



SUSTAINABILITY
REPORT
2012



SUSTAINABILITY REPORT
2012
MONDADORI

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LETTER TO STAKEHOLDERS

For Mondadori, 2012 was a year of significant engagement and achievement in terms of environmental and social responsibility.

The reputation that the Group has built over its 100-year history, which is based on respect for the ethical criteria defined by laws, regulations and codes of conduct, guides day-to-day operations in all its companies.

Last year, we focused on four main objectives: updating the Code of Ethics, producing the first edition of the Sustainability Report, creating a dedicated section within the corporate website and taking part in the Carbon Disclosure Project.

Through painstaking work and constant reference to the best national and international standards, Mondadori has produced a new version of its Code of Ethics – replacing the previous version in force since 2002 – which incorporates current issues of social responsibility and is designed, in terms of its structure and objectives, to reflect the interests of the various stakeholders.

In order to establish a continuous dialogue with our stakeholders and ensure a steady flow of information into the public domain, we have published the first edition of our Sustainability Report as well as creating a Sustainability section on the Group's website.

This new section, in addition to the news contained in the Report and updates, presents Mondadori's environmental policy in terms of the Group's vision and objectives, aimed at reducing the environmental impact of its activities. Its remit includes promoting the responsible use of natural resources and raising awareness among our customers – also through our products themselves – and among our suppliers, through management and selection processes.



Our commitment to environmental issues is part of a wider vision to combat climate change, which we consider fundamental to our sustainability strategy. We made excellent progress on this issue in 2012. By taking part for the first time in the Carbon Disclosure Project – an international project to encourage disclosure of data about CO₂ emissions – Mondadori joined the ranks of Italian companies that have stated their results with greater transparency, and was one of the leading companies in the global media sector to do so.

We have also strengthened links with local communities, expanding our presence via various partnership projects of social utility, notably initiatives to promote sustainability.

This second edition of the Sustainability Report shows the commitment with which we have sought to apply ourselves to implementing our objectives, and the results we have achieved. These spur us on to set new goals for creating value for our stakeholders in the future.

Marina Berlusconi
Chairman
Mondadori Group

Maurizio Costa
Vice-chairman and Chief Executive Officer*
Mondadori Group

* in office until 20 March 2013

NIM

NOTE ON METHODOLOGY

This document supplements the information regarding sustainability disclosed in the 2012 Annual Report, providing details about Group performance and the industry's key indicators. The analysis of the issues and data is compliant with the Guidelines of the Global Reporting Initiative (GRI), version G3.1.

Mondadori confirms the compliance of this 2012 Sustainability Report with the application level B+ of the aforementioned standard.

Materiality and stakeholder inclusiveness

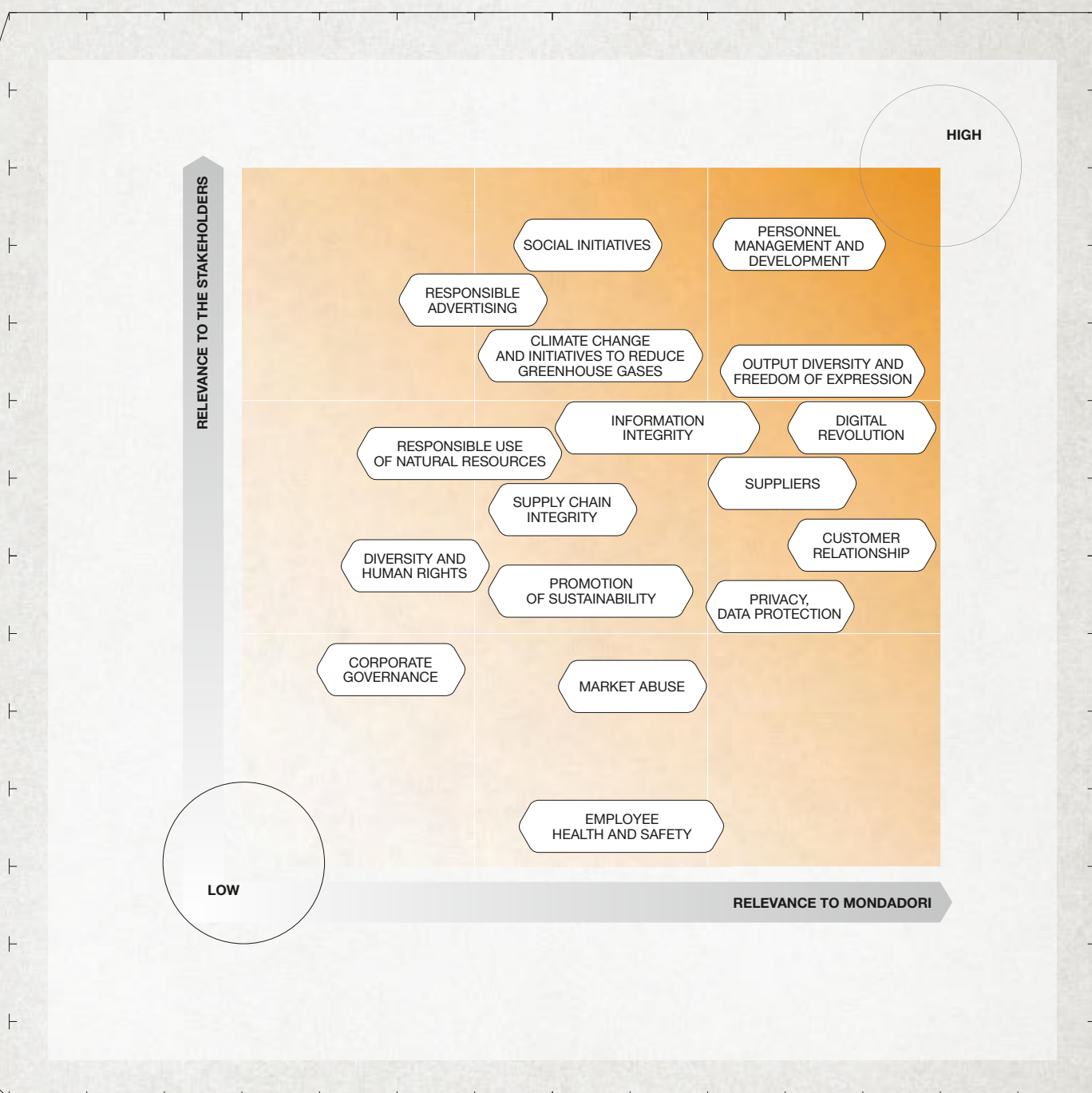
A materiality analysis was conducted to define the sustainability issues considered most relevant, both within the Company and for reference stakeholders. The significance level of the issues was assessed for the first time in 2011 during a series of workshops conducted by the Sustainability Committee (see section The Role of the Sustainability Committee), during which Committee members first mapped and classified stakeholders, then identified the key sustainability issues for the Company. Finally, it defined the issues' materiality based on their relevance for Mondadori (internal relevance) and relevance for stakeholders. The criteria to assess the internal relevance were financial impact, impact on reputation, impact on customers, competitors' position and consistency with company policies.

