long-term leased cars.

MONDADORI CAR FLEET

TYPE	2009	2010	2011
PROPRIETARY CARS	98	68	48
LONG-TERM LEASED CARS	45	204	193
TOTAL	143	272	241

The number of cars included in the Company car fleet increased slightly in 2010, mainly as a result of the inclusion of Mondolibri in the consolidation area, and then diminished again in 2011, in line with the Company's decision to reduce transportation by car in the future.

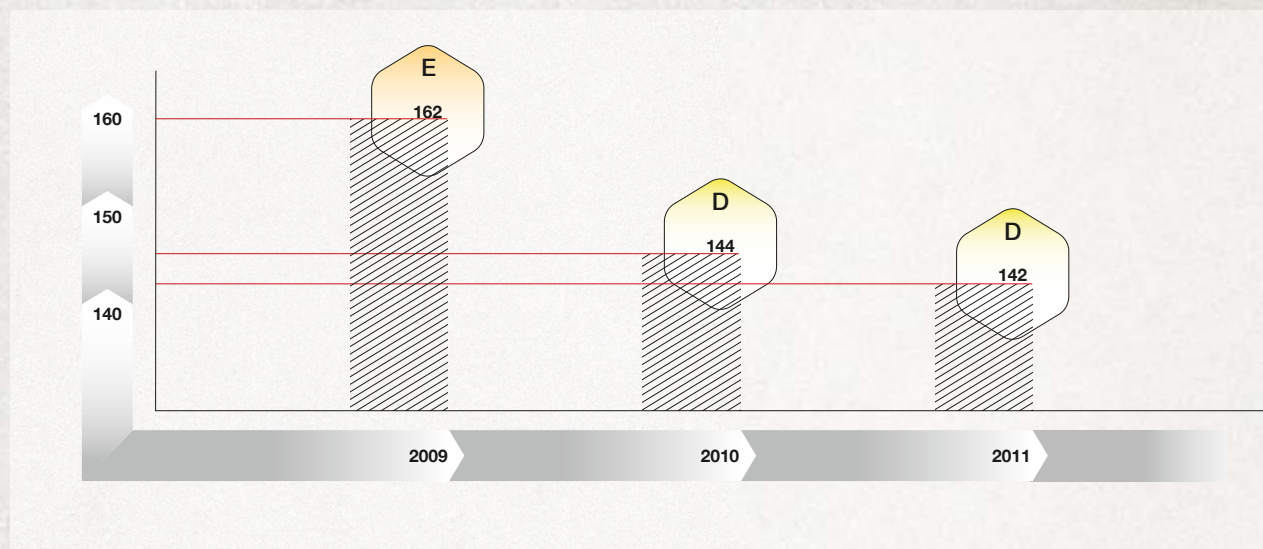
The renewal of the car fleet and the decision to rely on a supplier sensitive to sustainability enabled the Company to achieve considerable improvements in terms of environmental performance.

Making reference to the classification of vehicles in "emission classes" according to the eco-label developed by ADEME (Agence de l'Environnement et de la Maîtrise de l'Energie, the French technical agency specialized in the research and dissemination of information regarding energy, environmental protection and sustainable development), interesting aspects were identified. It is in fact possible to observe a diminishing trend for vehicles falling in class E and F in the three-year period considered, while in 2011 10 new class A cars were introduced.

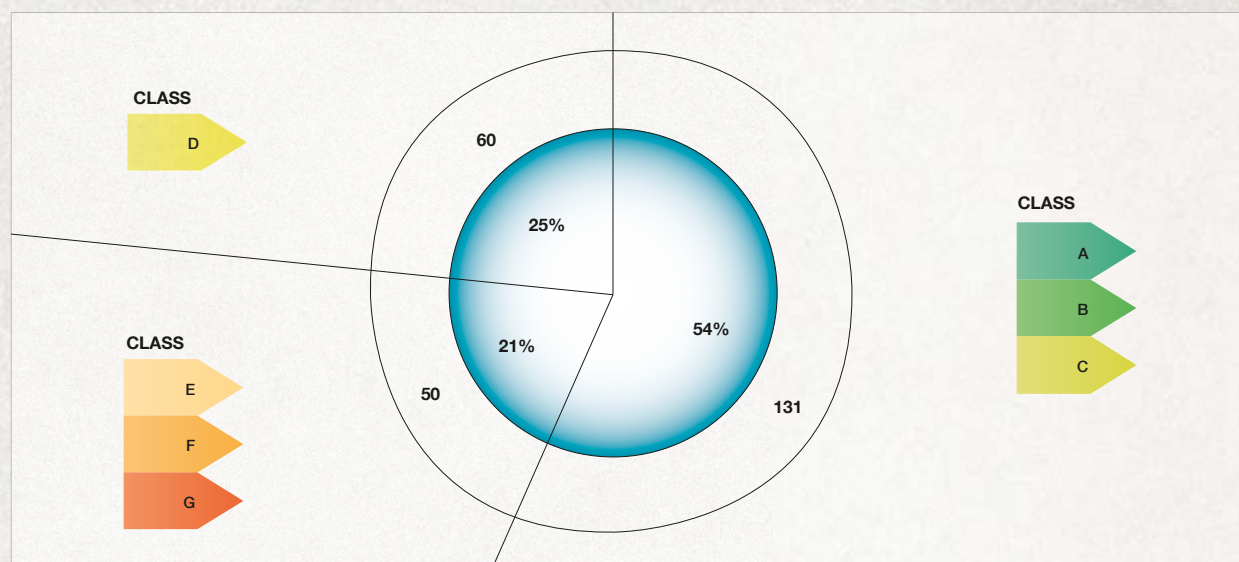
BREAKDOWN BY CLASS OF EMISSION		2009	2010	2011
CLASS A - LOWER THAN OR EQUAL TO 100 GCO ₂ /KM	A	0	0	10
CLASS B - FROM 101 TO 120 GCO ₂ /KM	B	6	59	54
CLASS C - FROM 121 TO 140 GCO ₂ /KM	C	34	93	67
CLASS D - FROM 141 TO 160 GCO ₂ /KM	D	43	66	60
CLASS E - FROM 161 TO 200 GCO ₂ /KM	E	45	39	34
CLASS F - FROM 201 TO 250 GCO ₂ /KM	F	14	13	8
CLASS G - HIGHER THAN 250 GCO ₂ /KM	G	1	2	8
TOTAL		143	272	241

The renewal of the car fleet brought about an improvement in the average class of emissions of the entire fleet (from E to D) in 2009 and 2010. The average emission value remained essentially unchanged: in 2011 the majority of the vehicles belonged to virtuous classes with an average emission close to 140 gCO₂/km.

AVERAGE CO₂ EMISSIONS BY KM



BREAKDOWN OF CARS BY ENERGY CLASS

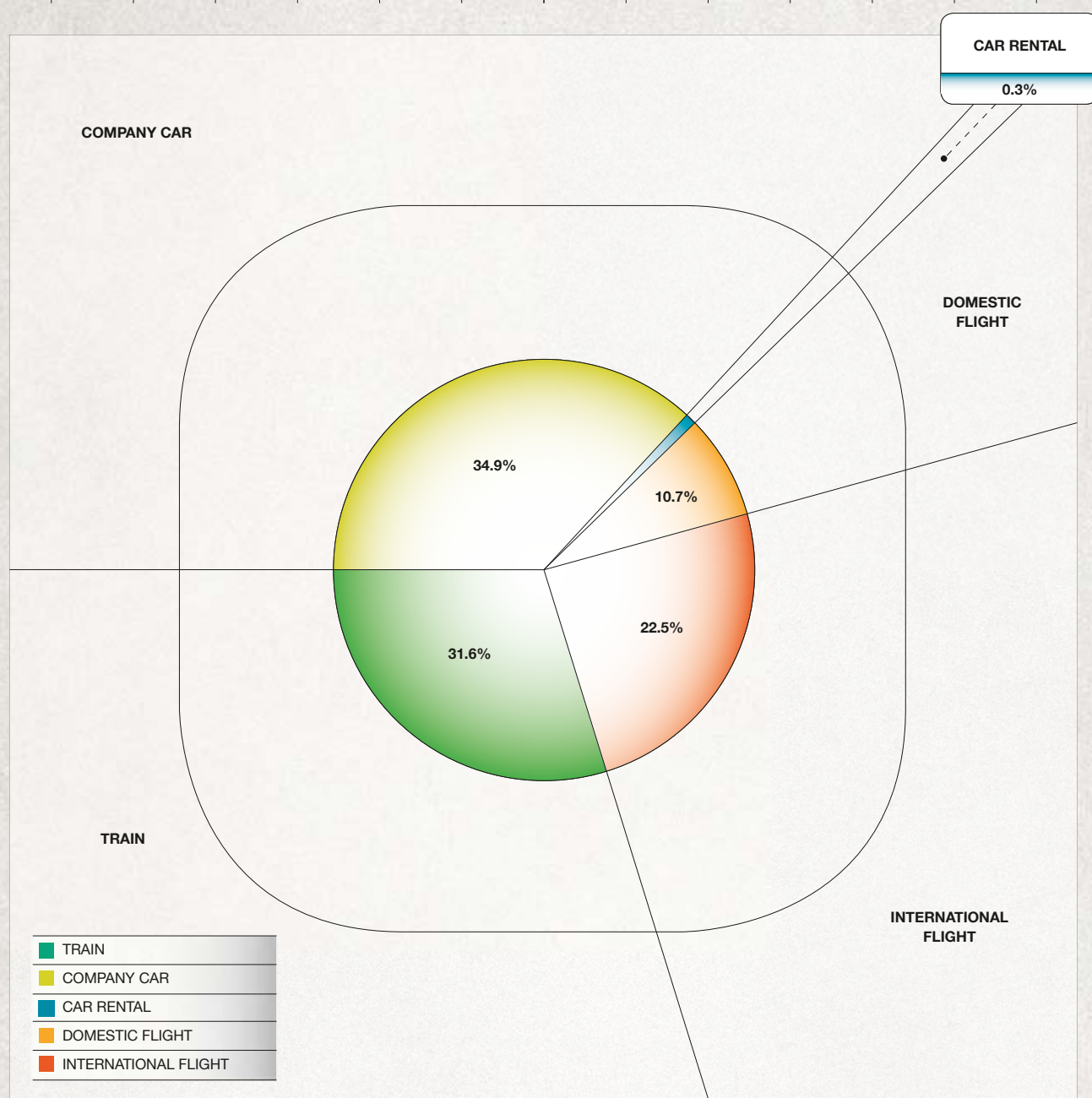


In collaboration with its supplier of vehicles, Mondadori is currently evaluating the possibility of making changes in its car policy in order to further improve the current performance parameters.

Mondadori employee business trips mainly pursue the following objectives:

- _ meetings with customers;
- _ mobility for journalistic services;
- _ meeting with suppliers;
- _ meeting in other Company offices;
- _ participation in events.

KM DRIVEN BY TRANSPORTATION MEANS



Based on the distance covered, Company cars, train and airplane are used in the same way for business trips (approximately one third of the total for each transportation means). The substantial use of trains, in particular, is a result of the increase in high speed train service in Italy, which compete with flights both in terms of speed and service access on short-haul stretches like Milan-Rome (approximately 1,500 round trip tickets in 2011).

EMISSIONS BY TRANSPORTATION MEANS



Preliminary analyses performed on emissions associated with the afore described transportation means reveal how the car and the airplane are mainly responsible for CO₂ emissions from business trips (47% and 40%, respectively), while train travel is more in line with the Group's future objectives in terms of a reduction in climate changing gas emissions (12% of the emissions against 32% of the distance covered by such means). Investments in audio and videoconference equipment made in 2010 and 2011 (approximately euro 140,000) are expected to enable the Group to reduce travel – particularly trips to other Company offices for meetings – in the years to come.

Company shuttle

Mondadori operates a shuttle service for employees, collaborators, suppliers or guests of the Company to reach the offices of Segrate, Cernusco and Milano Oltre.

The headquarters are connected to Milan and the other decentralized Company offices thanks to a network of dedicated transportation outsourced to qualified operators. Connections with Milan are ensured by a high number of trips with different lines organized in the employee access and exit times and by a shuttle service at 60 minute intervals throughout the day. The shuttles stop in the most strategic areas of the city, in order to gather together the largest number of passengers from the different city districts and suburbs, in connection with public bus and rail transport (ATM, Trenord).

LINE	NUMBER OF TRIPS PER DAY	DISTANCE (KM)	DAILY COVERAGE (KM)
1	14	9.2	129
2	1	16.0	16
3	5	9.0	45
LINATE	7	5.2	36
4	8	3.8	30

The use of company shuttle buses requires a ticket for a nominal amount. It is estimated that the number of passengers in 2011 totaled almost 70,000 units, up against the previous year (68,000) thanks also to the addition of a new line (new Line 4 – connection with Segrate railway station, suburban lines S5 and S6).

The shuttle service, also surveyed in the abovementioned internal questionnaire on employee mobility, in addition to enabling employees to save money on commuting, also diminishes environmental impact, since it reduces the use of private cars (56% of shuttle users said they would otherwise drive their car to work).

Initiatives for waste cycle management

Mondadori's direct activities are not industrial and are not associated with the management of significant waste flows. In the past year, Mondadori has nevertheless tried to examine this area more closely and has identified an initial set of principles. Specifically, the data below refer to the Segrate offices only.

TYPE	UNIT OF MEASUREMENT	2009	2010	2011
NON-TOXIC WASTE	KG	450,880	452,739	404,937
TOXIC WASTE	KG	925	6,810	851
TOTAL	KG	451,805	459,549	405,788

A high proportion of the non-toxic waste produced consists of paper and cardboard, and packaging in mixed materials, including iron and steel. Toxic waste includes equipment containing HCFC and, above all for 2010, batteries, toners and fluorescent bulbs. The peak of toxic waste registered in 2010 was mainly due to the replacement of some refrigeration groups.

For the purpose of improving the current situation in terms of data collection and waste management criteria, different activities were planned for implementation in upcoming years, including:

- _ development of a company policy for waste differentiation and increased employee awareness both in the offices and in the stores;
- _ development of a database for waste data collection;
- _ assessment of the possibility of recycling some retail products at the end of their product life and, if positive, identification of the potential products to recycle;
- _ definition of a procedure for the management of waste resulting from maintenance activities.



Ecolamp-Mondadori: an initiative to increase awareness

In May 2011 Ecolamp, the Consortium for the recovery and disposal of illumination products, launched the first mass communication campaign to increase awareness about the differentiated collection of exhausted fluorescent bulbs. These bulbs, of which about 130 million units are sold in Italy each year, are known for their efficient luminosity and long duration, but not for their special characteristic of being 95% recyclable.

For this reason they should be collected separately from other waste and treated in special plants, where glass, metals, plastic and also mercury, a toxic metal if released in the environment, are separated out.

Ecolamp is an initiative aimed at informing citizens of the possibility of differentiating exhausted fluorescent bulbs (by returning them to the retail stores where they were bought at the moment of a new purchase in a 1-to-1 ratio, or disposed of in the special containers at the municipal recycling centers).

The stores and Mondadori Multicenters represented the key platform for this communication campaign with the shop windows illustrating the vademecum for a correct differentiated collection of energy-saving fluorescent bulbs. Similar instructions were printed on a million paper shoppers to be distributed in all retail stores of the Mondadori network.

03

THE INDIRECT ASPECTS

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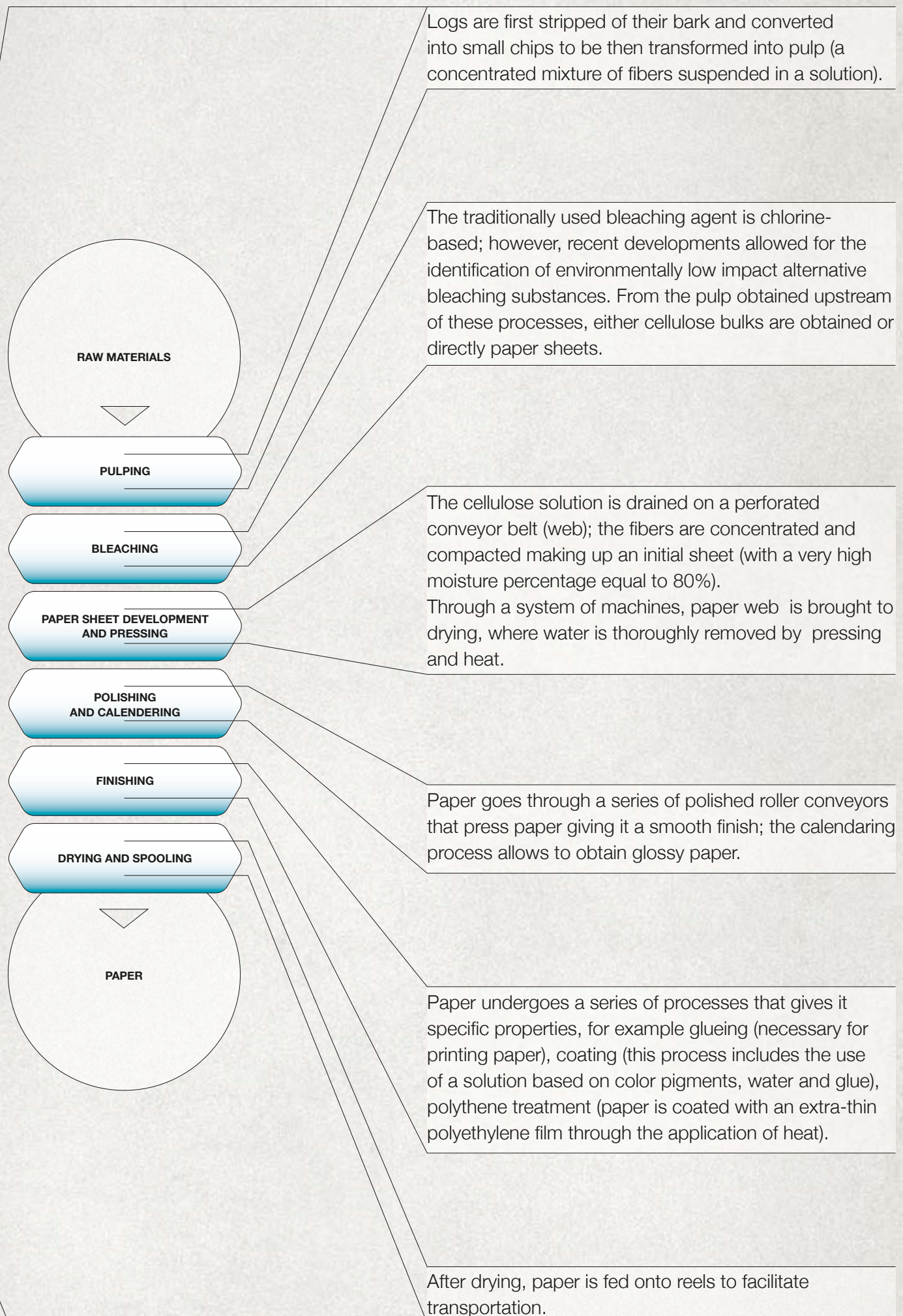
As anticipated in § 03.1, the indirect environmental aspects are particularly relevant for Mondadori.