Starting from previous analyses, materiality was defined as a combination of internal relevance and relevance for stakeholders.

In 2012, through further meetings with the Sustainability Committee, the stakeholder mapping and prioritisation matrix was updated, as were material issues for the Company and its stakeholders.

Note, in particular, the following changes:

- _ mapping of six new stakeholders, including external partners, new authors and e-companies;
- _ inclusion of two new issues considered to be material (Digital Revolution and Corporate Governance);
- _ change in importance of material issues, with Personnel management and development now placed first.



Reporting scope and sustainability context

This document is the second public edition of the Mondadori Sustainability Report and includes a description of the key initiatives undertaken in 2012 (calendar year) as well as the performance trends of the 2010-2012 three-year period, when available. It also includes the initiatives of particular importance undertaken in 2013 and already known as at the closing date of this Report. 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 subsidiaries operating in Italy; activities conducted abroad are thus excluded. The registered office of Arnoldo Mondadori Editore S.p.A. is located at via Bianca di Savoia 12, Milan; the head office is located on via Mondadori, Segrate (MI).

The scope of consolidation is the same as that used for financial reporting, with the exception of some data explicitly indicated in the text.

Where environmental data is not available, conservative estimates were used, resulting in the underestimation of the Company's environmental performance.

No significant changes in company size, structure or ownership were made to the scope or the reporting period considered (Italy, 2012); in this regard, note that, as advised in the previous edition of the Sustainability Report, this edition includes Glaming S.r.l in the scope of reporting. This company, which operates in the management of online public gaming, was acquired in November 2011.

Given the immateriality of the business, the issue of responsible gaming will not be detailed further.

Quality assurance principles for the Sustainability Report

This document highlights Mondadori's strengths and weaknesses, as well as prospects for improvement. Data was collected with the objective of giving a balanced and clear picture of the Company's actions and characteristics. The information and quantitative data collection process is structured in such a way that it guarantees data can be compared over several years, in order to enable an accurate interpretation of the information and a complete overview to all stakeholders affected by the evolution of Mondadori's performance. The 2012 Sustainability Report was reviewed by an independent auditing firm, whose limited audit report is available on page 150-151.

Reporting process and calculation criteria

Defining the content of the Sustainability Report involved all key company departments, which worked in close cooperation and under the co-ordination of the CSR contacts. As in the two previous editions, Mondadori was supported by Ernst & Young's Italian team Climate Change and Sustainability Services in the preparation of its 2012 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 relating mainly to amortisation, depreciation and provisions/utilisations of the funds were not considered. Other figures are explained directly in section 02.1;
- _ data on penalties refers to the cash outflow in the year and are not calculated on an accrual basis;
- _ in the breakdown of staff by level, "Managers" include chief 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 of more than one day and the total number of hours worked, multiplied by 200,000;
- _ the severity index is the ratio between the total number of days lost and the total number of hours worked, multiplied by 200,000;
- _ the absenteeism rate is the ratio between the days of absence 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;
- _ the 200,000 multiplier, which appears in the rates/indices relating to GRI LA7 (and specifically: accident rate and severity index) is the result of 50 working weeks 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).

Figures relating to 2010 and 2011 may differ slightly from those published in previous reports, owing to the inclusion of data that became available after the reports were published. For the same reason, figures relating to 2012 represent the best estimate based on the data available at the time this Report was prepared.

The Role of the Sustainability Committee

Created in September 2010, the Sustainability Committee is chaired by the Director of External Relations and Communications, and includes representatives of the main corporate functions.

The Committee, which meets regularly and reports directly to the CEO, has consultative and advisory functions, and is responsible for formulating proposals relating to the Group's strategy and policies on sustainability.

As mentioned earlier, this document is the result of an exercise to reflect on sustainability issues, undertaken by the Sustainability Committee at the end of 2010, when the first edition of the Sustainability Report was prepared for internal use. The process of creating the report included a number of very important steps in addition to the drafting stage:

- _ discussion of the internal governance model on sustainability issues;
- _ analysis of Mondadori's current position on these issues and vis-à-vis its relations with stakeholders;
- _ future measures to develop and improve sustainability.

At the same time, Mondadori assessed its current performance in terms of sustainability and its expected positioning in future years. The gaps identified led to the formulation of a number of objectives to be met in accordance with specific responsibilities and precise timeframes. In this respect, the Sustainability Committee disseminated and regularly updated a sustainability action and improvement plan, and implemented a process of stakeholder engagement aimed at enhancing the current communication channels and developing new engagement tools to be used in relation to certain stakeholders.

Mondadori considers the Sustainability Report to be an important part of its reporting and, most importantly, a tool to generate and support a virtuous cycle within the Company, a mechanism that is now becoming part of the Company's DNA, through the launch and implementation of various projects to manage and improve its economic, environmental and social performance.

For further information about this Report, please contact:

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20090 Segrate (MI)

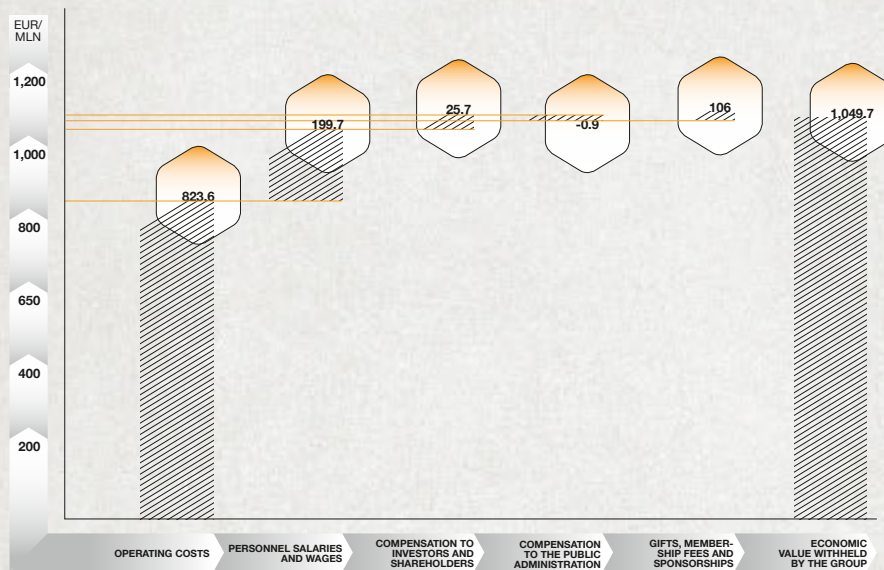
Italy

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e-mail: progetto.sostenibilita@mondadori.it