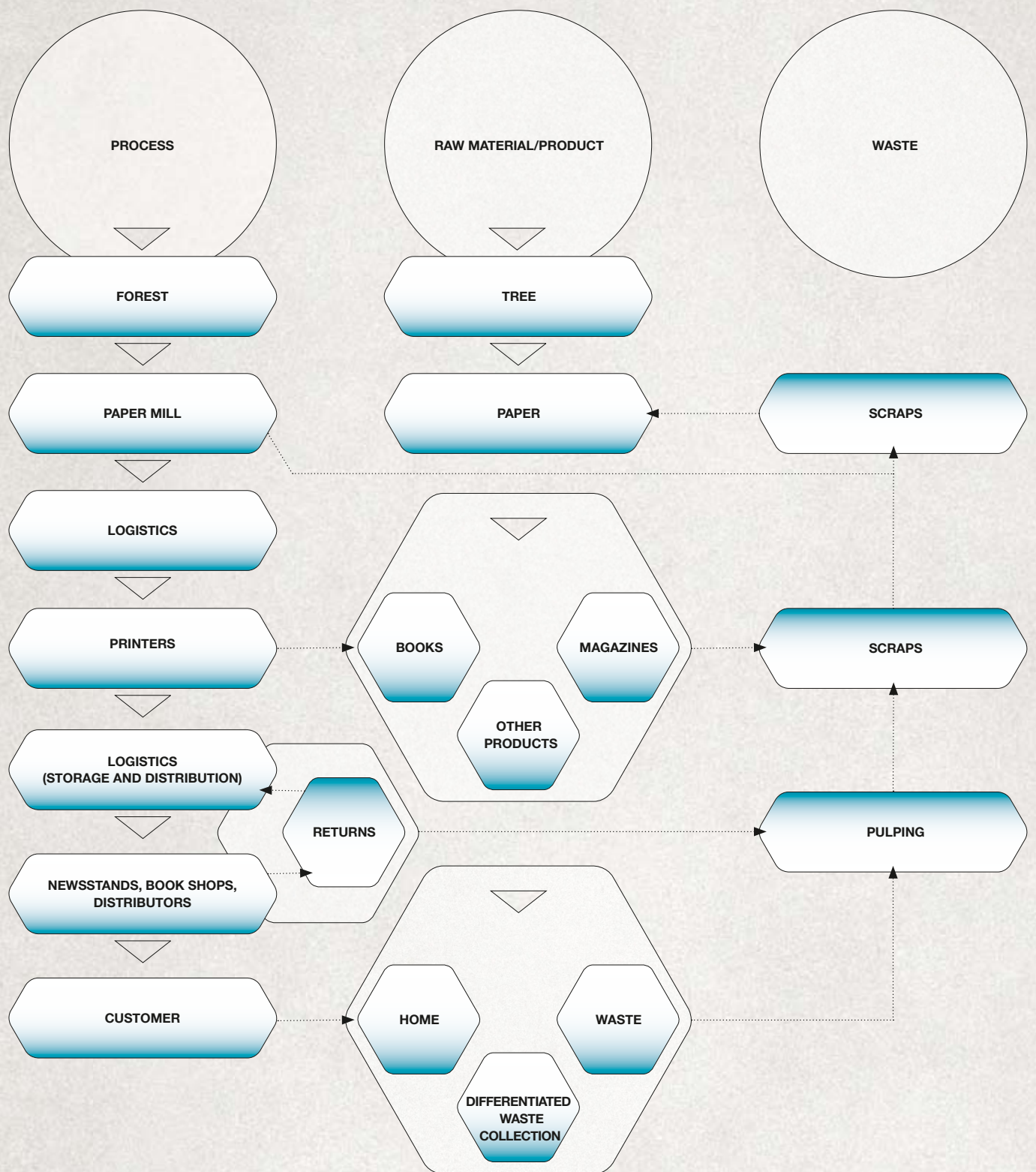
In particular, this section analyzes the details relative to the use of paper (both as raw material, § 03.3.1 and as pulp material § 03.3.3) and product transportation: two activities with profound and diversified environmental impacts that are increasingly attracting the attention of customers and stakeholders in general.

FROM WOOD TO PAPER

03.3.1 PRODUCTION OF PAPER AND THE PRINTING PROCESS

Despite the increasing importance of digital printing, paper still is the core material for a publisher like Mondadori: consumption volumes and the different types of printing paper still carry significant weight on the overall evaluation of the Group's environmental impact.





The paper supply chain

The paper production process, described in the box From wood to paper, is entirely performed by paper mills. At the end, paper is delivered by the paper mill to the graphics company in charge of the printing process. The paper is printed and then transported to the warehouse where it remains until it is shipped, through specifically designed logistics systems, to distributors and final users (see subsequent paragraphs, where this topic is analyzed in detail with particular reference to Mondadori logistics systems).

Similarly to the distribution of books and magazines through retail channels, the opposite process is also worth analyzing, that is the process of return (see subsequent paragraphs).

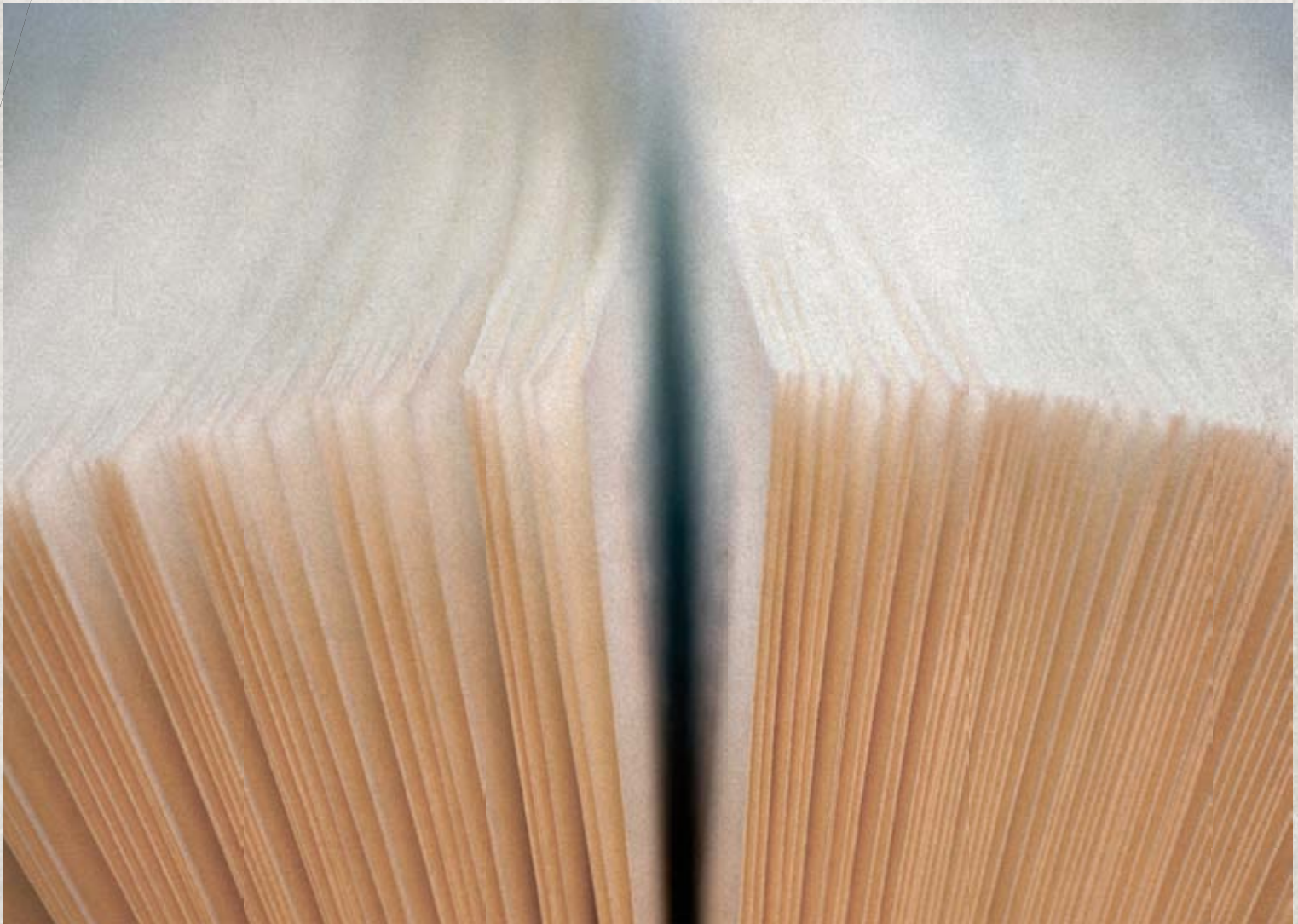
When a book/magazine has reached a reader, the paper cycle continues in one of the three ways listed here below:

- _ the book/magazine remains at the reader's and may be re-used (re-read, given as a gift, donated to schools and/or libraries);
- _ collection or recycling;
- _ disposal in an undifferentiated way.

Pulp paper, i.e. the result of the differentiated paper waste, is a first value raw material: after collection, it is sent to recycling in the paper mill to produce new paper.

The process is summarized in the scheme to the side.

In the next paragraphs a description of the paper supply chain is provided with particular reference to Mondadori and Mondadori Printing.



Paper mills

Mondadori does not directly purchase paper. This task is accomplished by the printing companies on which Mondadori relies, i.e. Mondadori Printing (third party company, see § 02.3.2) and others. In turn, Mondadori Printing relies on various paper suppliers both for the production destined to Mondadori and for other customers.

All Mondadori Printing paper suppliers guarantee that the paper used:

- _ does not come from illegally cut wood;
- _ does not derive from wood cut in violation of civil rights;
- _ does not derive from wood cut in forests in which the preservation values are endangered by the same forest management activities;
- _ does not derive from wood cut in areas converted from forests to plantations or to non-forest forms of use;
- _ does not derive from wood cut in forests in which genetically modified trees are planted.

Some of these suppliers can also show that part of the paper used is FSC/PEFC certified. The guarantee of compliance with these standards is provided by independent certification companies.

The paper used to print Mondadori products

In 2011 the overall consumption of printing paper for the Mondadori Group in Italy totaled approximately 110,000 tons, as shown in the table below, with a significant growth in the consumption of FSC/PEFC certified paper, which in 2011 represented 5% of the total amount of paper used.

TOTAL PRINTING PAPER (IN TONS)

	2010	%	2011	%
FSC OR PEFC CERTIFIED PAPER	2,415	2.1%	5,916	5.3%
RECYCLED PAPER	306	0.3%	437	0.4%
TRADITIONAL PAPER	113,490	97.7%	104,347	94.3%
TOTAL	116,211		110,699	

The aforementioned values include the majority of Mondadori printing paper consumption; in particular, they include the paper used by Mondadori Printing for the Group's magazines, books and other publications, plus a limited quantity (7% of the total) used by other suppliers for Mondadori Education and Cemit. Due to the special needs of the relevant sectors, the latter two companies mainly rely on printing companies other than Mondadori Printing.

With the exception of a portion of the production of school texts, direct marketing and other minor areas, the Group printing needs are met almost entirely by Mondadori Printing. The following table shows the total of Mondadori Printing paper consumption, broken down by area of competence and type of paper.

PRINTED MATERIAL PRODUCED BY MONDADORI PRINTING (IN TONS)

TYPE	2010					2011				
	MAGAZINES	BOOKS	OTHER	TOTAL	%	MAGAZINES	BOOKS	OTHER	TOTAL	%
FSC MIXED	247	412	49	708	0.70%	121	3,373	254	3,748	3.60%
FSC RECYCLED	16	735	0	751	0.70%	204	972	52	1,228	1.20%
PEFC MIXED	16	1	0	17	0.00%	36	1	0	38	0.00%
TOTAL RECYCLED PAPER	279	1,148	49	1,476	1.40%	361	4,346	306	5,014	4.90%
RECYCLED	0	0	0	0	0.00%	0	0	0	0	0.00%
TRADITIONAL	79,406	27,032	507	106,945	98.60%	75,217	22,063	1,053	98,332	95.10%
TOTAL	79,685	28,180	556	108,421		75,578	26,410	1,359	103,346	

PEFC AND FSC

The Programme for Endorsement of Forest Certification (PEFC) is a system that certifies the sustainable management of forests. The PEFC is an international initiative based on a broad understanding between all the parties involved in favor of the implementation of sustainable forest management at the national and regional levels. The representatives of the owners of woods and poplar plantations, final consumers, users, professionals, as well as the representatives of the lumber and woodworking industry participate in the development of PEFC. Its objective is to improve the image of forestry and the forest-wood supply chain, providing a tool that permits the marketing of wood and products deriving from forests and plantations managed in a sustainable way. In Italy, PEFC Italia is the Italian non-profit association that represents the national governance body of the PEFC certification system. The PEFC system allows the verification of:

- _ the sustainability of the forestry management;
- _ the traceability of wood and paper products marketed and transformed, which are derived from PEFC certified woods.

The Forest Stewardship Council (FSC) is an international non-profit NGO.

FSC represents a globally recognized forest certification system.

The purpose of the certification is the correct management of forests and the traceability of the derived products. The FSC logo is a guarantee that the product was manufactured with raw materials deriving from properly managed woods according to the principles of two main standards: forest management and the chain of custody. FSC is an independent and third party certification scheme. Inspections are performed by 17 certification entities throughout the world. The entities are in turn accredited by ASI (Accreditation Service International). One of FSC main activities is the drafting of locally adjusted standards in accordance with the national initiatives.

The printing of magazines (approximately 75,000 tons) represented about 73% of total consumption of paper in 2011. With regard to the types of paper, the Magazines section uses a percentage of eco-compatible paper (FSC and PEFC) equal to 0.48%, against 0.35% of last year, while such percentage increases to 16% (against 4% in 2010), if we only consider the Books section (excluding school texts). The consumption of FSC paper by Mondadori Printing in 2011 grew rather consistently, going from just above 1% in 2010 to approximately 5% in 2011, confirming the commitment undertaken by the company through different initiatives, including the launch of two Edizioni Mondadori series in FSC (Strade Blu and Oscar Spiritualità), the continuation of Einaudi Stile Libero and the FSC print of numerous series connected with Geronimo Stilton for Piemme and the Wellness Paperback series for Sperling & Kupfer.

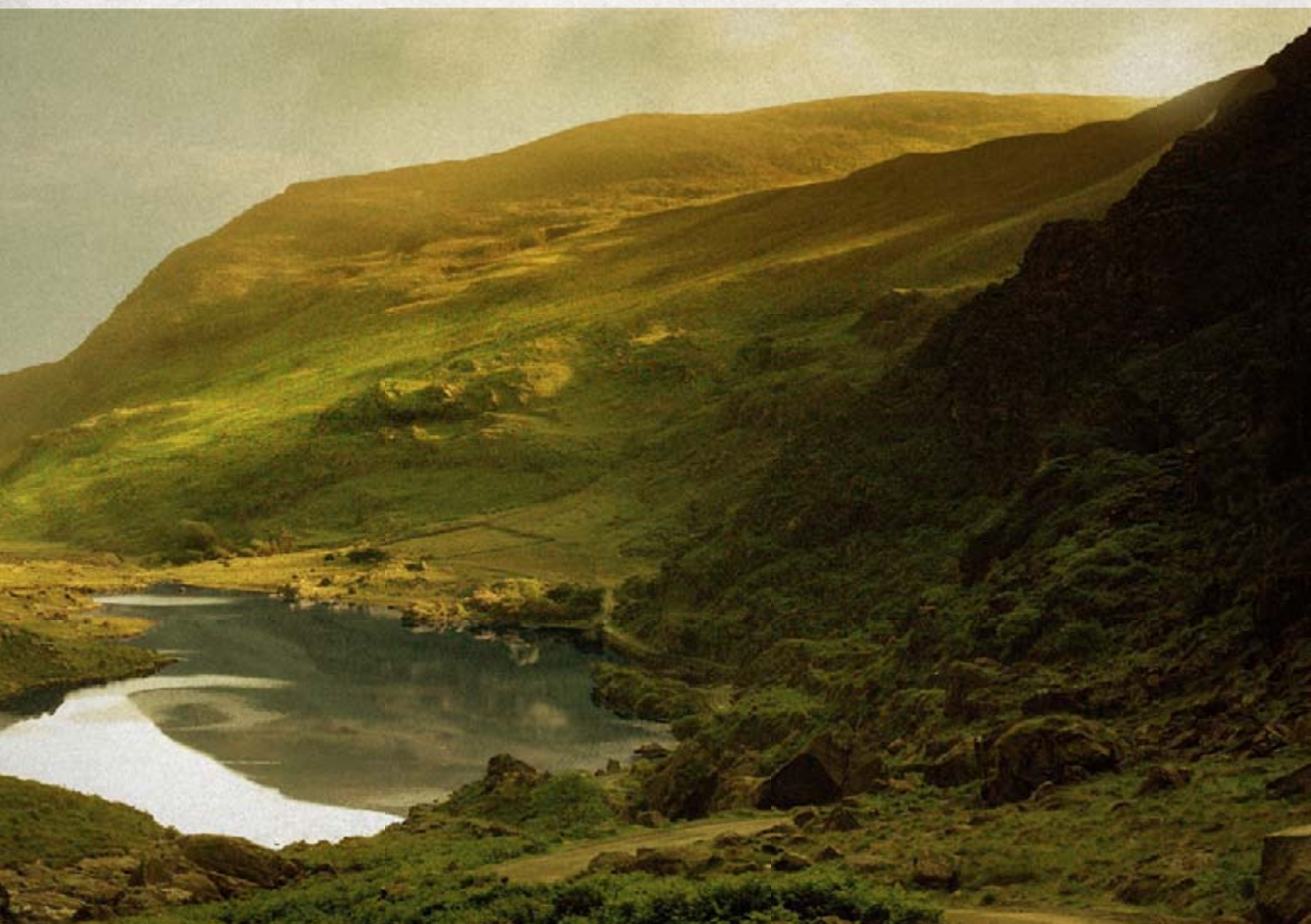
As already mentioned above, Mondadori Group also relies on other suppliers for the printing activity, particularly in relation to the publishing of school texts. The following table shows data concerning the main minor suppliers.

PRINTED MATERIAL PRODUCED BY OTHER SUPPLIERS (IN TONS)

TYPE	2010				2011			
	EDUCATION	CEMIT	TOTAL	%	EDUCATION	CEMIT	TOTAL	%
CERTIFIED PAPER	0	904	940	12.10%	131	771	902	12.30%
RECYCLED	306	0	306	3.90%	437	0	437	5.90%
TRADITIONAL	5,469	1,076	6,545	84.00%	5,215	800	6,015	81.80%
TOTAL	5,775	2,016	7,791		5,782	1,571	7,353	



As to the printing activities commissioned by Mondadori Education, all the types of paper purchased are manufactured in ISO 14001 certified paper mills, a certification that defines and governs the criteria to develop the adopted environmental management system, through the control of the environmental impacts connected to such activities, products and services; 80% of these are also EMAS certified (a tool designed by the European Community to rationalize the management activities of the organizations in relation to the carbon footprint, based not only on the compliance with the thresholds established by law, but also on the continuous improvement of performance).



The management of logistics varies depending on the relevant product: magazines, Trade Books, school texts, Mondolibri products. The logistics processes are also very much connected with pulp paper management activities, i.e. the returns and the unsold copies that can no longer be sold (i.e. previous day dailies, third publisher products distributed by subsidiary Press-Di).

Magazines

The logistics for Direzione Periodici is entrusted to Press-Di, a company fully owned by Mondadori, which manages the circulation of Group magazines and third publishers' magazines and dailies in Italy; all Press-Di operating processes, including the management of transportation, are outsourced.

Considering the two retail channels, represented by newsstands (93%) and subscriptions (7%), in 2011 the overall weight transported slightly exceeded 100,000 tons, entirely on the road or by sea.

The logistics process of magazines includes three main steps:

1) film wrapping: in 2011 this process was applied to approximately 145 million copies for a total of about 677 tons of film;

2) transportation: the network is based on medium-long term contracts from the distribution logistics centers (Melzo, Verona, Rome) to the local distributors (approximately 114 private entrepreneurs), who then autonomously handle delivery to the newsstands;

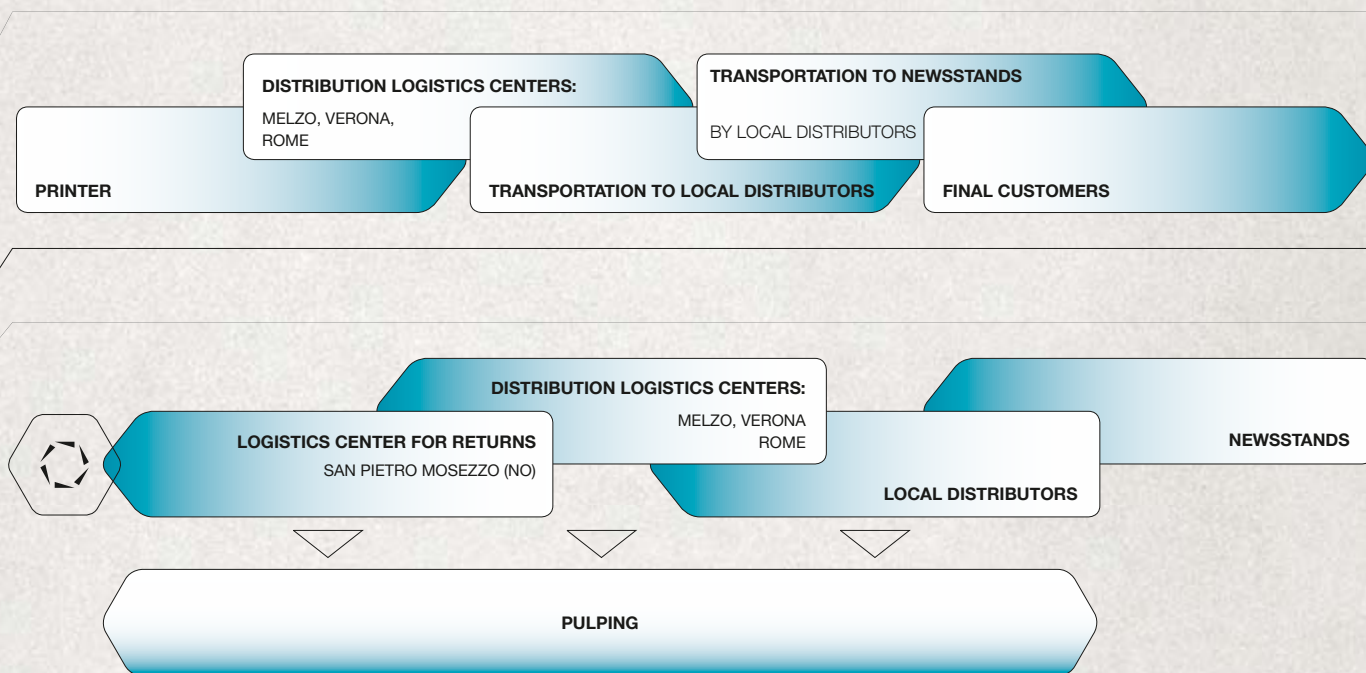
3) collection of unsold products: unsold products are returned to the local distributor to allow a selection between recoverable material and material to be disposed of.

The distribution of third publishers' dailies (including *il Giornale*, *Libero*, *Avvenire*) is accomplished through a logistic network from the six printing centers scattered throughout Italy to the local distributors. This network, planned to be short and quick, optimizes delivery times and is shared with other distributors in order to guarantee higher volume efficiency.

Compared to the traditional, centrally managed return systems, Mondadori registers a very high level of local pulping: Press-Di (in agreement with the Group and third publishers) decided to promote the maximum possible distribution of certified return processes granted to local distributors in order to reach the necessary critical mass to concretely pursue the significant savings that this management system makes possible. In 2011 local pulping was equal to 12,734 tons for the magazines and 12,863 tons for the dailies.

Currently, out of the 114 local distributors on which Press-Di relies, 92 guarantee certified return (up from 79 in 2010). The improvement objective for the Direzione Logistica Periodici is an additional reduction in the percentage of returns and, consequently, reduced transportation.

It should be noted that Mondadori is currently carrying out research in different fields to optimize the environmental performance of magazines and reduce the associated costs, including format standardization, weight reduction and reduced page arrangement. In addition to cost reduction, these activities are expected to reduce waste from paper processing, raw materials used, transportation and indirectly produced pollution, as well as optimizing warehouse use.



CERTIFIED RETURN

The mechanism of certified return of publications is a process that allows local distributors to manage returns by certifying the quantity and the corresponding pulping of the copies. The operating methods for the performance of such activities are: entry of returns, counting of copies received, IT processing of counting, accounting registration of counting and product distribution.

The process of certified return includes:

- _ the consolidation of the returns subject to pulping (unsold copies) by title/file/copy, directly at the local distributor's premises, thus avoiding the physical transport of the material to the warehouse;
- _ reduction in the cost of transporting returns to the warehouse.

TYPE	2010	2011
COPY	12,900,00	13,240,00
PACKS	420,000	440,000
SHIPMENTS	45,000	46,000

Trade Books

The logistics of Trade Books involves four warehouses located in Verona. With the exception of the management of the warehouse for shipping and refurbishment (owned by Mondadori) the activities of the other three warehouses (launch of new products, pre-pulping final storage) and logistics are sub-contracted to outsourcing companies. In the light of improving the level of control Mondadori exerts over such operations, in the coming years the foundations will be laid for a better understanding of the environmental impact of supplier activities, in order to influence operating decisions made by the latter towards increased sustainability in the performance of their activities.

In such context, it is worth noting that during the process associated with the returns (see the corresponding table in relation to the data concerning shipping volumes, pallets and copies handled), these are registered, classified based on quality, filed and stored. The owner of such stock, i.e. the publisher, pays for the storage and decides when to pulp the product. This does not hold true for Edizioni Mondadori and Sperling & Kupfer, i.e. the publishers registering the highest level of returns. In fact, for the latter, returns are accumulated and disposed of on a monthly basis.

All the boxes used to distribute Trade Books are made of corrugated cardboard with a 90% recycled paper percentage; such packaging is 100% recyclable and the source of the material used is derived from national pulp folders.

Education Books

In 2011 Mondadori Education produced approximately 6.8 million copies including texts and teachers' guides, stored in two warehouses: one in Bergamo (handling is managed by third parties) for school texts for the lower secondary school, and the other in Florence (internally managed handling) for school texts for elementary schools, dictionaries, university texts and Italian L2 (Italian as a second language).

The management of such products follows the mechanisms linked to the special activities of school education (promotion, adoption and sale of books):

- _ through a network of promoters, school texts are presented to teachers from January to May in order to promote their adoption; logistics is in charge of shipping the books from the two central warehouses to the promoters, reaching slightly less than 140 destinations; lastly, the promoters are in charge of delivering or shipping the sample books to the teachers;

- _ starting in May and, with varying intensity, throughout October, Mondadori Education replenishes the retail distribution points for the sales campaign, reaching approximately 60 destinations. Moreover, starting in September, when schools re-open, the promoters are supplied with books and guides to deliver to teachers as class texts;

- _ in addition to making shipments to decentralized distribution centers, the central warehouse in Bergamo directly supplies some top accounts and the Florence warehouse supplies approximately 800 book shops with university texts and Italian L2 books.

Though returns are less frequent for school texts, total returns in this segment reached approximately 302,500 copies in 2011.

Mondolibri

Mondolibri logistics includes a warehouse in the province of Brescia and order shipments by mail. The cardboard boxes used for the shipments are of the same type used for the Trade Books.

The material returned is subject to recovery.

03.3.3 MONDADORI INITIATIVES TO REDUCE INDIRECT IMPACT

Paper and sustainability

Starting from 2010 Mondadori adhered to the initiative launched by Greenpeace for Italian paper industries to prevent the destruction of primary forests. In particular, Mondadori is committed to defining a process to progressively increase the percentage of “friend of forests” paper over time.

The first version of the Salvaforeste ranking of Italian publishers was launched on the occasion of the International Book Trade Show in Turin in 2010, revealing how the majority of the books sold in Italy represented a threat to the precious forests of Sumatra and the endangered Indonesian orangutans. The Salvaforeste ranking represented a turning point in the Italian publishing industry, above all thanks to the commitment of the largest publishing groups.

Specifically, in December 2010, Mondadori undertook to progressively increase sustainability of all the Group publishers (see § 03.3.1) and 2011 data confirm such engagement.

“I’m very proud of Mondadori’s commitment to the awareness campaign launched by Greenpeace. Mondadori’s decision to accept Greenpeace’s invitation, by acting in an increasingly sustainable and responsible way in the market, enables us to also offer our readers a concrete opportunity to make informed purchases while protecting the environment.”

Riccardo Cavallero, General Director of Libri Trade

Two Mondadori initiatives are worth noting:

- _ since 2005 Mondadori has been producing the sales catalogue of the “Il Circolo letterario” book club on eco-compatible paper. Il Circolo letterario was selected since its target of reference has always shown great sensitivity to environmental issues through the purchase of publishing products;
- _ with reference to the production of products on recycled paper, in 2011, Mondolibri launched an initiative directed to all of its members which envisages the development of a book in 2012 focusing on “green” remedies by using the members’ direct contributions; the volume will be printed on eco-compatible paper (see § 04.1.6).

Initiatives aimed at raising awareness

Mondadori Group, being a member of the European Federation of Magazine Publishers (EFMP) which is a partner of Print Power Italy, provides its contribution to the “Two Sides” project. Print Power Italy is an organization coordinated by Assocarta, which gathers together all the representatives of the paper/printing supply chain in Italy and is part of the broader European Print Power Europe project, in which twelve European countries are participating.

“Two Sides” is a European communication campaign with the objective of informing the general public about the environmental aspects of paper and printing and ensuring that printed paper is considered a sustainable communication means. The entire paper supply chain participates in it: paper manufacturers, paper distributors, printing companies, ink manufacturers and publishers.



In Italy, the “Two Sides – the green side of paper” initiative is centered on the renewability of wood and recyclability of paper. A brochure was also realized and distributed in association with this project, called *Commonplaces and truths*, to raise the awareness of the general public towards paper recyclability.



04

SOCIAL RESPONSIBILITY

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ATTENTION TO OUR CLIENTS

SUSTAINABILITY INITIATIVES IN
THE MONDADORI UNIVERSE

ATTENTION TO HUMAN RESOURCES

04.1

ATTENTION TO OUR CLIENTS

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The reputation that the Group has built up over its hundred years of doing business is also based on compliance with ethical standards defined by laws, regulations and governance codes in the daily activities of all of its companies.

In addition to basic courtesy, fairness and consideration, Mondadori's attention to its customers represents one of the pillars of the Group culture and social responsibility.

Mondadori makes its customer orientation clear by putting a strong emphasis on the quality of its products and compliance with its governance codes to disseminate a culture of responsibility, protect privacy and continuously monitor customer satisfaction and loyalty.

04.1.1 THE RESPONSIBILITY OF THE PUBLISHING PRODUCT

In the publishing industry, product quality and integrity are intrinsically associated with the concept of sustainability.

MISSION

The mission of Mondadori Group is to promote the dissemination of culture and ideas through products, activities and services that satisfy the needs and styles of the public at large. While pursuing such mission, Mondadori combines a dedication to culture and the quality of the publishing product with the laws of the market, the propensity to understand and anticipate changes through the respect and the protection of the values that underlie the role of a publisher in civil society.

Information integrity

Mondadori, as a group operating in the media sector, is fully aware that it bears a great responsibility vis-à-vis its readers and customers. For this reason, the Company is committed to providing accurate, rigorous and truthful information through its publishing products, including magazines, books and the radio, while respecting the attitudes and sensibility of the general public.

The results of this orientation are public and easily observed. It is sufficient to go to a book shop in order to appreciate, for instance, the broad spectrum of religious, political, scientific and social orientations represented in the range of books published by Mondadori.

The values Mondadori is inspired by, reflected in its Code of Ethics, form the natural underpinnings of the publishing business and translate into the general obligation of diligence, correctness and loyalty.

Responsible advertising

Mondadori Pubblicità, the advertising agency that manages the sale of the advertising spaces for the Group and also for third party publishers, adheres to the Governance Code of the commercial communication of IAP (Istituto di Autodisciplina Pubblicitaria; advertising governance agency). The Company is therefore committed to promoting honest, truthful and correct commercial advertising, which does not offend consumer sensibilities and is respectful of an individual's moral, civil and religious orientation. Mondadori is very strict about respecting the "special standards" concerning the sale systems and some product categories (alcoholic drinks, beauty products, health supplements, financial transactions).

Special attention is devoted to children and adolescents, both in terms of messages conveyed, by protecting them psychologically, morally or physically, and in terms of their use in the communication media. Compliance with these norms and codes is expressed in internal assessment and control procedures that involve different functions within the organization: the Mondadori Pubblicità sales force, the chief editor of a given magazine or paper, the page layout editors and the legal office, both through direct consulting and a manual and operating instructions.

In special cases, an informal consultation with other advertising agencies is also arranged.

Privacy protection and the protection of an individual's personal data (Italian Legislative Decree 196/03, so-called Privacy Code) represent a relevant issue for any organization.

In the performance of its activities, Mondadori has always used a series of instruments, both at the Group level and at the level of the individual companies, that entail specific procedures according to the nature of the business, targeted to applying the laws and regulations and the recommendations provided by the competent Communications Authority.

Privacy at the Group level

At the Group level, privacy protection is ensured by a procedure for all those who indicate their desire to access by registering on the Mondadori websites.

At the end of 2010 a Customer Relationship Management (CRM) function was established, with the objective of developing an integrated contact management system with customers.

The CRM activities in 2011 led to the development of a Mondadori customer database, one single infrastructure in which all customers of all business units are grouped together, along with the fine-tuning of the IT processes to collate customers belonging to different Group companies.

Since September 2011 it has been possible to associate one Mondadori customer with the subscription owner of a Group magazine, an e-commerce buyer and a person logged in an online community and collect a multitude of information from such data by using it cross-sectionally for the purpose of promoting targeted communication campaigns or special initiatives. The customer database at the end of 2011 included over 8 million names, of which approximately 2 million also gave an e-mail address. On average, one customer out of six is registered with more than one business unit.

Privacy in Mondolibri

To Mondolibri, the management of the member database is a key function. For this reason it monitors and keeps constant track of the total number of claims associated with privacy violations. With the assistance of Mondadori IT function, Mondadori equipped itself with a rigorous system of contact management, which is regularly checked and updated. The system is developed and maintained in compliance with the applicable law provisions.

2011 claims are back in line with those of 2009, the year in which the first official claims by the competent Communications Authority were registered.

Conversely, no cases of customer data loss were registered in the period of reference.

Privacy in Cemit

Since it works with a proprietary database and a customer database, Cemit receives visits from the competent Privacy Authority every six months and, as is standard practice for other companies, is also subject to unannounced inspections by the Financial Police. The protection of privacy is guaranteed, as requested by law, by releasing a privacy memo with all the contact references to request modifications or the cancellation of one's personal data.

Such requests may be made in different ways (e-mail, telephone, letter). Based on the indications (approximately twenty per day) from those who request that their data be cancelled from the database, Cemit promptly eliminates the name from its database so that it is no longer used for any subsequent purpose.

The Cemit website includes a link to the Public Register of Claims, a service specifically designed to protect citizens; all those who no longer wish to receive phone calls for commercial purposes or participate in market surveys may register. The Register concurrently is a tool to make the market more competitive, dynamic and transparent among telephone marketing operators.

Cemit activity regarding the management of personal data has not yet led to any disputes or controversies over privacy violations.

CLAIM ORIGIN	2009	2010	2011
CONTROL BODIES	0	4	0
EXTERNAL ENTITIES (OTHER)	10	20	10
TOTAL	10	24	10



04.1.3 OUTPUT ACCESSIBILITY

Mondadori produces a wide range of content distributed through different channels and consumption criteria: paper and electronic books, magazines, websites and the radio.

A special category is represented by recorded books, which can provide valid support for people affected by particular visual or motor disabilities, in addition to allowing individuals to enjoy a book while engaging in some other activity. It is possible to purchase recorded books published by Mondadori on the main websites of online book sale. The product range includes the following categories: economics and finance, current fiction, crime and fantasy, music and entertainment, politics and society, kids, religion, literature, health and social sciences.

Mondadori Education

The publishing house dedicated to education and training is specifically focused on making its products widely accessible.

The integration of paper books with digital resources is Libropiuweb.it's essence. This is a Mondadori Education project for the development of a "mixed" book, thanks to on-line content and services to support didactics. Libropiuweb is a new book concept that combines studying based on a hardcopy product with the integrated use of digital technology. The book is enriched with on-line exercises, interactive activities, in-depth analyses, self-correcting verifications, MP3 files, videos, crosswords, conceptual maps and other content formats. On-line content is an integrating part of the book teaching project, which regularly refers back to the hard copy whenever pertinent. With reference to each individual book, the Mondadori Education offering is the most differentiated in the market so far: from 100 to 200 extra content and activities per product. It is not only a question of downloadable pdf files; these are true learning objects that supplement

the information on paper and enhance the teaching experience along with the learning process, thanks to the multimedia approach. In fact, the tools were developed with the utmost care, and, thanks to the use of the multimedia interactive board or a simple projector, are designed to facilitate explanations in class (with digital atlases, surfable time lines, video laboratories, etc.) and assist students in their studies (tutorials, self-check quizzes, etc.). For the purpose of facilitating these resources, each book has – on the website – a dedicated page where the multimedia elements are collected in an order that matches the table of contents in the paper copy.

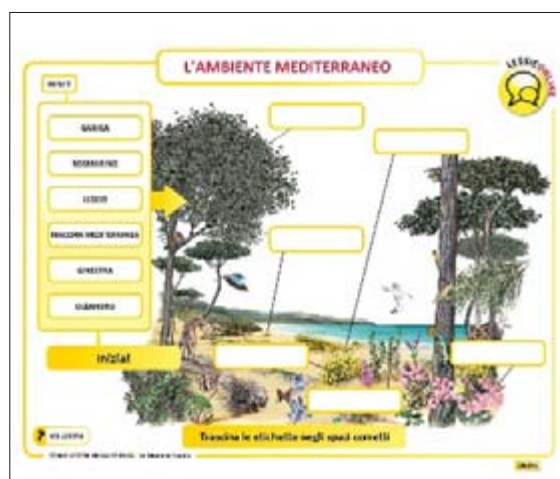
The Libropiuweb.it initiative facilitates the teachers' task, permitting a more effective explanation by furnishing additional materials and devices like the interactive board. It also provides an extremely versatile tool for the student, which does not replace the traditional paper text, but instead makes a larger quantity of material available and lets the student check his/her own progress.