ECONOMIC RESPONSIBILITY

DISTRIBUTION OF THE ECONOMIC VALUE



ADDED VALUE	2012
ECONOMIC VALUE GENERATED BY THE GROUP	1,017.2
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1,049.7
OPERATING COSTS	823.6
PERSONNEL SALARIES AND WAGES	199.7
COMPENSATION TO INVESTORS AND SHAREHOLDERS	25.7
COMPENSATION TO THE PUBLIC ADMINISTRATION	(0.9)
GIFTS, MEMBERSHIP FEES AND SPONSORSHIPS	1.6
ECONOMIC VALUE WITHHELD BY THE GROUP	(32.4)

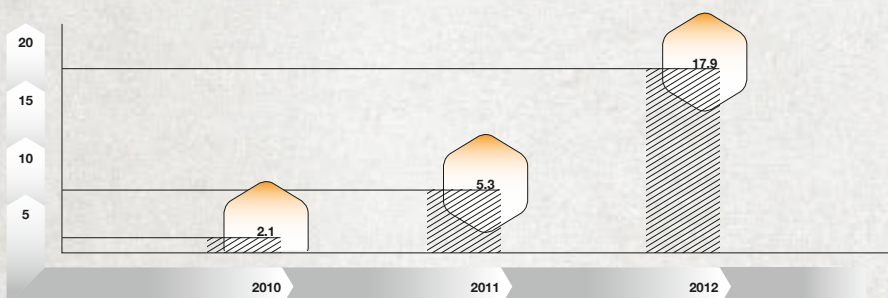
ENVIROMENTAL PROTECTION

EMISSIONS OF GREENHOUSE GASES (TONS OF CO2 EQUIVALENT)	2010	2011	2012
DIRECT (SCOPE 1)	2,381	2,255	2,064
INDIRECT ENERGY (SCOPE 2) ¹	10,333	12,659	14,200
OTHER INDIRECT ENERGY (SCOPE 3) ²	52,309	50,546	44,363
TOTAL EMISSIONS	65,023	65,460	60,627

¹2010 and 2011 indirect energy emissions (scope 2) were recalculated from the 2011 Sustainability Report, following the updating of national emissions factors (source: Terna international comparisons on Enerdata figures – 2010), subsequent to the publication of the 2011 Report

²2010 and 2011 other indirect emissions (scope 3) were recalculated from the 2011 Sustainability Report, to include emissions relating to the production of paper required for the printing conducted by Mondadori suppliers

CERTIFIED PAPER AS A % OF TOTAL PRINTING PAPER

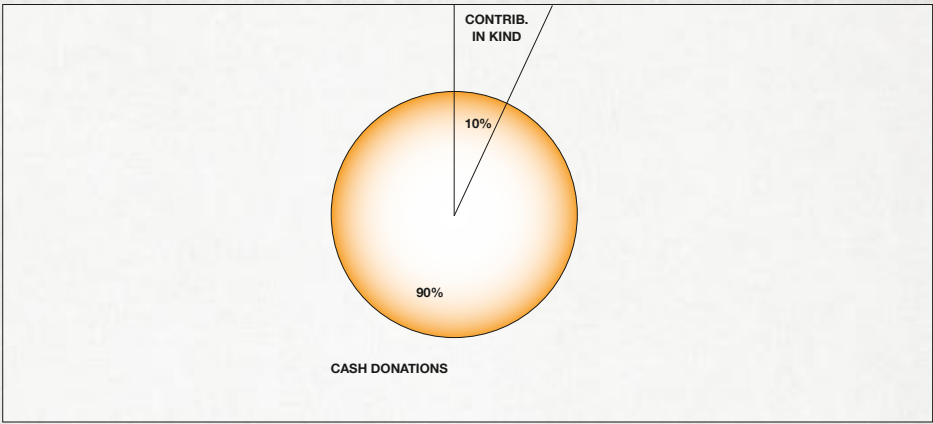


Carbon Disclosure Project

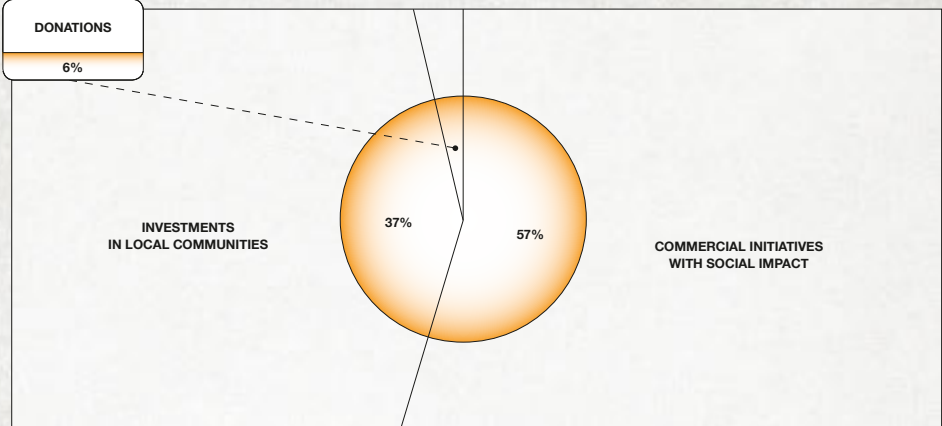
Mondadori responded to the 2012 Carbon Disclosure Project questionnaire: the Group, new among the respondents, scored 84/100 and was included in the high disclosure list.