The company is also putting a great deal of effort (to be increased in the future) into the development of multi-device content, i.e. content that can be more easily accessed both on-line and off-line, not only on PCs, but also through all those devices that are increasingly becoming popular, like tablets (iPads above all) and smartphones.

In order to improve the customer experience, the digital book+web materials will be organized in "campuses" starting from this year, i.e. subject-based portals where it is possible to search content by period, category and keywords. Some of these subject portals have already been activated: Italian literature, history, classical languages and literature and information technology.

In addition to digital materials designed for multimedia use and made available to the general public, Mondadori Education is also sensitive to the needs of differently able students.

In compliance with the Governance Code of the educational publishing industry of AIE (Italian Association of Publishers), Mondadori Education has stipulated agreements with the Italian national associations involved in the reproduction of school texts for sightless or partially-sighted individuals (Italian Library for the Blind "Regina Margherita" Onlus) and individuals affected by learning disorders (Digital Library of the Italian Dyslexia Association). The service includes the free supply of texts in pdf format to the associations which, in compliance with the provisions in the matter of copyright, are responsible for the development of the speech synthesis formats. The service is provided free of charge to both of the abovementioned associations, which have entered into an agreement with the Company.



04.1.4 CUSTOMER SATISFACTION

The Mondadori Group constantly interacts with its final customers through all of its communication channels: books, magazines, stores (Mondadori Direct), book clubs (Mondolibri), radio (R101), internet (institutional websites, product and service websites), and relational marketing activities (Cemit). Mondadori monitors customer satisfaction through different initiatives; in particular, here below are the initiatives implemented by Mondadori Direct.

Mondadori Direct: Mystery Shopping

In order to test customer satisfaction in the book stores and proprietary Multicenters, Mondadori Direct avails itself of a type of survey (called Mystery Shopping and managed by a third party company) designed to measure the level of service rendered to customers in terms of employee behavior and quality of the rooms. The last edition, carried out in the 2010-2011 two-year period, included four sessions per year, one every quarter, for each single store. During each session, three visits in the store were made in different days and at different times in order to collect the most unbiased data possible. In 2011, the survey was limited to the Multicenters.

Specifically, the visits were carried out by the mystery clients (in the guise of 'real' customers), who then drafted a report about what happened in the store. The procedure followed by the Mystery Client included a survey form with ratings on the external image, the internal image and the image of each individual section in the store, customer welcoming and treatment by store assistants, employee image, the steps from the search for a product to its purchase and customer experience.

The surveys compiled by the Mystery Clients were made available to Human Resources and, above all, to the Company Top Management; store managers have access to only the survey regarding their store. The ranking of the top stores, broken down in book stores and multicenters, is then published on the Company intranet along with the scores obtained.

Based on these results, Mondadori Direct can measure the effect of its actions and interventions favoring quality improvement and consequently monitor efficiency.

04.1.5 THE LOYALTY CARD FOR RETAIL CUSTOMERS

Mondadori has issued a free loyalty card, – the Mondadori Card – reserved to all retail customers of age in the majority of the stores of its network (Libreria Mondadori stores, Mondadori Multicenters, Edicolè, Gulliver Librerie and Libreria Mondadori Junior).

The stores that issue and accept Mondadori Cards can be recognized through the promotional material put on display; the list of the stores is also published in www.mondadoricard.com/puntiVendita. By presenting the card at the cash counter before any purchase, customers can accumulate points to be used in order to obtain discounts at all Mondadori stores participating in the initiative.

Mondadori Card holders enjoy dedicated services and special initiatives; they can also access the www.mondadoricard.com portal by logging in through a password to check their data, the number of points accumulated and the prizes available. In 2011 the initiative exceeded 300,000 units.



**MONDADORI
RETAIL
NETWORK**

With 628 stores, the Mondadori retail network is Italy's largest retail network of publishing products. In addition to its 8 proprietary Multicenters – an innovative megastore model which combines the traditional offering of books with other entertainment products, including music CDs, videogames, DVDs, telephony products, electronics and IT products, as well as lounge areas, cafeterias and internet stations – Mondadori is present all over Italy with 543 stores, the Librerie – both proprietary and in franchising – and the Edicolè stores. These are branded stores scattered throughout the country under the brands of Libreria Mondadori and Gulliver Librerie. In addition, the retail network includes Edicolè branded stores which, thanks to a rapid expansion, have extended the sale of books also to smaller municipalities and villages. Mondolibri club book stores complete the network, both directly managed and in franchising: in 2011 they totaled 77 units.

Mondadori's attention to its customers' needs to be translated into an unflagging commitment to making information about the Company and its products accessible and clear. In this respect, the institutional website – www.mondadori.it (www.mondadori.com for the English version) – contributes by making all the links to the other Group websites available along with the relevant e-mail addresses to obtain information.

Moreover, a generic e-mail address (redazione.internet@mondadori.it) collects all requests that, in the user's opinion, are not suitable for one of the e-mail addresses indicated in the institutional website. Approximately 3,500-4,000 messages a year are conveyed to this address, which are regularly and promptly re-directed to the appropriate addressee and/or to which a reply with the requested information is sent.

A more detailed illustration of the interaction between the Company and the customer is provided by the initiatives Mondolibri has set up for its members.

Mondolibri: Transparency Service and relationships with the members

Through the establishment of the Transparency Service in the second half of 2010, Mondolibri made the telephone contacts and e-mail addresses for requesting information and solving problems regarding orders and registration with the club accessible to all members through a specific communication posted on all the club sites and on the Facebook homepage.

Mondolibri constantly develops relationships with its customers through different initiatives designed to establish direct contact with the members. An example are the book signings by popular authors, organized at the Mondadori book stores.

These meetings have the objective of fostering interest in reading and increasing the sense of belonging to the club. However, customer involvement is also achieved through the specific request of personal contributions for the development of publishing products:

- _ in 2008 *Oggi cuciniamo noi* was developed with over 1,000 recipes sent in by the members;

- _ in 2010, on the occasion of the 50th anniversary of the clubs, the members were invited to indicate the most important books of the last 50 years (one per decade); at the end, a series of 6 volumes composed of 5 novels and one with the members' comments was released;

- _ in 2012 a volume printed on eco-compatible paper will be launched containing members' ideas about "green remedies".



Under the Mondolibri brand, the Mondadori Direct S.p.A. club business unit deals with the sale of publishing products through the book club formula.

The formula envisages a preliminary offer to become a member and a series of obligations to fulfill in order to enjoy club benefits (discounts, promotions, contests).

The obligations (always present in the contract which must be signed and sent by web by the new member) include:

- _ the purchase of a minimum number of books per year;
- _ the communication to the club of reference when the member does not intend to buy from a specific catalogue.

Today, the members' orders are collected through different channels (20%), customer service and automated telephone service (10%), web or text messages (25%) and retail (45%).

For the club segment, the phase associated with the recruitment of new members is of the essence. This occurs by mail, e-mail, web and agents.

It is commonly known that one of the primary responsibilities of a media group is to protect and defend freedom of expression and the right to information.

The media influence on the society is generally acknowledged as well; the media can mitigate or widen divisions, give minorities a voice, worsen or contribute to the solution of conflicts.

Mondadori ensure its authors and journalists freedom of expression and promotes diversity of opinion.

In 2011 the different trade books publishers released 2,365 new products; comprehensively, the trade books catalogue includes 21,480 titles.

In addition to being a channel for sustainability initiatives (see § 04.3.3), every week Mondadori magazines express the opinion of different people in terms of origin, gender, disability, sexual orientation, religion, age and income.



The product of a media group should reflect the multicultural and diversified society in which we live: a diversity that includes origin, disability, age, convictions and socio-economic differences.

(Media CSR Forum – 2008)



04.2

ATTENTION TO HUMAN RESOURCES

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The current national and international scenario and the rapid changes in the competitive scenario of the media industry make the Group's ability to innovate and evolve rapidly and effectively increasingly strategic. In this context, Human Resources play a central role, specifically in relation to the ability of governing and driving change, instead of passively reacting to it.

The Human Resources unit is geared to attract and develop dynamic and proactive individuals motivated to continuous growth and result-oriented. A dedication to publishing products and the ability to work in teams in an international and innovative environment complete the profile of the new generation of Mondadori employees. Particular attention is therefore devoted to the training and professional and managerial upgrading of our young resources.

Training is one of the key tools of motivation and stimulation of internal abilities and skills. To this end, Human Resources is committed to updating and innovating content, training criteria and internal growth plans on a daily basis.



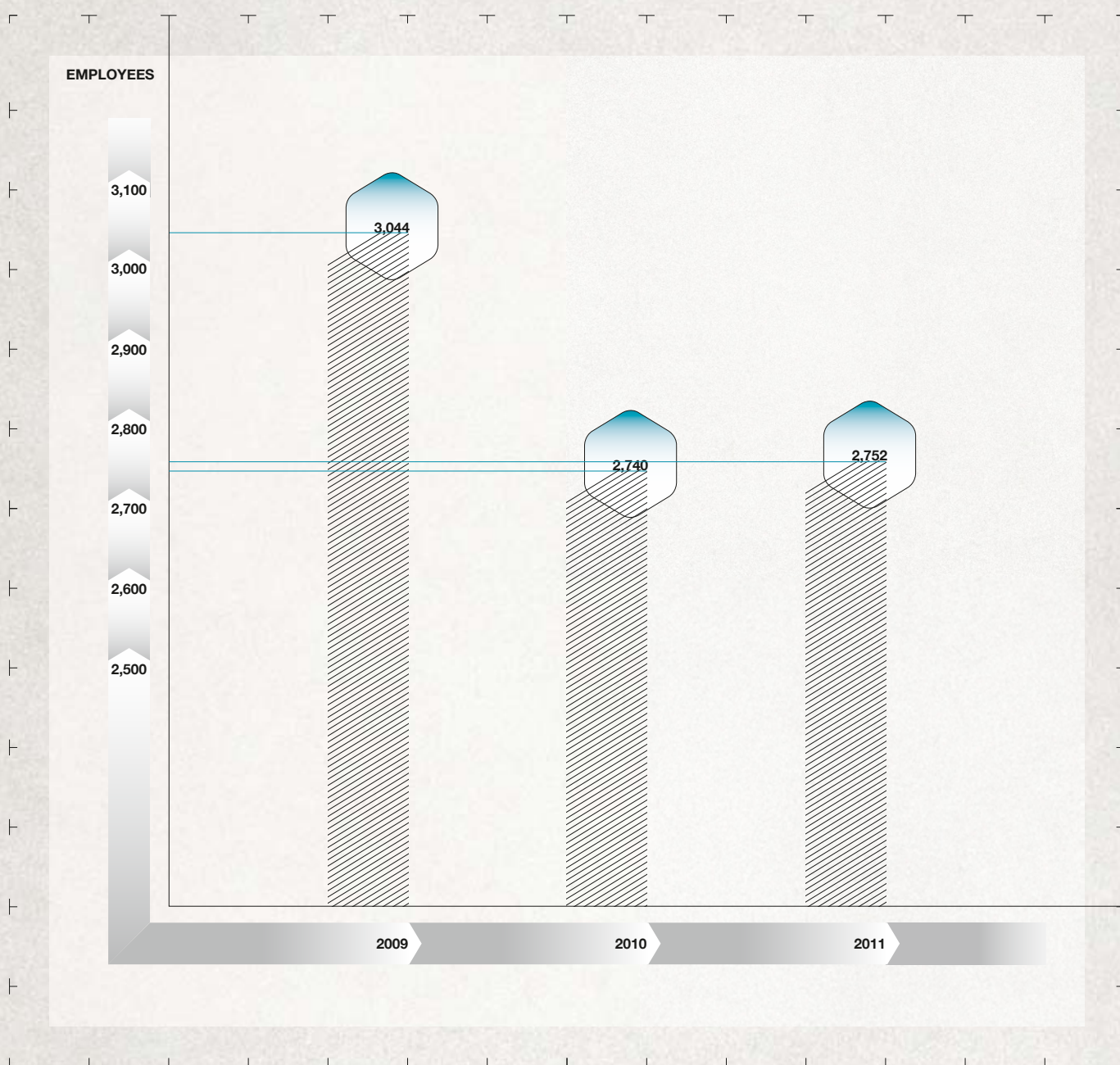
“In a competitive scenario characterized by incessant strains and swift changes, the human resources of a dynamic publishing group are strongly stimulated to continuously renew themselves, by pursuing innovation and by constantly re-examining their positions. Regulating these processes and fostering professional development in this complex and ever changing scenario is the key task of our Human Resources function, which puts ongoing training and professional growth at the center of the strategic levers, together with special attention to younger and innovative resources”.

Enrico Selva Coddè, Head of Human Resources, IT Systems and Operations

04.2.1 THE COMPOSITION OF THE LABOR FORCE

The Mondadori labor force in Italy at 31 December 2011 totaled 2,752 employees.

PERSONNEL 2009-2011

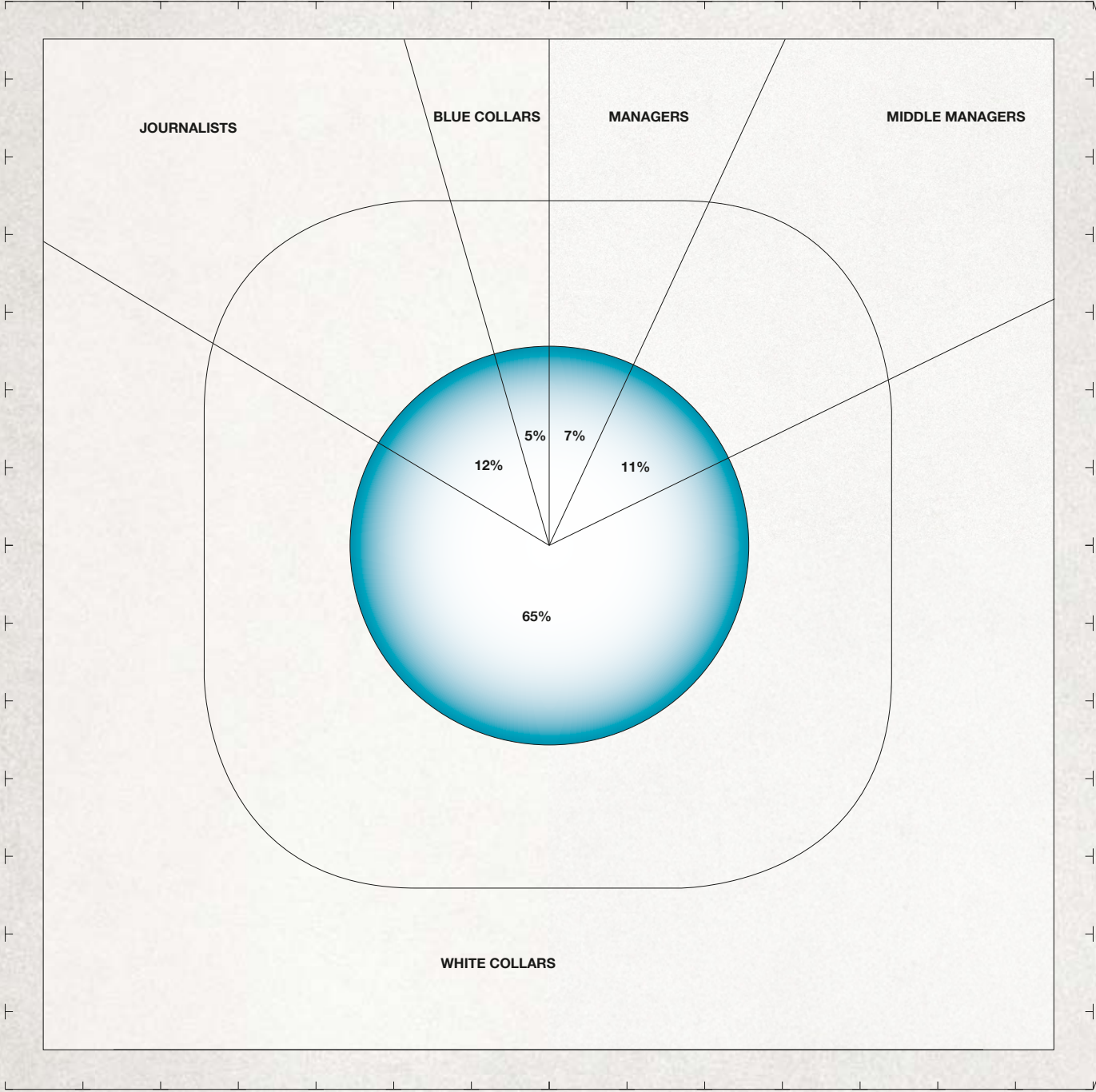


2011 data was essentially in line with 2010 data, despite a minor change in the perimeter of reference, due to the consolidation of Mondadori Rodale and the development of new activities.

In 2011 the pre-pension plans authorized by the Italian Ministry were completed, which envisaged the exit – in the 2010-2011 two-year period for Arnoldo Mondadori Editore S.p.A., Mondadori Pubblicità and Press-Di – of 233 employees (net of incorporations), holding either a publishing graphic or journalist labor contract.

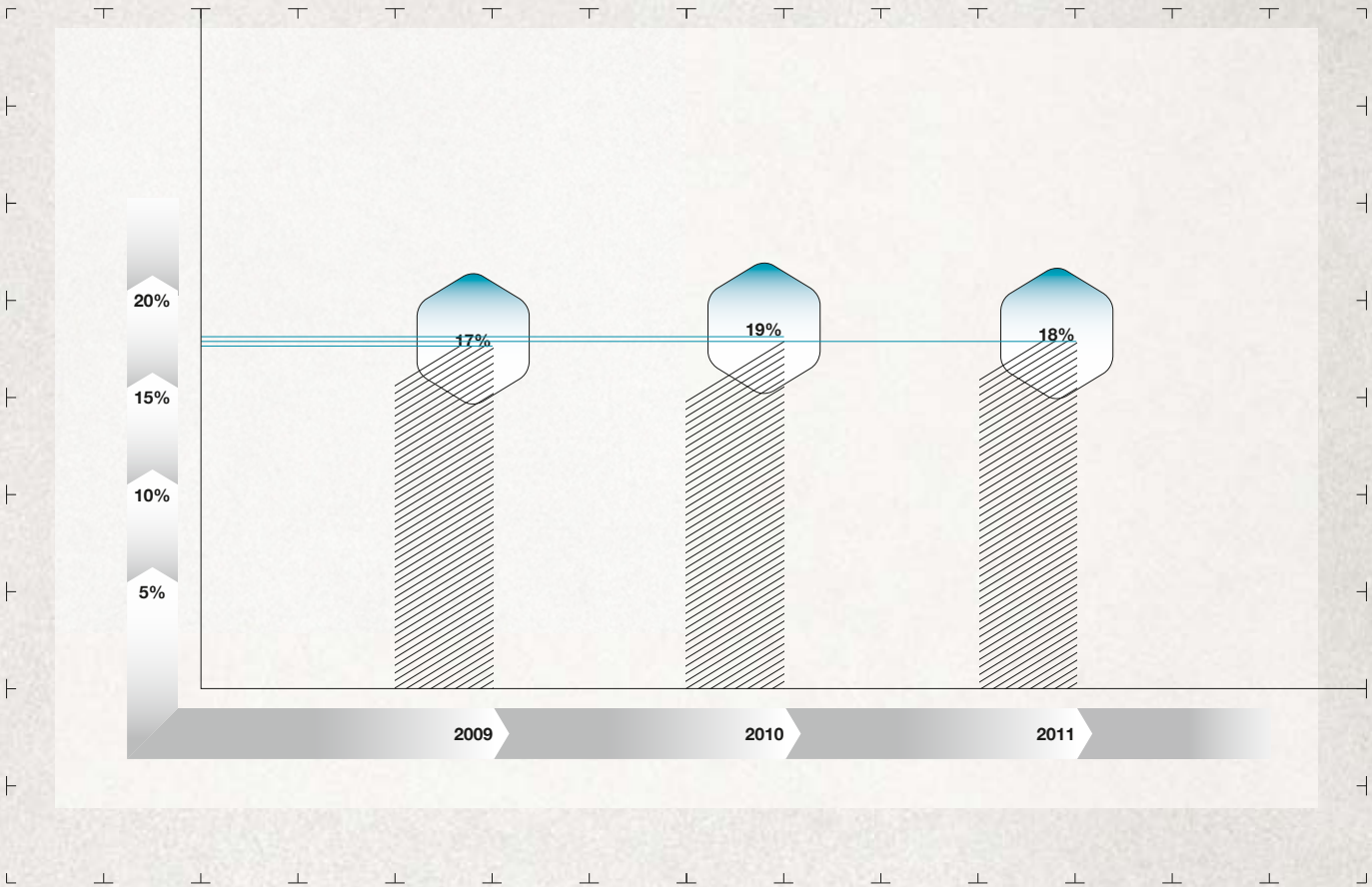
The table details both new entries and dismissals relative to the considered period of reference and always net of incorporations.

		2010		2011	
GENDER	AGE	NUMBER	%	NUMBER	%
HIRINGS					
MEN	< 30	9	8%	26	11%
	30 < X < 50	29	26%	56	23%
	> 50	8	7%	15	6%
TOTAL MEN		46	41%	97	40%
WOMEN	< 30	27	24%	41	17%
	30 < X < 50	35	31%	95	39%
	> 50	4	4%	11	5%
TOTAL WOMEN		66	59%	147	60%
TOTAL		112		244	
DISMISSALS					
MEN	< 30	15	4%	17	7%
	30 < X < 50	59	14%	43	17%
	> 50	112	27%	39	15%
TOTAL MEN		186	45%	99	39%
WOMEN	< 30	22	5%	29	12%
	30 < X < 50	82	29%	71	28%
	> 50	126	30%	53	21%
TOTAL WOMEN		230	55%	153	61%
TOTAL		416		252	
TURNOVER		19%		18%	



The turnover rate in the three-year period remained essentially unchanged.

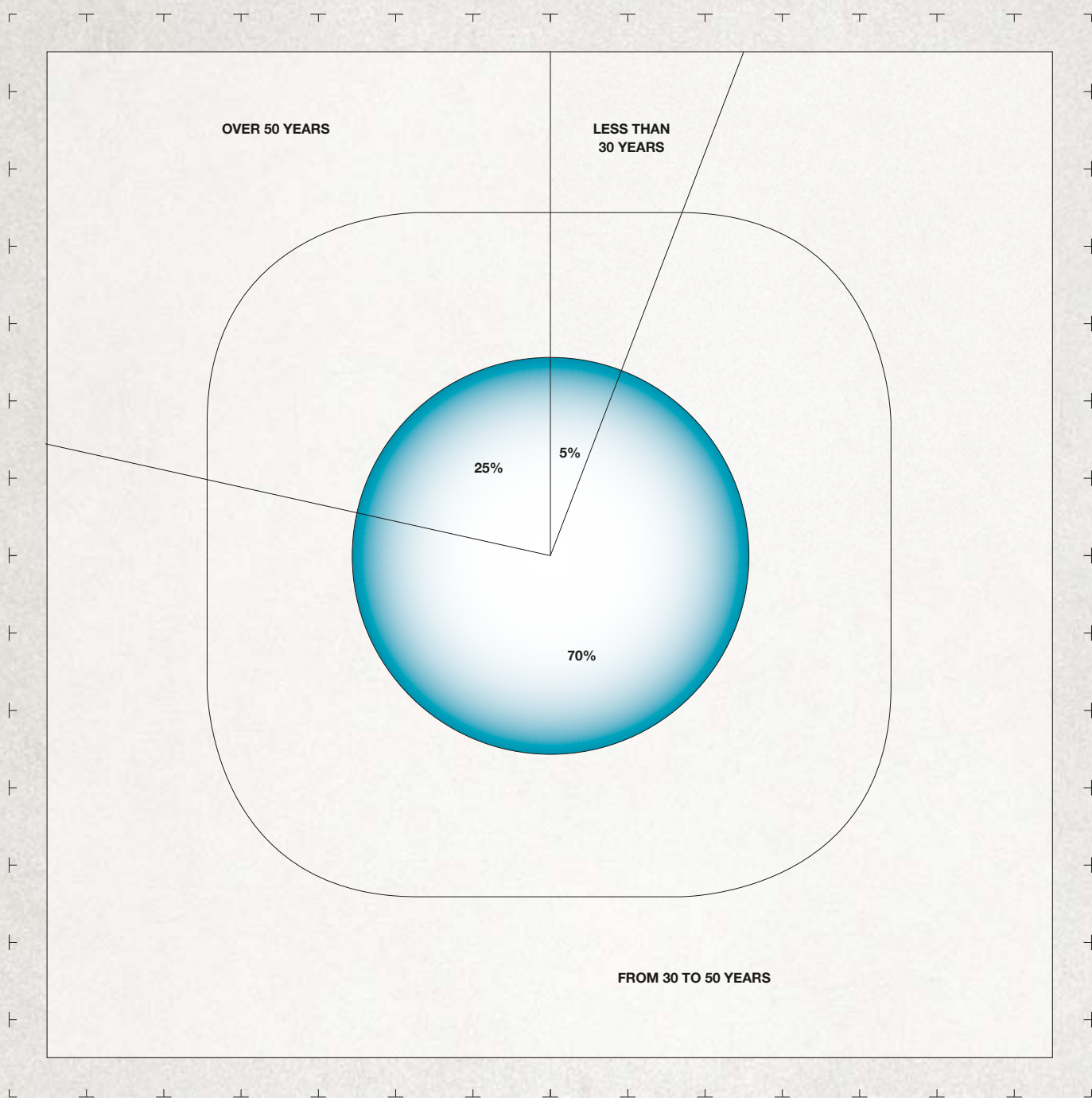
THE TURNOVER RATE



More than half of the labor force is composed of employees (65%). Journalists represent 12% of the total. The composition of the labor force in the three-year period has remained essentially unchanged.

COMPOSITIOIN OF PERSONNEL BY LEVEL

COMPOSITIOIN OF PERSONNEL BY AGE



70% of the employees are between 30-50 years old; the average age is approximately 43; company seniority is 14 years on average.

EMPLOYEE CONTRACT TYPES

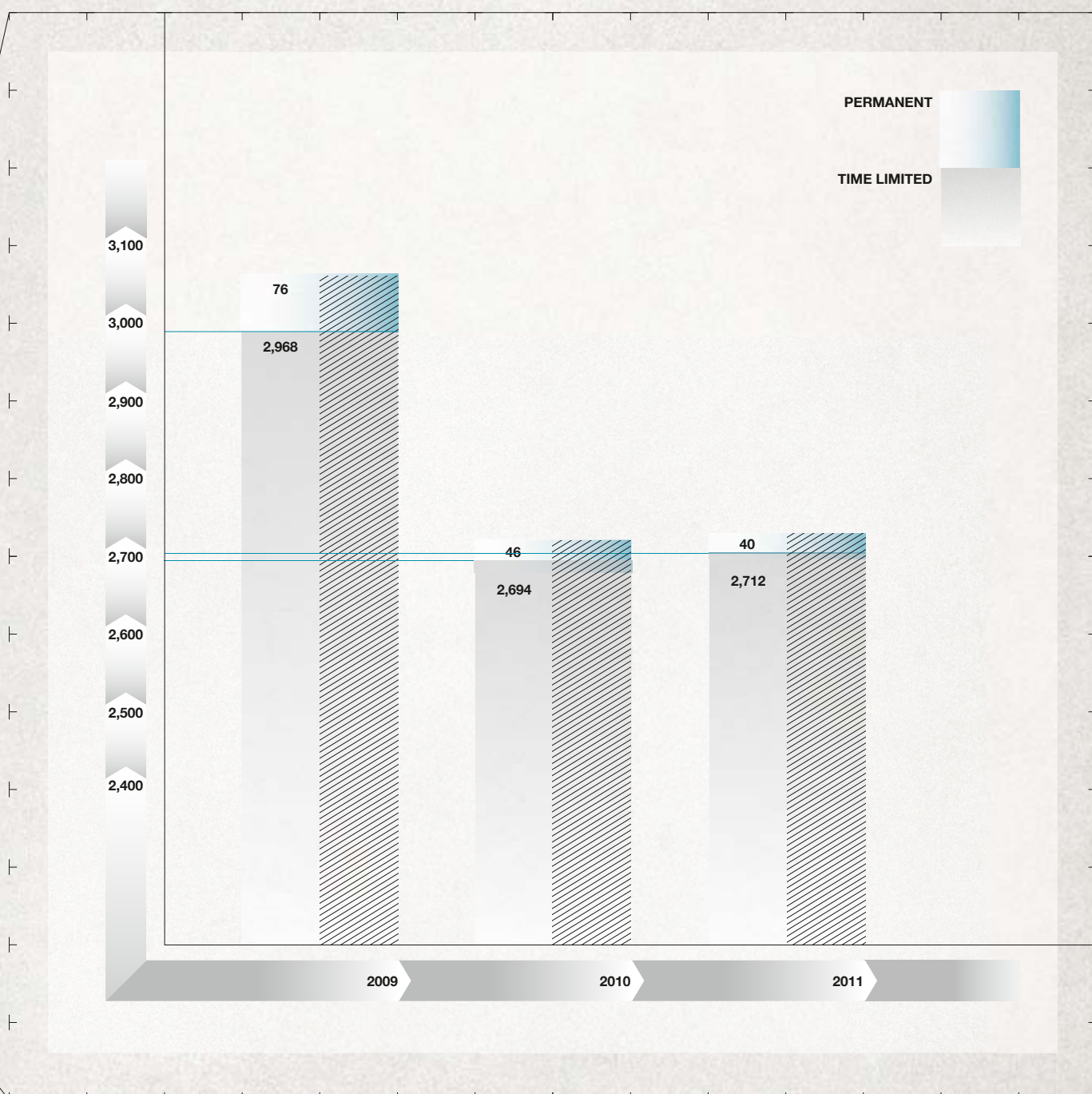
As to the types of employee labor contracts, almost all contracts are permanent labor contracts, with less than 2% of the employees working on a temporary contract.

PARENTAL LEAVE

In 2011 approximately 5% of the employees took parental leave. Of these, 99% were women.

TYPE	MEN	WOMEN	TOTAL
EMPLOYEES HAVING RIGHT TO PARENTAL LEAVE	1,132	1,620	2,752
EMPLOYEES WHO HAVE ENJOYED PARENTAL LEAVE	1	137	138
EMPLOYEES GONE BACK TO WORK AFTER PARENTAL LEAVE	1	126	127
% OF EMPLOYEES GONE BACK TO WORK AND RETENTION AFTER PARENTAL LEAVE	100%	92%	92%

Lastly, it should be noted that, as envisaged by law, all Group employees in Italy are covered by collective labor contracts.



04.2.2 HEALTH AND SAFETY IN THE WORKPLACE

Ensuring health and safety in the workplace represents one of the pillars of Mondadori responsibility. Risk prevention and safety improvement in the workplace are key objectives involving all employees at different levels in the organization and according to the relevant competences.

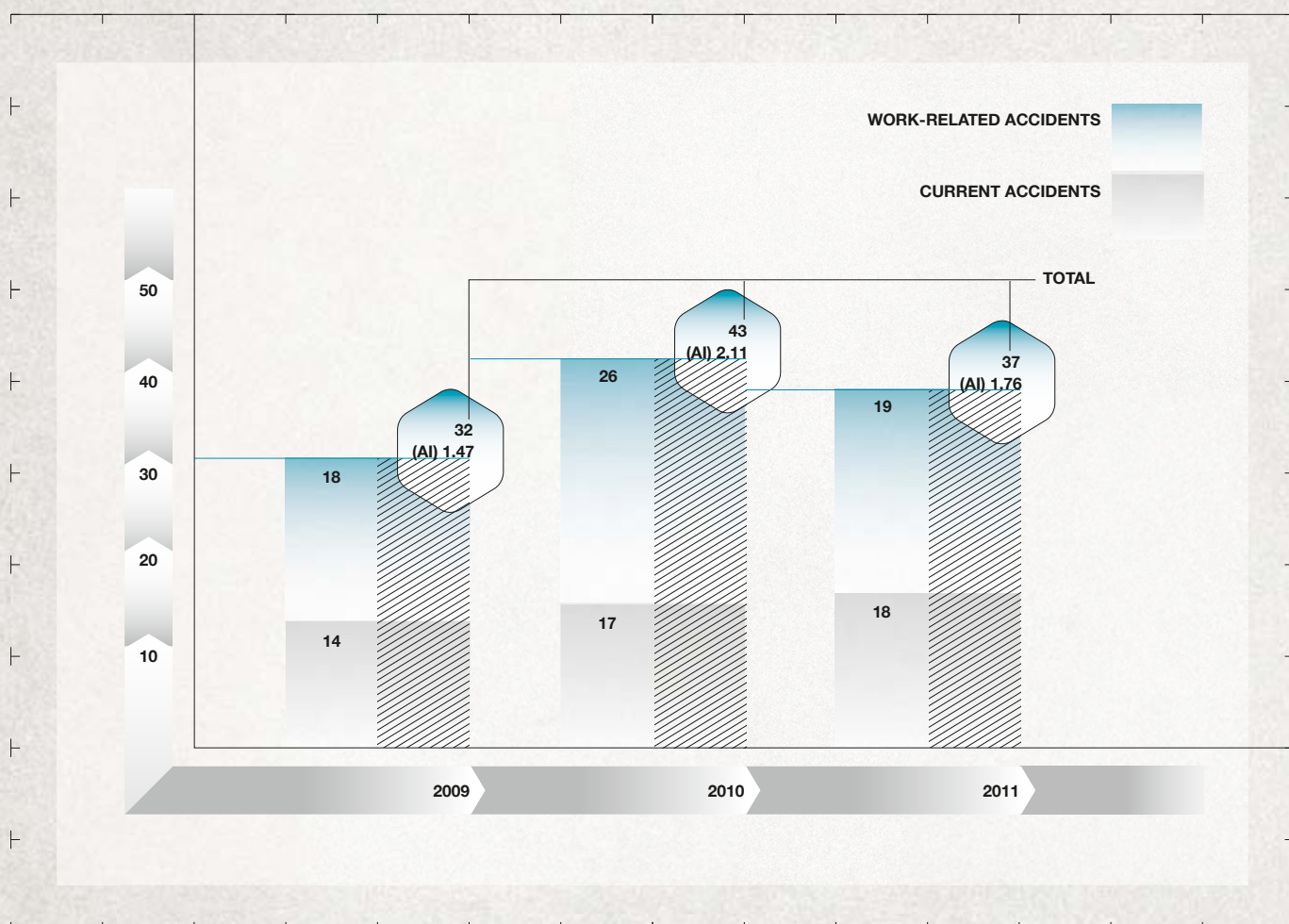
The number of employee safety representatives present in the various sites increased from 21 in 2008 to 27 in 2011. Concurrently, the number of persons responsible for prevention and protection (RSPP, currently present in all sites) and of assistants to prevention and protection (ASPP, initially only present in the Turin offices, now also operating in the offices in Segrate (Milan), Rome and Florence) also rose.

At the Group level a new profile was established – the RSPP Coordinator – a role assigned to a manager, which is not required by law, but useful for managing the entire activity efficiently.

With specific reference to this issue, a work plan was drafted and implemented in each site. In particular, a complex analysis and measurement process was developed and shared with RLSs and RSPPs to monitor work-related stress pursuant to the provisions set out in the Consolidation Act 81/08 and in the Ministerial Circular Letter of 18 November 2010, aimed at designing the appropriate risk prevention initiatives.

Mondadori does not envisage official committees for health and safety (including with such term those committees whose structure and functions are specified in the organizational and hierarchical structure of the company and which operate according to stipulated and shared written rules), but periodic meetings held as frequently as necessary during the year in which, usually and at the Company level, the employer is represented with the participation of the RSPPs, the competent physician and the RLSs. Over 75% of the labor force is represented by the RLSs and the RSPPs in these meetings.

During the year the usual fire and evacuation drills were performed with positive results, according to the timing and criteria established by the applicable laws in force.



Pursuant to the deadline established by Law of 12/2010, the parent company Arnoldo Mondadori Editore, in accordance with the competent physicians, the RSPPs and the RLSSs, after numerous meetings aimed at implementing specific criteria to assess and measure work-related stress, decided to utilize the document of the national Network for the prevention of psycho-social stress in the workplace already validated by the SPISAL of ULSS 20 (Italian National Health Unit) of Verona as an assessment tool.

The criteria adopted envisage two assessment steps:

STEP 1 – a preliminary phase during which data will be collected and analyzed in relation to:

- _ company indicators
- _ labor factors
- _ labor content factors

When no work-related stress risk elements requiring corrective actions are identified, the relevant assessments will be reported in the Document for Risk Assessment in order to constantly monitor the phenomenon.

STEP 2 (optional)

– Step 2 is activated only in the case in which the outcomes of STEP 1 reveal work-related stress risk elements requiring corrective actions (for example: organizational, technical, procedural, training-related, communication-oriented actions, etc.). In the latter case, the assessment may also include targeted detection tools making reference to uniform groups of employees within which the problem was identified.

Different uniform survey areas were defined for the parent company: central Entities, Books, Magazines (publishing graphics personnel), Magazines (journalists) and Advertising. Similarly, after proper evaluation of any possible necessary adjustments of the indicators specified in the document shared by the parent company, subsidiaries, too, will proceed with the surveys and identify (when necessary) uniform working areas.

To this end, data will be collected with reference to the last 3 years of work.

The analyses of work-related stress were performed and shared with the RSLs in the first half of 2011, according to the relevant time schedule.

For all the areas and the Group companies taken into account, the final result is positive and shows a low risk level, for which a monitoring plan is envisaged every two years, to be performed in 2013 (on 2012 data), except in the case of requirements or indications directly derived from employees or RSLs, which will be subject to specific monitoring and action plans. Following to this activity, also supported by the Group Legal Affairs function, a specific procedure was developed and implemented as of 1 September 2011 and concurrently circulated to all employees in the various Company sites.

Accidents in the workplace

There were fewer accidents in 2011 than in 2010 (37 against 43). The table below shows the trend, down from 2.11 to 1.76, calculated as the ratio between the total number of accidents resulting in absences from work of more than one day and the total number of hours worked multiplied by 200,000 (see Drafting Criteria).

Accidents that occur during commuting continued to drop, while the number of accidents in the workplace increased from 17 to 18 in the two-year period under examination.

These types of accidents mainly involve workers and book shop assistants, who suffer muscle pulls or skin abrasions while moving weights.

As a result, these are considered not particularly serious accidents, as is also confirmed by the accident severity index (calculated as the ratio between the total number of work days missed and the total number of hours worked multiplied by 200,000), which decreased from 44.51 to 24.86.