SOCIAL RESPONSIBILITY

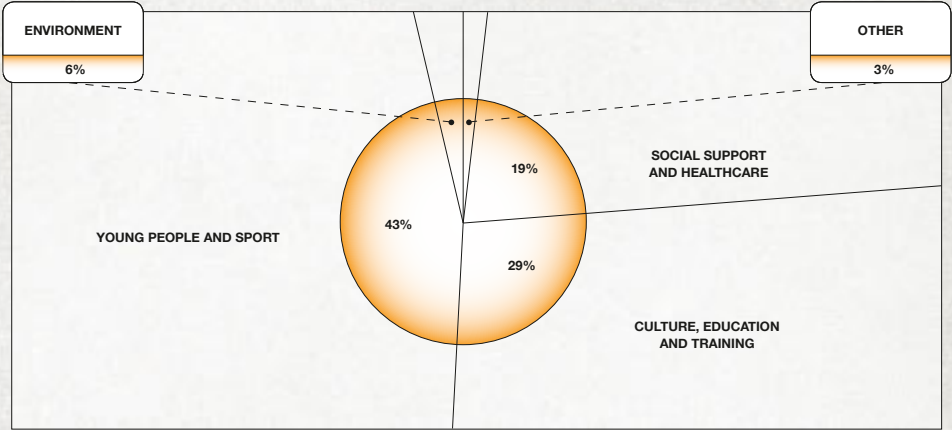
CONTRIBUTION TO THE COMMUNITY – TYPES OF CONTRIBUTION



CONTRIBUTION TO THE COMMUNITY – TYPES OF INITIATIVE



CONTRIBUTIONS TO THE COMMUNITY – AREAS OF INTERVENTION



In 2012, Mondadori signed up to the **Equal Opportunities Charter**, a declaration of intent, signed voluntarily by companies of all sizes, intended to spread an inclusive corporate culture and human resources policy, free on discrimination and prejudice and suited to promoting talent in all its diversity. Since February 2012 Mondadori has also been a member of **Valore D**, the first association created in Italy of large companies that supports female leadership in business. Its mission is to increase the representative of female talent at the top on Italian companies and support these managers' involvement in business activities through tangible and concrete actions.

01

COMPANY PROFILE AND CORPORATE GOVERNANCE

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THE HISTORY OF MONDADORI

THE GROUP TODAY
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MONDADORI STAKEHOLDERS

ORGANISATION, MANAGEMENT
AND CONTROL MODEL

HOW SUSTAINABILITY
IS PROMOTED

THE INTERNAL CONTROL AND
RISK MANAGEMENT SYSTEM

THE NEW CODE OF ETHICS

01.1

THE HISTORY OF MONDADORI

16

Since its establishment in 1907, Mondadori followed its vocation to become Italy's publishing house *par excellence*, playing both an educational role – bringing the written language closer to the sections of the population still acquiring basic literacy skills – and the dissemination of the pleasure of reading while, concurrently, bearing witness to the evolution of society.

The milestones in its history highlight, on the one hand, the Company's development from a small print shop in the Lombardy 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.

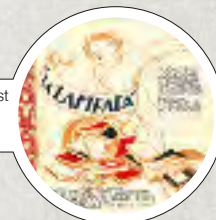
The development strategy in the digital publishing market picks up speed with the stipulation of new agreements for the distribution of e-books and a catalogue featuring more than 3,000 titles.

2010

2011

Mondadori launches a range of e-readers and Kobo tablets on the Italian market

2012



01.2

THE GROUP TODAY AND 2012 KEY RESULTS

18

Mondadori is one of Europe's leading publishing houses in books and magazines; with more than 50 subsidiary and associated companies and 3,703 employees worldwide, the Mondadori Group covers a full range of publishing activities, from product design to retailing and distribution. The Company also operates in the advertising, digital, radio, retail and direct marketing sectors.

In 2012, the Group registered sales of EUR 1.4 billion, and a consolidated net loss of EUR 167.3 million; stripping out impairment losses, 2012 closed with a consolidated net profit of EUR 12 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 recognisable Italian magazines like *Grazia*, *Casaviva*, *Interni*, *Sale&Pepe* and *Flair*. In 2012, 30 editions of Mondadori magazines were circulated worldwide through joint ventures or licensing agreements; of these 20 comprise the *Grazia* network.

_ Books: the Mondadori Group is absolute leader in the domestic market of books with a market share of 27.6% and a sales volume of EUR 370.6 million in 2012. 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, which 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 that also organises cultural initiatives and manages exhibitions and monuments (including the Colosseum). In 2012, the digital publishing business registered strong growth, with an e-book catalogue of over 4,000 titles in the Trade sector, and more than one million downloads.

_ Magazines: the Mondadori Group is Italy's leading publisher, with a market share of approximately 31%. In 2012, the sales volume of Direzione Periodici Italia totalled EUR 383.9 million. Mondadori magazines represent a complete portfolio which, in addition to the traditional periodical segments (women's magazines, cookery, health and fitness, TV, news magazines, science and technology, auto, 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, by leveraging on the publication's brand name, have, with the addition of the web channel, increased the number of users of Mondadori magazines.

_ Advertising: Mondadori Pubblicità S.p.A. manages the sale of advertising spaces not only for Mondadori Group magazines, its websites and radio R101, but also for the magazines and websites of important third-party publishers and Italian national radio station 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 space present on the websites belonging to the Mondadori Group, RTI (a company of the Mediaset Group) and third-party publishers for a total of 28 vertical websites and 12 million unique users per month in 2012. For this year, revenues from advertising in Italy came to a total of EUR 172.9 million.

_ Digital: in line with the new organisational structure, the annual financial data of digital activities are broken down as follows:

- for publishing activities, e-books, properties, subscriptions and online advertising, in the core businesses: Books and Italian magazines;
- for e-commerce activities, conducted through www.inMondadori.it and online book clubs, in Mondadori Direct;
- for diversification and investment activities supporting the business, applications and CRM, in the Corporate and other businesses sector.

_ Mondadori Direct: with sales of EUR 261.8 million in 2012, the subsidiary 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 597 points of sale (at 31 December 2012) including directly managed bookstores (21), bookstores managed under franchising agreements (311), Edicolò points of sale (203), multicentres (8, all directly managed) and club book stores (54 both directly managed and managed under franchising agreements).

Cemit Interactive Media is market leader in the offer of diversified strategies for the design and development of one-to-one communication and CRM (Customer Relationship Management), thanks to a huge database of over 30 million individuals and corporate contacts. In 2012, a unified distribution model, inMondadori, was also developed: it combines offline and online bookstores, e-commerce and physical retailing, in a multi-platform system governing a variety of sales channels.

_ 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 core activities. Thanks to the extensive reach of the station's signal throughout Italy, the renewal of the music format and the quality of its programmes, the radio station has become one of Italy's leading commercial radio stations. It also has a significant digital presence: as a 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 WebTv channel (on the radio website), which features the entire video production of the radio station. R101 sales, generated entirely by advertising revenues, totalled EUR 13.9 million in 2012.