ACCIDENT SEVERITY	2009	2010	2011
TOTAL NUMBER OF DAYS OFF	637	907	519
SEVERITY INDEX (SI)	29.20	44.51	24.86

In the 2009-2011 three-year period no events of work-related disease or fatal accidents were registered.

Absenteeism

The table below shows the absentee rate (see Drafting Criteria) and the days of absence per employee: in accordance with the GRI criteria, absence is considered in relation to any type of disability (including accidents and disease) and does not include permits for holidays, study, maternity and family reasons. 2011 data improved against 2010.

	2009	2010	2011
DAYS OFF	N.A.	24,970	23,650
ABSENTEEISM INDEX (AI)	N.A.	3.51%	3.40%

04.2.3 RELATIONS WITH THE TRADE UNIONS

2011 was characterized by an intense negotiation activity with the trade unions in general.

Important from an economic perspective were the renewals of the publishing graphics collective national labor contract and of the two-year financial period of the national labor contract for journalists, which were underwritten in May and July, respectively, and in which Mondadori participated as a representative for employers.

At the corporate level, an agreement was signed with the trade unions in April, which involved approximately 600 people and allowed for the development of a new unit (Mondadori Direct) operating in the retail sector through the merger by incorporation of Mondadori Franchising S.p.A. and Mondolibri S.p.A. in Mondadori Retail S.p.A.; Mondadori Retail S.p.A. was later renamed Mondadori Direct S.p.A.

In October the first meeting of the Mondadori Group European Company Committee was held, which – implementing EU regulations in the matter – annually gathers Italian and French trade union representatives to jointly examine international trends in the media industry and the Mondadori Group projections in collaboration with Mondadori Group Human Resources.

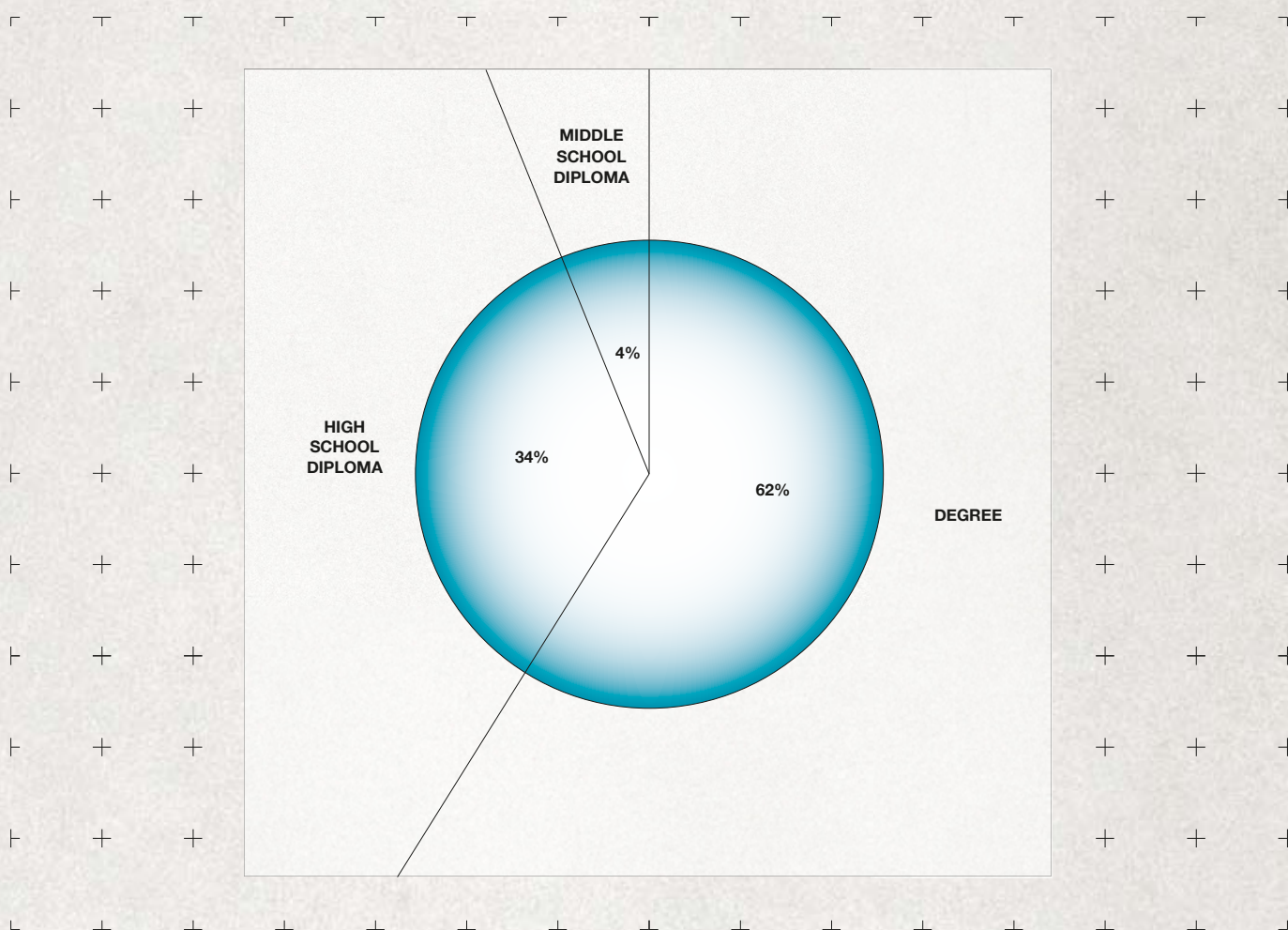
The negotiation activity that the Company Top Management and the trade union representatives constantly engaged in during the year for the implementation of the re-organization plans underwritten in 2009 is also worth noting.

Lastly, it should be noted that all Group companies have trade union representatives.

04.2.4 PERSONNEL RECRUITMENT AND DEVELOPMENT

Mondadori is a complex organization with numerous professional profiles. For this reason it offers employment opportunities to candidates with different educational backgrounds, ranging from those with degrees in arts and letters, mainly working in the editing/publishing area, communications and human resources, to those with degrees in business administration and engineering, mainly employed, for instance, in administration, finance and control, marketing and sales. An increasing role is played by educational paths specializing in the new universe of the web, digital media and multimedia.

EDUCATION LEVEL OF NEWLY HIRED PEOPLE 2011



The introduction of newly hired graduates starts with a paid internship, during which candidates acquaint themselves with the world of work and the company, guided and assisted by an in-house tutor. The internship is an essential step in familiarizing oneself with the Group, honing one's personal skills and developing hands-on professional experience.

Employee and collaborator growth is promoted and pursued through specific professional and career paths. In recent years, Mondadori has tested a pilot project to assess employee performance in some areas, which involved 234 employees in 2011.

The evaluations were made by the workers' direct superior, who then referred them to Human Resources. Such pilot projects are expected to be extended to other areas in the coming years.

The table below details the number of employees who received a review and a formal assessment of their performance; the indicated percentages represent the proportion of employees subject to assessment in each category.

	2009		2010		2011	
	NUMBER	%	NUMBER	%	NUMBER	%
DMANAGERS	42	30%	39	22%	38	21%
MIDDLE MANAGERS	60	19%	67	23%	71	24%
WHITE COLLARS	53	3%	93	5%	124	7%
JOURNALISTS	1	0%	1	0%	1	0%
TOTAL	156	5%	200	7%	234	9%

Along with this pilot project for assessing performance, Mondadori also implemented an MBO system reserved to part of the personnel (not only executive managers and middle managers, but also employees with commercial functions) based on individual and corporate objectives, involving 426 employees in 2011.

	2009		2010		2011	
	NUMBER	%	NUMBER	%	NUMBER	%
MANAGERS	129	91%	116	64%	120	66%
MIDDLE MANAGERS	144	46%	132	46%	137	46%
WHITE COLLARS	165	8%	148	8%	141	8%
JOURNALISTS	36	9%	28	9%	28	8%
TOTAL	474	16%	424	15%	426	15%

TYPE	2009	2010	2011
CATALOGUE TRAINING HOURS	1,656	4,508	5,301
LANGUAGE COURSES (HOURS)	12,820	11,550	13,951
AD HOC TRAINING HOURS	7,420	5,600	2,487
TRAINING HOURS ON SAFETY	3,976	1,690	2,094
TOTAL TRAINING HOURS PROVIDED	25,872	23,348	23,833

04.2.5 SALARY AND WAGE SYSTEM AND INCENTIVES

Mondadori pays its collaborators according to a meritocratic system that takes into account the achievement of results, managerial behavior and professional skills.

In addition to a fixed salary, the current employee salary system envisages collective incentives (bonuses based on results), except for executive managers and those employees falling within the MBO system, which is based on profitability and productivity objectives, in order to promote more direct engagement of employees with the achievement of corporate results. Moreover, for some top executives, Long Term Incentivation schemes are envisaged, including a special monetary bonus to be paid only at the end of the multi-year period of reference and depending on whether the economic-financial targets established are met, both at the consolidated level and with reference to the individual business areas and functions, as well as share-based incentive plans involving financial instruments through the assignment of stock options. The latter were established by the Shareholders' Meeting for the 2006-2008 and 2009-2011 three-year periods and are currently in force until the deadline envisaged for the vesting period, equal to 36 months from the date of assignment, except for the stock options relative to 2008, which came due but were not exercisable as a result of the failure to achieve the required conditions. In relation to 2011, the Board of Directors resolved not to assign any options.

04.2.6 TRAINING

The ongoing evolution of the national and international scenario and the swift changes in competition in the media industry make the task of Human Resources increasingly strategic and crucial. Human Resources, in fact, plays an important role in driving the change and continuously promoting innovation.

All training plans are anticipated by an accurate analysis of the needs and professional skills of each single individual and business orientation.

Mondadori training activity includes three main areas: catalogue training, ad hoc training and training about health and safety in the workplace. The data relating to these three areas are detailed in the paragraphs below.

In 2009 catalogue training was rather low compared to previous years. This was due to the fact that registrations were limited in number and, as a result, some courses were cancelled because the minimum number of registrations had not been reached. Conversely, in the same year ad hoc training proved successful as a result of the need to provide targeted training to some specific areas.

Catalogue training (Mondadori Training Program)

For the purpose of increasing and enhancing in-house skills and competences, Mondadori permanently invests in training, making a Group training plan available to its resources – the Mondadori Training Program – which is constantly updated in its content and criteria. The Program includes online training plans, training pills, participation in external workshops and international training, overcoming barriers blocking access to content, promotion of internal and external best practices. In 2011, the Mondadori Training Program proposed a training plan involving the following areas: Corporate Training (job training dedicated to new hires, newly appointed middle managers and executives), Knowledge (dedicated courses to develop technical skills) and Capabilities & Behavior (development of managerial, relational and innovative-intellectual skills). Moreover, five theme-based areas are also included to supplement traditional training, which are specifically designed to develop different professional profiles and competences: Marketing – Digital – Publishing – Commercial – Administration, Finance and Control.

CATALOGUE TRAINING HOURS	2009	2010	2011
TRAINING TO MANAGERS	304	456	448
TRAINING TO MIDDLE MANAGERS	312	2,176	1,281
TRAINING TO WHITE COLLARS	1,040	1,876	3,572
TOTAL CATALOGUE TRAINING HOURS	1,656	4,508	5,301

The table details the training hours per capita by professional category (catalogue training).

Journalists and blue-collars are not included in this type of training. As to journalists, training is different and targeted and is not accounted for in terms of hours but in terms of spending. Data regarding blue-collars is not traced, because the training they undergo is not co-ordinated by the central Group Development office.

In 2011 a welcome kit was developed, providing an ad hoc training path to facilitate the introduction of newly hired people. In the same year, 19 people were involved for a total of 800 hours of training.

Language training

Mondadori organizes foreign language courses for its employees; the number of hours provided for this type of training, up in 2011 compared to the previous two-year period, also includes language courses for journalists.

Ad hoc training

In addition to catalogue training included in Mondadori Training Program, various ad hoc training activities were developed for specific populations or corporate areas, with the objective of developing targeted and customized skills. The most recent initiatives, organized in collaboration with Italian and foreign business schools, were mainly dedicated to the development of digital competences and the growth of key profiles in the company.

This type of training involved a total of 140 participants in 2011 for a total of 2,487 hours of training. This data is rather low compared to previous years and in particular compared to 2009. Though this type of training was reduced in the three-year period considered, it is difficult to trace a trend due to the high level of specificity of such training, which is provided from year to year based on the identified needs. For instance, 2009 data is justified by the availability of long-term courses, which implied attendance for many days in a month, mainly as a result of the integration process with Mondadori France.

Targeted training on safety in the workplace

Mondadori organizes a specific training course for its employees on an annual basis in relation to issues regarding health and safety in the workplace. 2009 data is particularly significant as a result of the provision of an on-line course dedicated to all executive managers and persons in charge in the matter for the Group.

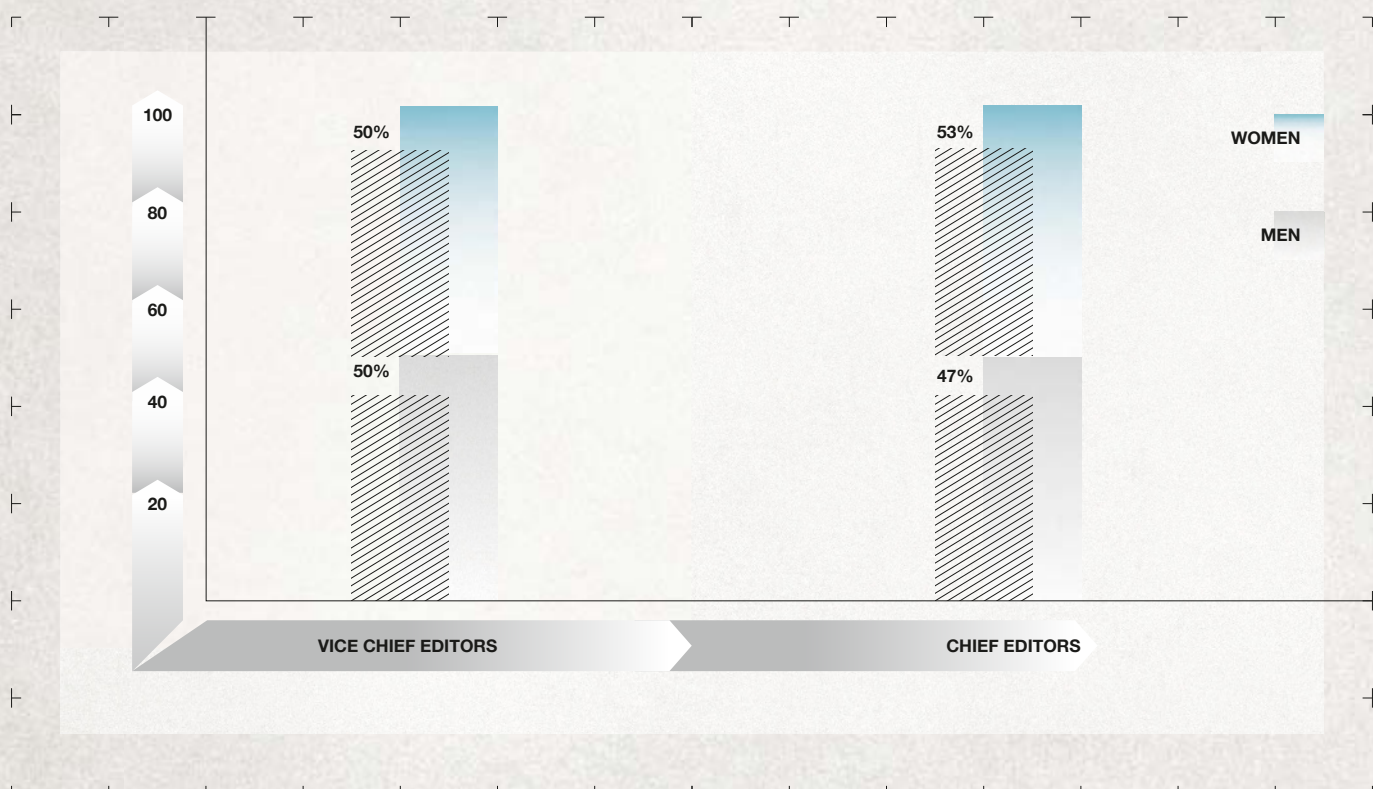
TRAINING ON SAFETY IN THE WORKPLACE (HOURS)	2009	2010	2011
TRAINING TO MANAGERS	580	20	6
TRAINING TO MIDDLE MANAGERS	1,368	76	44
TRAINING TO WHITE COLLARS	1,284	1,594	1886
TRAINING TO JOURNALISTS	624	-	20
TRAINING TO BLUE COLLARS	120	-	138
TOTAL TRAINING HOURS ON SAFETY	3,976	1,690	2094
% ON TOTAL HOURS PROVIDED	57%	38%	43%

CATALOGUE TRAINING (HOURS/EMPLOYEE)	2009	2010	2011
TRAINING TO MANAGERS	2.14	2.52	2,48
TRAINING TO MIDDLE MANAGERS	0.99	7.50	4,27
TRAINING TO WHITE COLLARS	0.51	1.04	2,00

DISTRIBUTION WOMEN - MEN BY LEVEL



PRESENCE OF WOMEN AMONG CHIEF EDITORS



04.2.7 EQUAL OPPORTUNITY

To offer each employee an equal opportunity to develop skills and attitudes, avoiding any discrimination by ethnic origin, gender, nationality, religion and personal belief, is one of Mondadori's key pillars, as validated and confirmed in the Code of Ethics.

FROM THE CODE OF ETHICS

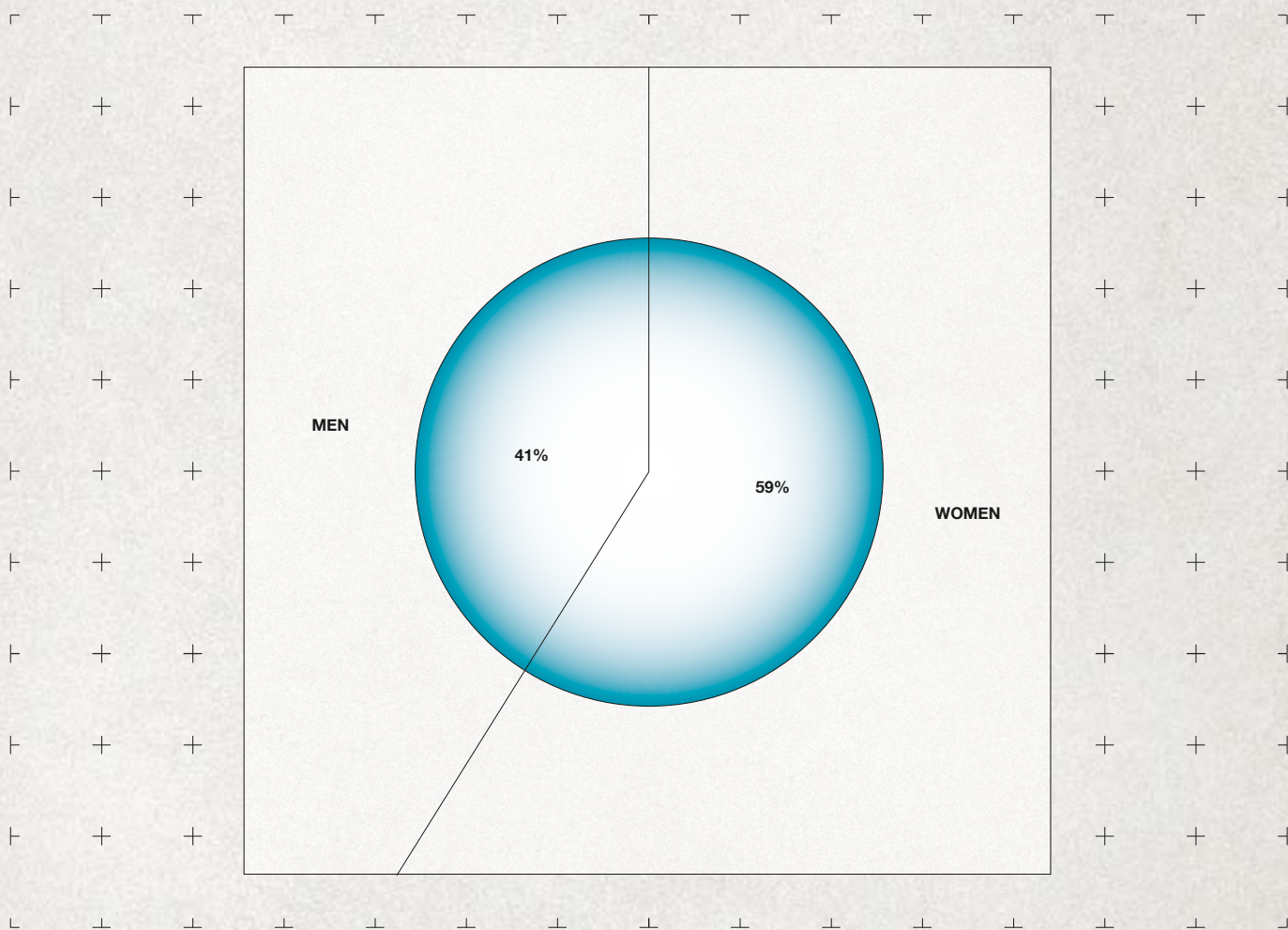
_ Arnaldo Mondadori Editore rejects any discrimination based on gender, race, language, personal and social conditions, religion or political ideas.

_ Arnaldo Mondadori Editore promotes a working environment that, inspired by respect, correctness and collaboration and based on the experience accrued in the sectors of competence, allows employee involvement and empowerment with specific reference to the objectives to reach and the criteria to pursue them.

_ The Company acknowledges that human resources are key for its growth. Human resources management is centered on the respect of everybody's personality and professionalism in the general framework of the applicable rules.

The percentage of women in the Mondadori work force in last three-year period remained unchanged at approximately 59%.

DISTRIBUTION WOMEN - MEN



Also, the salary and wage system reflects a substantial leveling of the average salary paid both to women and men. The table below shows the average ratio between the average salary paid to women and men expressed as the woman/man ratio between two values for each level.

2011	
MANAGERS	89%
MIDDLE MANAGERS	92%
WHITE COLLARS	88%
JOURNALISTS	82%
BLUE COLLARS	87%

04.2.8 FACILITATIONS TO EMPLOYEES

Mondadori attention to employees is confirmed by the adoption of facilitations, services and activities in favor of employee working life and leisure time, developed also based on proposals made by the employees themselves. Here below is a list of the most important ones.

Flex working time

Flex working time is allowed, with adjustments in entering and leaving times.

Mondadori also tries to meet employee needs by adopting flexible part-time based contracts. In 2011, 351 units worked part time.

Shuttle service

Employees can use a shuttle service with different lines that connects the offices of Segrate and Milano Oltre with strategic locations in the city, in order to gather together the largest number of passengers coming from various city districts and suburban areas around Milan linked by public transportation (ATM, railways).

The company buses are reserved for employees, collaborators, suppliers and guests. Every ticket has a symbolic cost of euro 0.03 for employees and collaborators, while occasional visitors travel free of charge.

In 2011, 8,575 trips were made for 69,825 passengers (one way).

Also in 2011 Mondadori participated in a discount plan with ATM for the purchase of annual subscriptions at reduced prices for its employees and collaborators, to be used on the urban and suburban transport network of the entire SITAM area (Sistema Integrato Tariffario dell'Area Milanese; Integrated Tariff System of the Milan Metropolitan Area).

Supplementary health insurance coverage

The supplementary health insurance coverage is a benefit offered as an option to employees (of Arnoldo Mondadori Editore S.p.A., Mondadori Pubblicità and Press-Di and with the exclusion of executive managers), who have completed the trial period and against payment of a monthly contribution. The supplementary health and social fund (FISS) envisages the partial coverage of some expenses and also recognizes contributions in case of occurrence of special events. Coverage can also be extended to family members.

In 2011 the number of employees under the supplementary health insurance fund scheme totaled 743.

LINE	NUMBER OF TRIPS BY DAY	PASSENGERS PER DAY	PASSENGERS 2011
LINE 1	14	160	39,200
LINE 2	1	18	4,410
LINE 3	5	45	11,025
LINATE	7	36	8,820
LINE 4	8	26	6,370
TOTAL	35	285	69,825

Health service

The personnel operating in the Milan area can rely on a health service provided in the Company offices, including blood tests, medical visits, pap-tests and vision check-ups. Since 2006 Mondadori, in collaboration with Avis, has organized a blood donor drive day at the Segrate offices on an annual basis.

TYPE	2009	2010	2011
BLOOD SAMPLES	338	304	280
MEDICAL VISITS	436	298	249
SIGHT VISITS	44	42	31
PAP-TESTS	221	196	206

Tax assistance

In the latest years a tax assistance service has been made available free of charge to employees for the compilation of their annual tax returns.

Facilitations on products and commercial conventions

Different types of products (books, magazines, CDs and DVDs) are offered to employees at very reduced prices (more than 50% of discount).

Various discount arrangements for the purchase of products and services are also stipulated. The updated list is published on the Company Intranet or circulated through an internal e-mailing.

04.2.9 PERSONNEL ENGAGEMENT

The Company Intranet was developed in order to guarantee maximum accessibility to all information that pertains to employees and collaborators and is made available to all those who have a PC in the different offices. The Company Intranet contains information and documents, procedures and data relative to the aforementioned facilitations and instructions on how to correctly perform one's tasks.

In addition, the Company Intranet is also used to involve the personnel in socially beneficial initiatives, like donating blood.

In 2011 an internal blog was developed, called Network, designed to promote the exchange of information among employees and the circulation of ideas, particularly with reference to the swiftly changing publishing industry. The blog was made available to all chief editors and Group executive managers, approximately 300 people in all. The content of the Network is divided into three areas: news from the publishing world (magazines, books, digital media, advertising, radio, competition, foreign countries, etc.); theme-based analyses (surveys, market research, analyses) and internal communications on the activities of the different areas.

Given the positive performance of the project, a revision and integration process has begun and is expected to be completed in 2012, when the blog will be included on the Company Intranet and be made accessible to the entire Company population.



04.3

SUSTAINABILITY INITIATIVES IN THE MONDADORI UNIVERSE

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The Mondadori Group makes its commitment to the welfare of society in general clear through donations, participation in charity initiatives, sponsorship of sports events, projects to raise people's awareness and dissemination of culture.

04.3.1 DONATIONS AND MEMBERSHIP FEES

In 2011 Mondadori Group donated euro 1.7 million in gifts and membership fees (in 2009 and in 2010 the amount was equal to euro 1.8 million).

Specifically, Arnoldo Mondadori Editore S.p.A. paid out euro 0.7 million in gifts. Less than half of such amount was paid in favor of different groups and associations or solidarity projects including:

- _ charity and social, health and social-health assistance;
- _ children;
- _ women;
- _ differently able and disadvantaged people;
- _ improvement and management of cultural assets and development of local tourism.

The remaining part of gifts was paid in favor of cultural entities and employees.
The table below illustrates the details regarding the gifts paid by Arnoldo Mondadori S.p.A.

in euro/thousands

TYPE	2009	2010	2011
OTHER GIFTS	411.4	452.3	278.5
CULTURAL ENTITIES	410.3	410.0	380.0
IN FAVOR OF EMPLOYEES	26.2	19.8	26.3
TOTAL	847.9	882.1	684.8

The expenses for gifts dropped by 22% in 2011 against 2010, mainly as a result of a reduction in the different kinds of donations.

It should be noted that Mondadori did not pay any type of contributions to political parties or politicians.

As to the sponsorship of sports events, the activity of the Group R101 radio is worth underscoring: the station has been media sponsor of the Stramilano city marathon since 2006, is official radio partner of the Italian Rugby Federation (also since 2006) and sponsors other events that promote sports and disseminate the positive values of friendship, teamwork and fair competition.

The paragraphs below illustrate in detail the main initiatives supported by Mondadori both at the Group level and by magazine/company.

in euro/thousands

TYPE	2009	2010	2011
GIFTS	N.A.	N.A.	866.2
MEMBERSHIP FEES	N.A.	N.A.	846.9
TOTAL	1,808.0	1,797.0	1,713.1

In 2003 Mediaset, Mondadori and Medusa established Mediafriends, a non-profit organization (ONLUS). The Association engages in activities regarding the design, development and promotion of charity fundraising events and the financing of targeted projects in the following sectors:

- _ social, health and social-health assistance;
- _ charity;
- _ education and training;
- _ protection, promotion and improvement of culture, arts and assets with an artistic and historical value;
- _ protection and improvement of nature and the environment;
- _ international cooperation.

In eight years of activity, Mediafriends promoted and supported a long list of charity events, collecting and distributing more than euro 45 million, which enabled 118 associations to implement over 197 solidarity projects in Italy and the world.

Since the first project (La Fabbrica del Sorriso, established in 2003), Mondadori has actively collaborated both through the development of products, the revenues of which could contribute to fund raising activities to support various projects, and in the communication and dissemination of the activities performed by the association through its own media channels.

In particular, over the years radio R101 has become the media partner for the annual campaign of La Fabbrica del Sorriso (which celebrated its eighth edition in March 2011), with a front-line involvement in the fundraising week, during which the radio anchorpeople repeatedly reminded listeners about the initiative and how to participate.

In addition, Mondadori contributed to the development of a book containing fairy tales which, in the last six years, always on the occasion of the Christmas holidays, it published to support projects dedicated to children all over the world. In November 2011, *Ti racconto un sorriso* was published, a collection of seven fairy tales based on true stories illustrated by Paolo D'Altan and told by Cristiano Militello, Paolo Cavallone and Sara, Marco Balestri, Lester and Paolo Dini, Federico l'Olandese Volante, Chiara Lorenzutti and Alberto Davoli, Tamara Donà and Tamy T, the voices of R101, in the attached CD.

In 2011, the *Donna Moderna* weekly magazine also collaborated with Mediafriends in a series of initiatives in support of foster homes for abused minors (see page 131).

Donna Moderna



The *Donna Moderna* weekly magazine, traditionally sensitive to women's-related and social issues, supports various projects and initiatives to raise awareness and inform public opinion on particular and general social ills. Moreover, it has developed a dedicated observatory focusing on rape.

In this perspective *Donna Moderna*, in collaboration with Fondazione Pangea Onlus, has set up numerous awareness and fund raising campaigns since 2008 in favor of pangeaprogettoitalia, an initiative established in partnership with some anti-rape centers scattered throughout Italy, aimed at promoting the social re-integration of women who have suffered abuse through professional training and re-qualification and access to microcredit programs.

These initiatives included the attachment of a charm representing the campaign that could be voluntarily purchased with a price surcharge. *Donna Moderna* paid Fondazione Pangea Onlus a sum equal to the difference between the sale price of the charm to the public for each copy sold, net of fixed costs (circulation, film wrapping and distribution) and the purchase cost of the same product. In 2011 the fifth step of the campaign was launched through the circulation of the Nodo di Pangea bracelet in copy no. 10 of *Donna Moderna* (in the newsstands from 3 to 10 March 2011) at an extra cost of euro 4.90.

The primary objective of the initiative was to raise funds to finance four anti-rape centers in Italy: the Cerchi d'Acqua Onlus cooperative of Milan, the Centro Donna Lilith in Latina, the WIN social cooperative of Caserta and the association Biblioteca delle Donne Melusine Anti-rape center of L'Aquila.

The initiative was promoted and communicated in the magazine (with pre-announcement in the copy anticipating the launch) as well as in other magazines of the Mondadori Group, in the stores, TV channels, and through Mondadori and Pangea press office activities.

In the context of the activities performed to promote women's entrepreneurship, *Donna Moderna*, in collaboration with Fondazione Vodafone, Progetto Donne & Lavoro, launched a euro 300,000 worth contest for projects supporting women as entrepreneurs.

The contest, launched from 15 October 2010 to 15 January 2011, was open to all women who held permanent residence in Italy and wished to set up a business whose ends involved solidarity or social utility.

The contest, divided in three categories (Solidarity: entrepreneurial projects for the introduction of women subject to rape or in discomfort conditions in the working environment; Web: web projects or relating to telecommunications promoting the employment of women; Casa&lavoro: projects for a better management of women's working and family needs in daily life), awarded a prize to the best project presented in each category. The three winning projects, which received the awards on the occasion of the official ceremony held at Ara Pacis in Rome on 12 April 2011, were given euro 100,000 each in unsecured financing to establish their start-ups.

In 2011 *Donna Moderna* and Mediafriends implemented a project in support of abused children, Bambini rompiscatole. The beneficiaries of this initiative are CAF (Centro di Aiuto al Bambino Maltrattato e alla Famiglia in Crisi; Center of Assistance for Abused Children and Families in Crisis) of Milan, the Fondazione Maria Regina and the Ente Focolare Maria Regina of Teramo. The project started with the organization of a photo exhibit, a reportage shot by Enrico Bossan in the CAF facilities to illustrate the atmosphere of the foster homes and the scope of the project of *Donna Moderna* and Mediafriends.

The images, commented by prominent Italian authors, were exhibited in Florence during the Pitti Bimbo trade show (January 2011), during which photos were also put on sale both as single pieces and ad hoc printed posters. The initial success made the second step of the exhibition in Pescara (Museo Vittoria Colonna, 11-17 April 2011) possible. An additional support to the foster homes managed by CAF and Focolare Maria Regina, facilities that provide hospitality for abused children, was derived from the circulation of a bracelet attached as an add-on in copy no. 47 of the magazine in the newsstands from November 17-23, 2011, another initiative that validated the collaboration between *Donna Moderna* and Mediafriends.

Lastly, some initiatives more specifically undertaken by the website of the weekly magazine (*Donnamoderna.com*) are also worth mentioning. These range from the participation in the national trade show for critical consumption and sustainable life styles "Fa' la cosa giusta" [Do the right thing] (Milan, Fieramilanocity, 25-27 March 2011) to the development of an app for Facebook users: "Basta il pensiero!" [The thought's the thing!]. On the occasion of the Christmas holidays, the app allowed to send virtual gifts from a list of objects selected by *Donnamoderna.com*, for charity purposes, without any cost to be borne by givers and addressees, while triggering a true viral charity chain. Every five gifts "unwrapped" with a mouse click on *Donnamoderna.com* transferred euro 1 to Fondazione IEO (European Institute of Oncology).

TV Sorrisi e Canzoni

Also in 2011 *TV Sorrisi e Canzoni* supported the Associazione Enzo B, an association engaged in remotely supporting minors and communities in numerous African countries, in the Middle and Far East, Latin America and Eastern Europe through the sale of a 2012 calendar (designed by the cartoonist Silver) as an add-on to copy no. 48/2011. The resulting revenues (the difference between the sale price to the public for each copy sold net of fixed costs) were entirely transferred to Associazione Enzo B.

Focus Junior

In 2011 *Focus Junior*, the children's magazine published by Gruner+Jahr/Mondadori, established a collaboration with top management for the purpose of improving the cultural assets of the Italian Ministry of Cultural Heritage and Cultural Activities, resulting in the "Un museo al mese" [Museum of the month] project. This initiative, designed by the Center for educational services of the museum and territory of Service II, Communication and promotion of the cultural heritage, envisages a permanent column dedicated to twelve museums to be published in the magazine for one year.

In each copy of the column curiosities, explanations and illustrations accompany children in an itinerary that introduces them to some of the most interesting museums in Italy: the National Archaeological Museum in Naples, the Compendio Garibaldino in Caprera, the Palazzo Ducale of Mantua, the Balzi Rossi Prehistoric Museum of Ventimiglia, the Museum of Eastern Art of Ca' Pesaro in Venice and the Royal Armory of Turin. The itinerary is designed to teach children about the Italian national cultural heritage by involving them and stimulating their curiosity.

A coupon attached to each copy of *Focus Junior*, to be presented at the museum participating in the initiative, allows free entry for adults accompanying the young readers. Children are also stimulated to write about their experience during the visit to the museum in a specially designed section on the magazine website (www.focusjunior.it), indicating the most interesting exhibits and how they liked the museum they visited. At the end of the initiative in 2012, the museum that has gotten the largest number of acknowledgements will be awarded a symbolic prize by the young visitors.



DonaBol – the books donated by the Web

The initiative was launched in May 2011 by the Group's on-line e-commerce website (Bol.it) on the occasion of the 24th edition of the International Book Trade Show, in Turin. This initiative envisages the donation of 4,800 books divided between 4 libraries of 4 Italian schools, with the aim of distributing the texts which had the greatest impact on the reader-surfers in the schools, thus directly involving the web.



Bol.it

With seven million products in its catalogue, the Bol.it e-commerce website offers books in Italian and in various foreign languages (English, French, German, Spanish but also Portuguese, Russian, Polish, Dutch, Slovenian, Romanian, Chinese and Japanese), e-books (in Italian and English), movies in DVDs and Blu-Rays, music, games and gifts. Thanks to the innovative search engine, the advanced management of the trolley and Bol mobile, the website version optimized for smartphones, Bol.it represents one of the most complete on-line stores in the sector of e-commerce of cultural products in Italy. In order to offer an increasingly improved service to customers, closer correspondence between on-line and off-line sale activities will be accomplished in 2012.