Significant events during the year

Mondadori withdrew from the capital of Mondadori Printing S.p.A., in which its printing activities were concentrated, with the transfer of the remaining 20% stake in the company to Gruppo Pozzoni on 10 January 2012.

The operation was conducted in accordance with the procedures specified in the preliminary contract of 19 November 2008, with which Gruppo Pozzoni acquired 80% of Mondadori Printing.

Significant events after the year-end

Maurizio Costa, Chief Executive Officer and Vice-chairman of Arnoldo Mondadori Editore S.p.A., announced his resignation to the Board of Directors' meeting of 28 February 2013, effective from the approval of its draft financial statements for the year ended 31 December 2012.

Chairman Marina Berlusconi subsequently informed the directors of her intention to propose, at the meeting of the Board of Directors convened for 20 March 2013, that Ernesto Mauri, General Manager of Magazines, Arnoldo Mondadori Editore S.p.A., and Chairman and General Manager of Mondadori France be co-opted onto the Board of Directors and appointed Chief Executive, once the activities of the Remuneration and Appointments Committee were complete.

On 28 February 2013, the Board also co-opted Danilo Pellegrino, non-executive director and General Manager of Fininvest, to replace the outgoing executive director Roberto Briglia in the management role he previously occupied within the Company.

01.3

MONDADORI STAKEHOLDERS

22

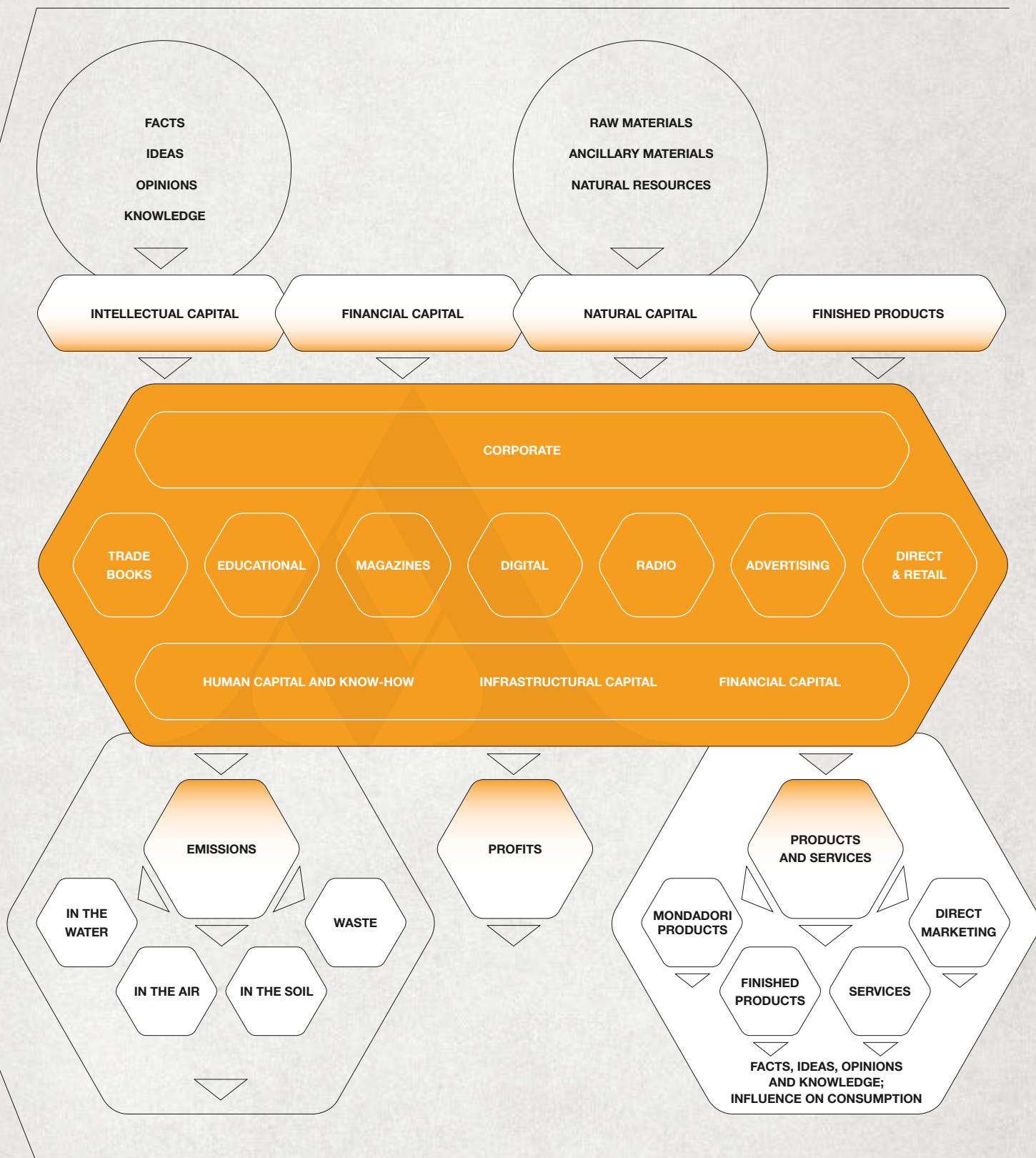
As anticipated in the Note on Methodology, Mondadori started defining and promoting stakeholder engagement together with the drafting of this Sustainability Report. Stakeholders were mapped by using a summary chart of Mondadori activities and its relations with the external world, including:

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

This 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 produced 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 deepen the materiality analysis already conducted 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 be addressed (see section dedicated to materiality under Note on Methodology), plans out their relations with Mondadori in the next few years. The frequency of engagement activities, which depends on the stakeholders, it is still at a minimum of once a year.