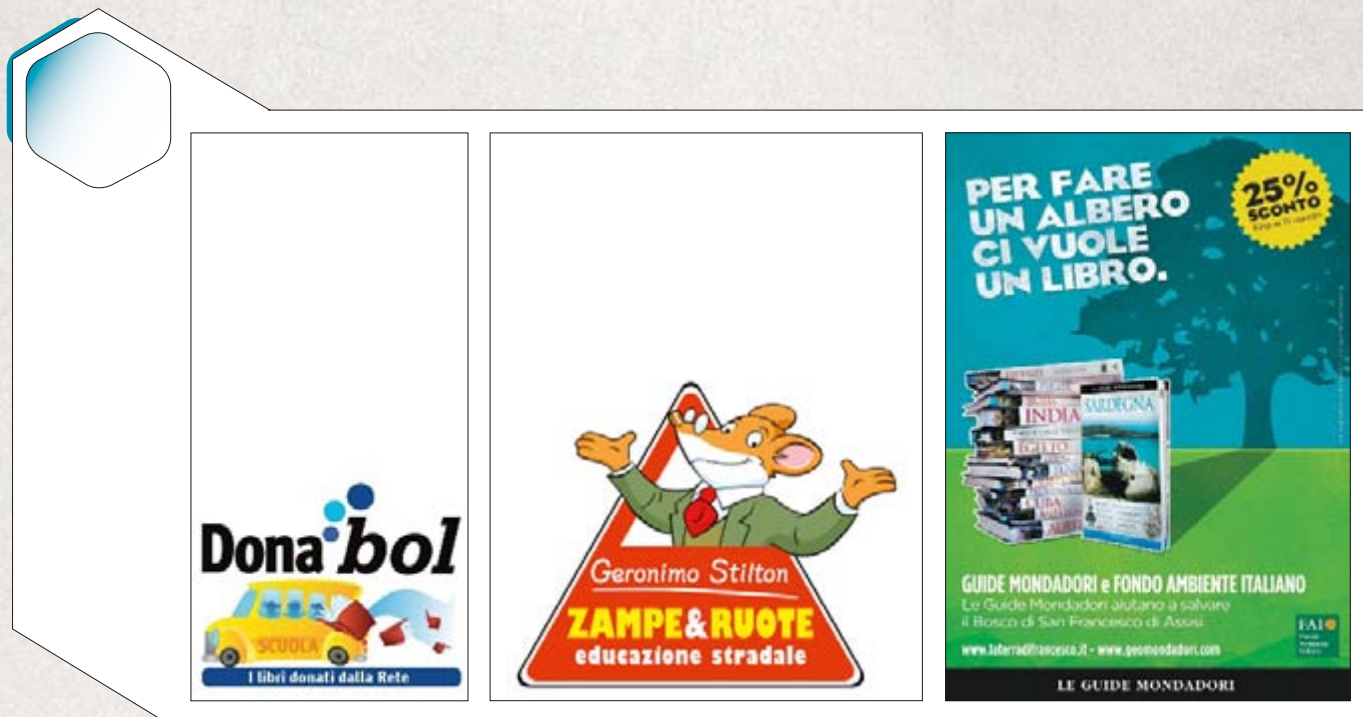
The institutes that benefited from this initiative (Istituto onnicomprensivo Salvador Allende Gratosoglio, Milan; Scuola Media Istituto comprensivo Leonardo da Vinci Falchera, Turin; Scuola Media Sandro Pertini Scampia, Naples; Scuola Media Vittorio Emanuele III of Palermo) were selected as the neediest and were identified with the collaboration of the CGM cooperative group, Italy's largest network of social welfare firms, operating in Italy since 1987, which boasts more than 10,000 operating service units and 45,000 collaborators throughout Italy.

Participation in the initiative was totally free of charge and was organized as follows: on the Bol.it website and, for the duration of the International Book Trade Show of Turin, at the Bol.it booth, individuals indicated the five books that had had the greatest influence on them. After completing the ranking, the user was invited to inform as many people as possible about the initiative, sharing the titles of the books on Facebook and Twitter and inviting friends to do the same. After the lists of titles were complete, they were submitted to the school principals, who assessed the affinities with the school programs and didactic needs.

Mondadori Travel Guides and Fondo Ambiente Italiano

With the 2011 promotion campaign of Mondadori Travel Guides (whose catalogue includes 195 titles with a consolidated leadership position in the sector of travel guides), Mondadori Electa decided to support FAI (Fondo Ambiente Italiano) through the "Per fare un albero ci vuole un libro" campaign. The initiative was dedicated to the FAI project for the improvement and recovery of the native vegetation and protection of biodiversity in the Saint Francis of Assisi forest, extending over more than 60 hectares of hill country in the Umbria region, covered with oaks, maples and hornbeams and framed by olive groves and farmland. FAI's objective is to implement targeted actions to restore the striking beauty of the Saint Francis of Assisi forest, returning it to its original grandeur and opening it up for public use.

The campaign was first communicated by the sales network to booksellers and secondly a special visibility plan was developed for the stores with the preparation of display windows and promotional materials for the stores. The campaign was also communicated through other supports used by the various chains that participated in the initiative on the Mondadori institutional website, GeoMondadori, Electa, Bol.it and lbs.it websites. Mondadori travel guides (in the Guide Mondadori, Top 10, Scoprire l'Italia, Repertory and City Books) were offered with a 25% discount.



Mondadori personnel involvement through a promotional campaign applied over the entire period (15 June-15 August) in the Company book store at the Segrate offices is also very important. This campaign, communicated on the Group intranet and through targeted posters, envisaged free admission to a FAI site or a free book (from a selection of three illustrated books) with the purchase of two Mondadori travel guides. In addition to the visibility spaces granted through the communication campaign, Mondadori Electa also contributed to the project for the recovery of the Saint Francis of Assisi landscape through a donation. As promised in the FAI project, on 11 November 2011 the Saint Francis of Assisi forest was re-opened to the public and on the occasion of its inauguration, the Guide Mondadori leveraged on the message of collaboration with the Fondo Ambiente Italiano by combining the summer campaign with another initiative in all the Mondadori stores (about 500), whose communication was focused on the re-opening of the forest and the contributions of the Travel Guides to the recovery project.

In 2012, Mondadori Electa renewed its collaboration with the Fondo Ambiente Italiano through the development of three initiatives: a campaign associated with the popular FAI Spring Day, the summer promotion of the Mondadori Travel Guides and the support to the autumn campaign of FAI – “Ricordati di salvare l’Italia” [Don’t forget to save Italy].



Road safety education with Geronimo Stilton

Geronimo Stilton, the popular hero of hundreds of children's books, is also the key protagonist of a project designed by the Regional School Office of the Lombardy region in collaboration with Edizioni Piemme and Atlantyca Entertainment for the 2011/2012 school year.

The Zampe&Ruote project was launched with the publication of a book – *Caccia al tesoro... con sorpresa!* – meeting the need to teach children about road safety, in compliance with the recently enacted standards of the Italian Ministry of Education, University and Research. The book contains instructive material organized in an entertaining and attractive way. Geronimo Stilton recounts his participation in a thrilling treasure hunt in his home town – Topazia – following a series of indications and rules: the rules of the road, self-respect, respect for others and for the environment.

These are the basic elements upon which to start building awareness in five-to-six-year-old children, helping them to feel part of a community and specifying how to move around safely in a public environment. Other educational tools were also developed to support the book, including educational flash cards, a poster for the schools and a teacher's manual. All this was sent in kit format to 820 elementary schools of the Lombardy region to cover the needs of the first three classes.

The www.geronimostilton.com website includes a section dedicated to the project and reserved for the schools in the Lombardy region. The last step envisaged by the project was the *Zampe&Ruote Live* show, also dedicated to road safety education, which was held on 28 March 2012 at the Auditorium in Milan and during which Geronimo Stilton and his band entertained thousands of students with their routines and songs on the content of the project.

Visits to the offices

Inaugurated in 1975, the headquarters of the publishing house is one of the most important works realized by the prominent Brazilian architect, Oscar Niemeyer.

The complex comprises three elements. The large central body used as offices and chief editors' offices appears suspended over water and is all in glass and steel, extending over five floors.

Thanks to the installation of a system of 56 tie beams, the structure seems to be hanging over a huge arcade with parabolic arches, each different from the other. Two lower and sinuous bodies seem to emerge from water. Their plan is irregular and undulated, reminiscent of a willow tree leaf, very suggestive in connection with the 20,000 m² artificial lake. The complex and the lake are surrounded by a huge park designed by Pietro Porcinai, landscape architect.

Mondadori receives numerous requests from students, architects, art aficionados and people who are just plain curious to visit Palazzo Niemeyer. Organized in order not to interfere with the performance of the daily working activities, the guided tours of the offices take place once or twice a month and are currently managed through a reservation system on the Mondadori institutional website (www.mondadori.it/II-Gruppo/Sede and prenotalavisita@mondadori.it).

The groups of visitors consist of 15/30 people and last approximately 60 minutes, including a video on the construction of the building as well as a guided tour outside the building with Mondadori personnel. Every year, a few hundred people visit Palazzo Niemeyer. In 2011 a dozen guided tours were organized, with a total attendance of 300 visitors.

In 2008, the Mondadori offices participated in the 16th FAI Spring Day, an event dedicated to Italy's artistic and natural heritage, organized under the High Patronage of the Republic, which opens hundreds of historical, architectural, monumental and naturalistic sites to the public every year, many of which can only be visited on this occasion. The visits to Palazzo Niemeyer, toured by FAI volunteers and Mondadori personnel, were held on Saturday 5 April 2008, with up to 1,200 visitors.

Siticibo

For the last 2 years Mondadori has been participating in Siticibo, an initiative that collects uneaten food from the Company canteen and distributes it to soup kitchens.

The initiative was first launched by Fondazione Banco Alimentare, a non-profit group that carries out the following activities:

- _ collection of surplus production from agriculture, the food industry, hypermarkets and organized catering;
- _ collection of food products at the hypermarkets during the National Food Whip-Round Day;
- _ re-distribution to entities dealing with assistance to needy people, marginalized individuals and, in general, everyone in need.

Approximately 60 portions of food are collected from the Company canteen and re-distributed every day.

In 2011, 8,643 first courses, 2,158 second courses, 2,824 vegetable and dessert portions and 396 kg of bakery products were recovered.

GRI INDEX

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
1_STRATEGY AND ANALYSIS			
1,1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organisation and its strategy.	FULLY	LETTER TO THE STAKEHOLDER, P. 4
2_ORGANIZATIONAL PROFILE			
2,1	Name of the organization.	FULLY	DRAFTING CRITERIA, P. 8
2,2	Primary brands, products, and/or services.	FULLY	01.2, PP. 16-17
2,3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	FULLY	01.2, PP. 16-17
2,4	Location of organization's headquarters.	FULLY	DRAFTING CRITERIA, P. 8
2,5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	FULLY	01.2, PP. 16-17
2,6	Nature of ownership and legal form.	FULLY	DRAFTING CRITERIA, P. 8; 02.2, PP. 48-49
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	FULLY	01.2, PP. 16-17
2,8	Scale of the reporting organization.	FULLY	01.2, PP. 16-17
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	FULLY	DRAFTING CRITERIA, P. 8
2,10	Awards received in the reporting period.	FULLY	IN 2011 MONDADORI RECEIVED NEITHER PRIZES NOR AWARDS.
3_REPORT PARAMETERS			
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	FULLY	DRAFTING CRITERIA, P. 8
3,2	Date of most recent previous report (if any).	FULLY	DRAFTING CRITERIA, P. 7
3,3	Reporting cycle (annual, biennial, etc.)	FULLY	DRAFTING CRITERIA, P. 8
3,4	Contact point for questions regarding the report or its contents.	FULLY	DRAFTING CRITERIA, P. 10
3,5	Process for defining report content.	FULLY	DRAFTING CRITERIA, PP. 6-7
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	FULLY	DRAFTING CRITERIA, P. 8
3,7	State any specific limitations on the scope or boundary of the report.	FULLY	DRAFTING CRITERIA, P. 8
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	FULLY	DRAFTING CRITERIA, P. 8

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	FULLY	DRAFTING CRITERIA, P. 9
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	FULLY	DRAFTING CRITERIA, PP. 8-9; 03.2, P. 61; 03.2.3, P. 68
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	FULLY	DRAFTING CRITERIA, P. 8
3,12	Table identifying the location of the Standard Disclosures in the report.	FULLY	GRI INDEX, P. 139-145
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
4,1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	FULLY	01.4, P. 22
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	FULLY	01.4, P. 23
4,3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	FULLY	01.4, P. 23
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	FULLY	02.2.1, PP. 50-51; 03.2.3, PP. 70-71; 04.2.9, P. 126
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	FULLY	1.4
4,12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	FULLY	04.1.1, P. 95; 04.1.1, PP. 98-99
4,14	List of stakeholder groups engaged by the organization.	FULLY	01.3, PP. 18-20
4,15	Basis for identification and selection of stakeholders with whom to engage.	FULLY	01.3, PP. 18-20
PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	FULLY	02.1.1, PP. 40-43
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	FULLY	01.5, PP. 34-35; 03.2.2, PP. 66-70
EC3	Coverage of the organization's defined benefit plan obligations.	FULLY	MONDADORI DOES NOT MANAGE ANY SEPARATE CORPORATE PENSION PLAN.
EC4	Significant financial assistance received from government.	FULLY	02.1.2, P. 44
MARKET PRESENCE			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	NOT	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	NOT	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	NOT	

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
ECONOMIC PERFORMANCE			
INDIRECT ECONOMIC IMPACTS			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	FULLY	04.3, PP. 128-129
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NOT	
ENVIRONMENTAL			
MATERIALS			
EN1	Materials used by weight or volume.	FULLY	03.3.1, PP. 78-85
EN2	Percentage of materials used that are recycled input materials.	FULLY	03.3.1, PP. 78-85
ENERGY			
EN3	Direct energy consumption by primary energy source.	FULLY	03.2.1, PP. 62-63
EN4	Indirect energy consumption by primary source.	FULLY	03.2.1, PP. 64-65
EN5	Energy saved due to conservation and efficiency improvements.	PARTIALLY	03.2.3, PP. 70-71
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	NOT	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	PARTIALLY	03.2.3, PP. 70-71
WATER			
EN8	Total water withdrawal by source.	FULLY	03.2.1, PP. 64-65
EN9	Water sources significantly affected by withdrawal of water.	NOT	
EN10	Percentage and total volume of water recycled and reused.	FULLY	03.2.1, P. 64
BIODIVERSITY			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NOT	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NOT	
EN13	Habitats protected or restored.	NOT	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	NOT	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NOT	

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
EMISSIONS, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight.	FULLY	03.2.2, PP. 68-69
EN17	Other relevant indirect greenhouse gas emissions by weight.	PARTIALLY	03.2.2, PP. 68-69
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	PARTIALLY	03.2.3, PP. 70-76
EN19	Emissions of ozone-depleting substances by weight.	NOT	
EN20	NOx, SOx, and other significant air emissions by type and weight.	NOT	
EN21	Total water discharge by quality and destination.	FULLY	03.2.1, P. 64
EN22	Total weight of waste by type and disposal method.	PARTIALLY	03.2.3, P. 76
EN23	Total number and volume of significant spills.	NOT	
EN24	Wweight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	PARTIALLY	03.2.3, P. 76
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NOT	
PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	PARTIALLY	03.2.3, PP. 70-76
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	PARTIALLY	03.3.2, PP. 86-90
COMPLIANCE			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	FULLY	02.1.3, PP. 44-45
TRANSPORT			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	PARTIALLY	03.2.3, PP. 70-76; 02.3.2, PP. 86-90
OVERALL			
EN30	Total environmental protection expenditures and investments by type.	NOT	
SOCIAL: LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	PARTIALLY	04.2.1, PP. 108-113; 04.2.7, PP. 122-124
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	FULLY	04.2.1, PP. 108-109
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	PARTIALLY	04.2.5, P. 119; 04.2.8, PP. 124-126

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
SOCIAL: LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
LA15	Return to work and retention rates after parental leave, by gender.	PARTIALLY	04.2.1, P. 113
LABOR/MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements.	FULLY	04.2.1, PP. 112-113
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	NOT	
OCCUPATIONAL HEALTH AND SAFETY			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	FULLY	04.2.2, PP. 114-115
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	PARTIALLY	04.2.2, PP. 114-116
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	FULLY	04.2.6, P. 121
LA9	Health and safety topics covered in formal agreements with trade unions.	FULLY	04.2.2, PP. 114-115
TRAINING AND EDUCATION			
LA10	Average hours of training per year per employee by gender, and by employee category.	PARTIALLY	04.2.6, PP. 120-121
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	FULLY	04.2.6, PP. 118-121
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	PARTIALLY	04.2.4 PP. 117-118
DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	PARTIALLY	01.4.1, PP. 24-25; 04.2.1, P. 112; 04.2.7, PP. 122-124
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	FULLY	04.2.7, P. 124
SOCIAL: HUMAN RIGHTS			
INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	NOT	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	NOT	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	NOT	
NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken.	NOT	

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	NOT	
CHILD LABOR			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	PARTIALLY	02.3.1, P. 53
FORCED AND COMPULSORY LABOR			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	NOT	
SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	NOT	
INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	NOT	
ASSESSMENT			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	NOT	
REMEDiation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	NOT	
SOCIAL: SOCIETY			
LOCAL COMMUNITIES			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	NOT	
SO9	Operations with significant potential or actual negative impacts on local communities.	NOT	
S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	NOT	
CORRUPTION			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	NOT	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	FULLY	01.5, P. 35
SO4	Actions taken in response to incidents of corruption.	FULLY	01.5, PP. 34-35
PUBLIC POLICY			
SO5	Public policy positions and participation in public policy development and lobbying.	NOT	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	FULLY	04.3.1, P. 129

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE / DIRECT ANSWER
SOCIAL: SOCIETY			
ANTI-COMPETITIVE BEHAVIOR			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	FULLY	02.1.4, P. 46
COMPLIANCE			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	FULLY	02.1.3, PP. 44-45
SOCIAL: PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	NOT	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	FULLY	NO NON-COMPLIANCE EVENTS HAVE BEEN REPORTED IN 2011.
PRODUCT AND SERVICE LABELLING			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	FULLY	02.3.1, P. 53
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	FULLY	02.3.1, P. 53
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	PARTIALLY	04.1.4, P. 100
MARKETING COMMUNICATIONS			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	FULLY	04.1.1, P. 95
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	NOT	
CUSTOMER PRIVACY			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	PARTIALLY	04.1.2, PP. 96-97
COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	NOT	

REVIEW REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
ARNOLDO MONDADORI EDITORE S.p.A.

1. We have reviewed the Sustainability Report of Mondadori Group (the "Group") as of December 31st, 2011. The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the Sustainability Report in accordance with "*Sustainability Reporting Guidelines*" (version G3.1) issued in 2011 by GRI – *Global Reporting Initiative*, as stated in the paragraph "Drafting criteria". The Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors are also responsible for the identification of *stakeholders* and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the Sustainability Report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the "*International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information*" (ISAE 3000), issued by the *International Auditing and Assurance Standards Board*. That standard requires the compliance with ethical principles ("*Code of Ethics of Professional Accountants*" issued by the *International Federation of Accountants, IFAC*), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on the Sustainability Report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the Sustainability Report, analysing the Sustainability Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - comparing the economic and financial information and data included in the paragraph "Economic performance" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31st, 2011, on which we issued the auditor's report dated March 28th, 2012 pursuant to articles 14 and 16 of Legislative Decree no. 39 of January 27th, 2010);
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the Sustainability Report operate. In particular, we have performed the following procedures:
 - interviews and discussions with delegates of Arnoldo Mondadori Editore S.p.A., to gather information on the information, accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;

- analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance of the qualitative information included in the Sustainability Report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the social strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of personnel involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the Chief Executive Officer and by the Chief Financial Officer of Arnoldo Mondadori Editore S.p.A. on the compliance of the Sustainability Report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

We have reviewed data and information relating to the previous year, presented for comparative purposes, only to the extent necessary to reach our conclusions on the Sustainability Report as of December 31st, 2011.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Mondadori Group as of December 31st, 2011 is not prepared, in all material respects, in accordance with the “Sustainability Reporting Guidelines” (version G3.1) issued in 2011 by GRI – *Global Reporting Initiative*, as stated in the paragraph “Drafting criteria”.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy,
June 14th, 2012

*This report has been translated into the English language
solely for the convenience of international readers.*



Statement GRI Application Level Check

GRI hereby states that **Mondadori Group** has presented its report "2011 Mondadori Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 June 2012

A handwritten signature in blue ink, appearing to read "Nelmar Arbex", is written over a faint, large watermark of the GRI globe logo.

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Mondadori Group has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 June 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

CREDITS

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