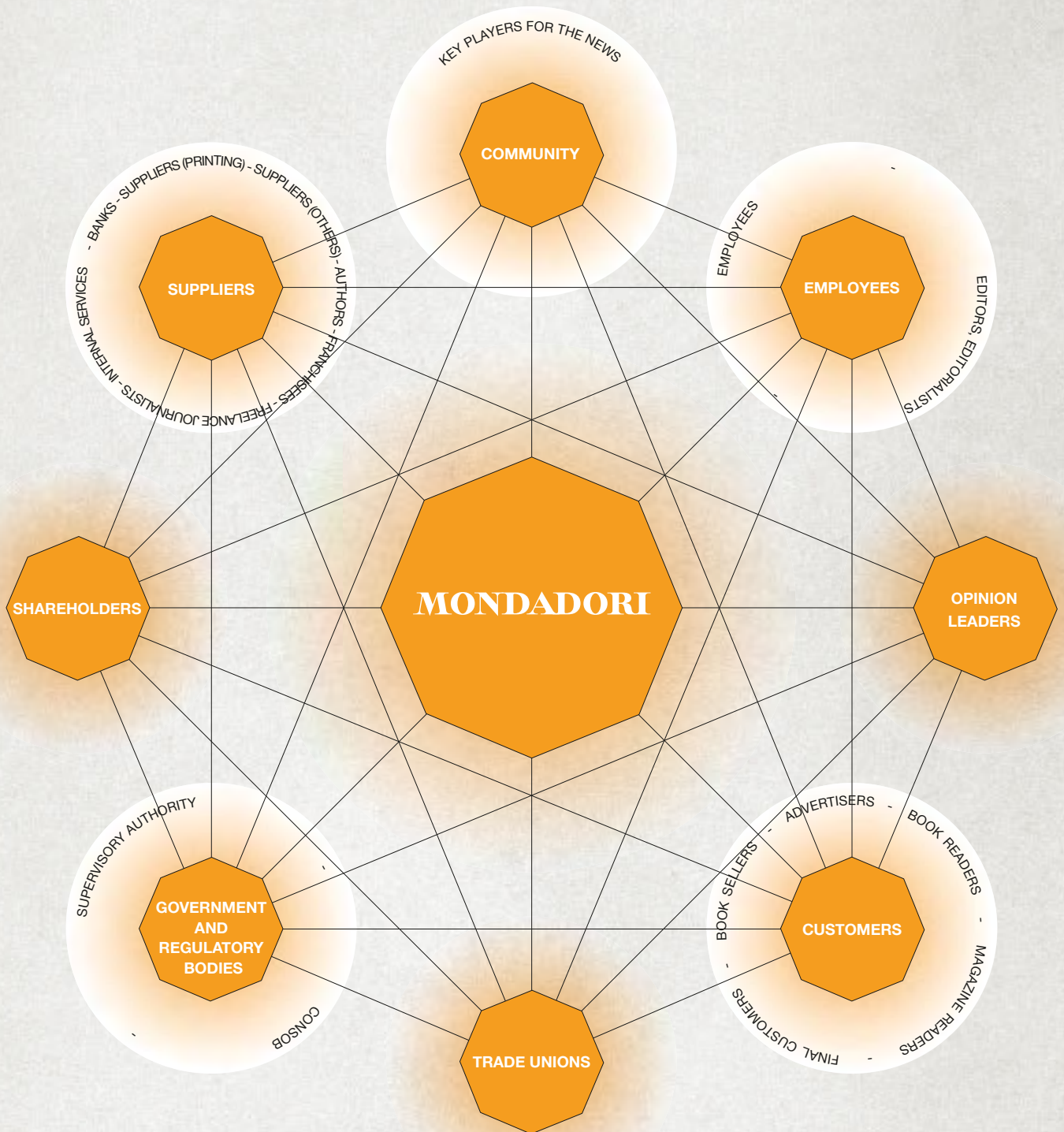
STAKEHOLDER ENGAGEMENT

STAKEHOLDER	CORPORATE FUNCTION	FREQUENCY	STAKEHOLDER EXPECTATION	TOOLS AND INTERACTIVE CHANNELS	ANSWER	REFERENCES PAGES
FINANCIAL COMMUNITY	INVESTOR RELATIONS LEGAL AFFAIRS	5	DISCLOSURE AND INFORMATION VALUE CREATION	AGM CONFERENCE CALL ROADSHOW ANALYST MEETING	PRESENTATIONS Q&A CORPORATE DOCUMENTS	P. 36; P. 58
ENVIRONMENT	TRADE BOOKS	1	INCREASE CERTIFIED PAPER	ONE-TO-ONE MEETING PRESS RELEASE	INCREASE CERTIFIED PAPER	P. 96
PROSPECTIVE CUSTOMER OPINION LEADER	TRADE BOOKS	1	DISCLOSURE AND INFORMATION	ONE-TO-ONE MEETING	PRODUCT TEST Q&A	P. 24
SUPPLIERS	PURCHASING	SEVERAL MEETINGS	CONTRACTUAL CONDITIONS	MEETINGS CORPORATE DOCUMENTS AND CONTRACTS	CODE OF ETHICS CONTRACTUAL CONDITIONS	P. 39; PP. 60-62

Stakeholder engagement: dialogue with the digital community regarding the launch of Kobo products

In July 2012, the Mondadori Group and Kobo Inc., world leader in digital readers, signed an agreement to distribute the Kobo e-reading platform and its devices in Italy. The first products were launched on the market at the end of September.

At that time, Kobo e-readers were almost completely unknown in Italy, and distributed only among a small group of enthusiasts. The launch therefore had to take place on various fronts to ensure that the brand and the products became a talking point. The campaign included all forms of classic advertising (television, printed media, posters) as well as activities aimed at the digital community, i.e. the forums where information is increasingly being circulated and consensus formed. To ensure that discussion was created around the products, some samples of the Kobo Touch were sent to selected individuals who are particularly active online (blogs, forums, Twitter, Facebook and social networks in general). No restrictions and no obligations; the message was: "try it, and if you like it, tell people about it". After a few days, a meeting was organised with around 50 of the influencers involved, and was attended by the Company's management: it was a very informal evening in which there was a lively exchange of ideas and assessments on the world of reading in general, and on electronic readers in particular.



01.4

ORGANISATION, MANAGEMENT AND CONTROL MODEL

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In principle, Mondadori views the Code of Conduct for listed companies as a reference model for defining its organisational structure and operational procedures for corporate governance.

Before the Code was issued, various aspects of the corporate organisational structure were already broadly in line with the instructions subsequently provided by the Code itself, while others were introduced as part of a process of gradual adjustment in line with the specific characteristics of Mondadori's corporate organisation.

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

CORPORATE GOVERNANCE	2010	2011	2012
NO. OF MEMBERS IN THE BOARD OF DIRECTORS	14	14	14
EXECUTIVE DIRECTORS IN THE BOARD OF DIRECTORS	4	4	4
INDEPENDENT DIRECTORS IN THE BOARD OF DIRECTORS	6	6	6
NO. OF WOMEN IN THE BOARD OF DIRECTORS	2	2	3
NO. OF MEETINGS OF THE BOARD OF DIRECTORS	9	7	6
NO. OF MEETINGS OF THE CONTROL AND RISKS COMMITTEE ¹	4	7	6
NO. OF MEETINGS OF THE REMUNERATION AND APPOINTMENTS COMMITTEE	3	2	2
NO. OF MEETINGS OF THE BOARD OF STATUTORY AUDITORS	13	11	11

¹before 2012: Internal Control Committee

01.4.1 THE BOARD OF DIRECTORS

The Board of Directors was appointed by the Shareholders' Meeting of 19 April 2012 for a term of three years, specifically until the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2014.

At the end of the year to which this Report relates, the Board of Directors consisted of 14 directors.

NAME	POSITION	STATUS		
		EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
MARINA BERLUSCONI	CHAIRMAN			
MAURIZIO COSTA	DEPUTY CHAIRMAN AND CHIEF OFFICER			
PIER SILVIO BERLUSCONI	DIRECTOR			
ROBERTO BRIGLIA	DIRECTOR			
PASQUALE CANNATELLI	DIRECTOR			
BRUNO ERMOLLI	DIRECTOR			
MARTINA FORNERON MONDADORI	DIRECTOR			
ROBERTO POLI	DIRECTOR			
ANGELO RENOLDI	DIRECTOR			
MARIO RESCA	DIRECTOR			
CRISTINA ROSSELLO	DIRECTOR			
CARLO SANGALLI	DIRECTOR			
MARCO SPADACINI	DIRECTOR			
CARLO MARIA VISMARA	DIRECTOR			

Composition of the Board of Directors until 31 December 2012. For changes after this date cf. p. 20.

Three Mondadori directors are aged 30-50, and 11 are over 50 years old. More details are shown in the table.

The current Board of Directors does not include any director appointed by minority shareholders, since no alternative list was submitted at the aforementioned Shareholders' Meeting of 19 April 2012.

The structure of delegated levels of authority has been created to maintain the central role of the Board of Directors within the company's organisational and shareholder structure. Pursuant to the Company's by-laws, the Board of Directors is vested with the broadest powers for the Company's ordinary and extraordinary management – except those powers that, by law, fall within the exclusive remit of the shareholders' meeting – including the functions and responsibilities for determining the strategic and organisational direction of the Company and the Group.

Specifically, the Board of Directors:

- _ examines and approves in general terms the strategic business and financial plans of the Company and the Group presented by the CEO, and regularly monitors their implementation;
- _ examines and approves the Company's corporate governance and the Group structure;
- _ defines the guidelines for the internal control and risk management system, with the assistance of and as directed by the competent Committee, determining to what extent risks are compatible with a style of management that is consistent with the strategic objectives identified; it assesses, on at least an annual basis, the appropriateness of this system in relation to the Company's characteristics and risk profile, as well as the system's efficiency;
- _ approves, on at least an annual basis, the work plan prepared by the head of Internal Audit, after consultation with the Board of Statutory Auditors and the director responsible for the internal control and risk management system;
- _ appoints and removes the Head of Internal Audit, on the proposal of the director responsible for the internal control and risk management system, and subject to the favourable opinion of the Control and Risks Committee and after consultation with the Board of Statutory Auditors. It also ensures that Internal Audit has sufficient resources to perform its duties;
- _ assesses, following consultation with the Board of Statutory Auditors, the results presented by the independent auditors in any management letter and in the report on fundamental matters arising from the statutory audit;
- _ assesses, with the preliminary support of the Control and Risks Committee, the appropriateness of the administrative and accounting organisational system of the Company and its subsidiaries;
- _ attributes and revokes the power conferred upon the CEO, defining the limits and the exercise criteria and sets, upon the proposal made by the Remuneration and Appointments Committee and having consulted the Board of Statutory Auditors, the remuneration of the CEO and of the other directors holding special positions;
- _ assesses general performance, based on information received from the CEO on at least a quarterly basis, comparing actual results against budget;
- _ approves in advance company operations with a significant impact on the income statement, statement of financial position and financial situation;
- _ issues to third parties, on behalf of Arnoldo Mondadori Editore S.p.A., personal and real guarantees on its own behalf or on behalf of its subsidiaries for amounts exceeding EUR 20 million;

GENDER		AGE	2012
MEN		< 30	0
		30 - 50	1
		> 50	10
TOTAL MEN			11
WOMEN		< 30	0
		30 - 50	2
		> 50	1
TOTAL WOMEN			3
TOTAL			14

_ enters into loan agreements for amounts exceeding EUR 30 million;

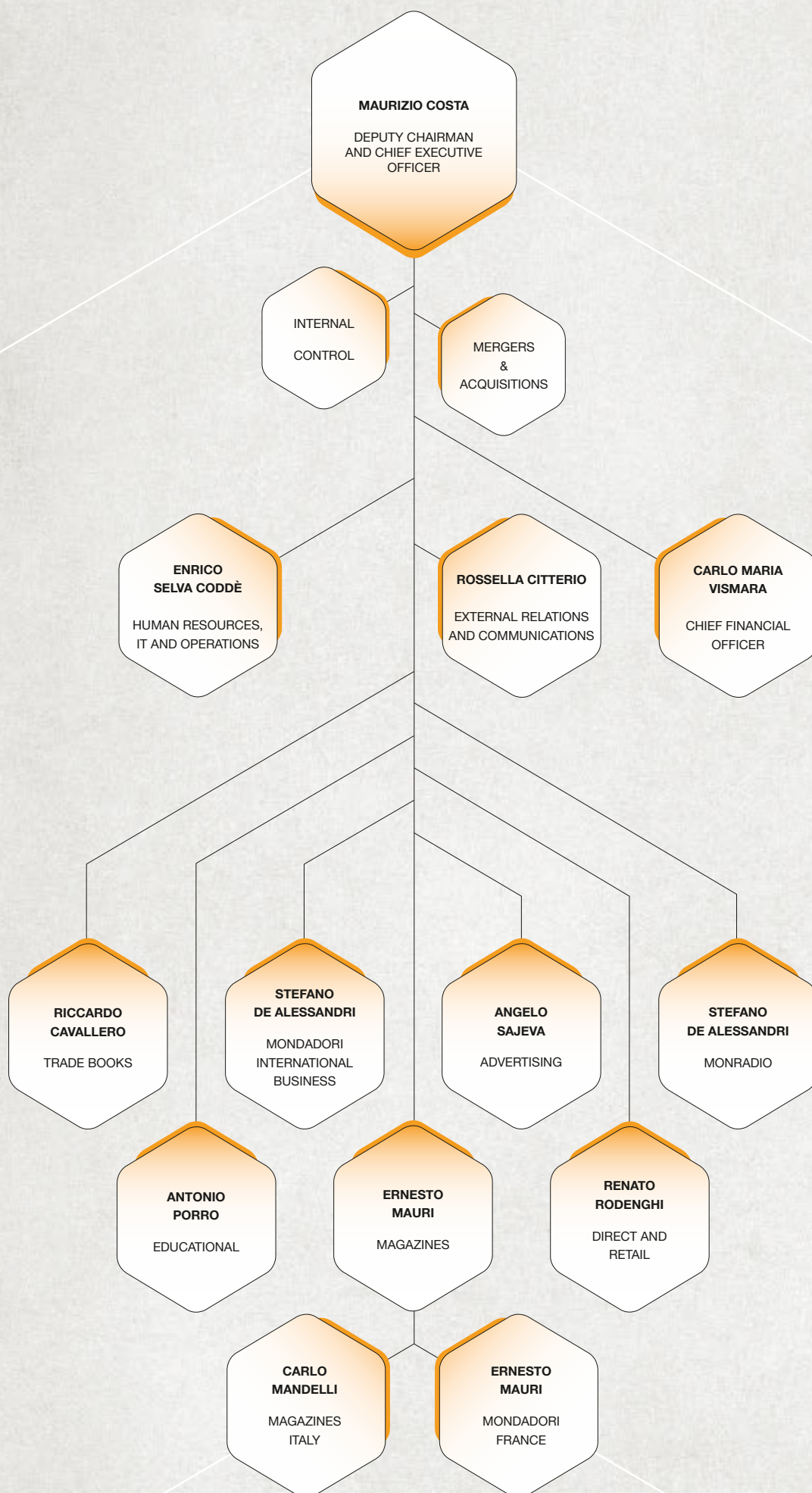
_ examines and approves investments in technical assets of great relevance in terms of their strategic impact and each individual investment where the amount exceeds EUR 5 million.

The Board of Directors examines and approves in advance transactions with a strategic, economic and financial significance, including those regarding subsidiaries, if identified as significant based on material and value criteria.

In 2012, the Board of Directors met six times, with meetings regularly attended by the Board of Statutory Auditors.

THE TOP MANAGEMENT

ORGANIZATIONAL CHART AS OF 31 DECEMBER 2012



01.4.2 THE BOARD OF STATUTORY AUDITORS

The Board of Auditors, composed, in accordance with the relevant provision set out in the Company By-Laws, by three Standing Auditors and two Substitute Auditors, was appointed by the Shareholders' Meeting of 19 April 2012, and shall remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2014.

The Board of Statutory Auditors currently comprises:

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

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

In 2012 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;
- _ monitored the independence of the independent auditors, 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 2012, the Board of Statutory Auditors met 11 times; moreover, the Board of Statutory Auditors had meetings with the Control and Risks 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 and risk management system, as well as meetings with the independent auditors for the purpose of the reciprocal exchange of information.

01.4.3 THE REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee comprises three non-executive directors, two of whom (the majority) are independent. The Chairman of the Committee is selected from among the independent directors.

Members of the Remuneration and Appointments Committee hold office until the expiry of their mandate as directors, and therefore until the approval of the financial statements for the year ending 31 December 2014, unless otherwise resolved.

In 2012, the Committee held two meetings, which were attended by the Chairman of the Board of Statutory Auditors. The percentage of attendance at the meetings was 100% for all Committee members. The meetings concerned:

- _ definition of the proposal to the Board of Directors to approve the Remuneration Report;
- _ assessment and definition of the proposal to the Board of Directors regarding the remuneration of directors vested with particular duties.

During the year under review, the Board of Directors voted to incorporate within the Committee the functions of the Appointments Committee, as governed by the Code of Conduct (December 2011). The Committee was subsequently renamed the Remuneration and Appointments Committee.

The Board of Directors vested the Remuneration and Appointments Committee with the following functions and competences:

- _ consultative and advisory functions in respect of the Board of Directors relating to the definition of remuneration policies for directors and managers with strategic responsibilities, and periodically checking, with the central Human Resources, IT and Operations department, that executive activities are in line with the principles defined in the policies, reporting in this regard to the Board of Directors;
- _ advisory functions in respect of the Board of Directors regarding the remuneration of directors holding special offices (e.g. Chairman, Chief Executive Officer, directors with delegated authority and directors appointed to committees);
- _ submission to the Board of Directors of initiatives undertaken by the Committee regarding the identification and definition of corporate guidelines relating to management retention and incentive schemes;
- _ advisory functions relating to the implementation of stock option plans approved by the Shareholders' Meeting;
- _ providing advice to the Board of Directors regarding its size and composition, the professionals whose presence on the Board is deemed appropriate, as well as any limits on the number of other positions that may be taken up by directors;
- _ advisory functions to the Board of Directors relating to candidates for the position of director in the event of appointment by co-option to replace independent directors.

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

A Control and Risks Committee comprising three independent directors has been established within the Board of Directors.

Members of the Committee shall remain in office until the expiry of their mandate as director, and therefore until the approval of the financial statements for the year ending 31 December 2014, unless otherwise resolved.

The Control and Risks Committee has consultative and advisory functions in respect of the Board of Directors, and provides assistance and support to the same in the assessment of the adequacy of the internal control and risk management system.

The Committee coordinates its activities, to the extent of its responsibilities, with those of the Board of Statutory Auditors, the external auditors, the head of Internal Audit, as well as the manager responsible for the internal control and risk management system, and the director responsible for preparing the Company's accounting and official documents.

Specifically, in accordance with the Code of Conduct, the Board of Directors has tasked the Committee with:

- _ assessing the work plan prepared by the head of Internal Audit and examining the periodic reports, with a view to evaluating the internal control and risk management system and those of particular importance prepared by the Internal Audit department;
- _ assessing, together with the director in charge of preparing the Company's accounting documents, after consultation with independent auditors and the Board of Statutory Auditors, the correct application of the accounting standards adopted and their standardisation in relation to preparing the consolidated financial statements;
- _ monitoring the autonomy, adequacy, efficiency and effectiveness of the Internal Audit department;
- _ asking Internal Audit to conduct checks on specific areas of operation, at the same time informing the Chairman of the Board of Statutory Auditors;
- _ reporting regularly to the Board of Directors, and at least every six months, upon the approval of the annual and interim financial statements, on the activities carried out and the adequacy of the internal control and risk management system;
- _ expressing opinions on specific aspects relating to the identification of the main corporate risks;
- _ expressing opinions to the Board of Directors on the results of the audit conducted by the independent auditors set out in the management letter and in the reports on matters arising from the statutory audit;
- _ expressing opinions to the Board of Directors on the appointment and removal of the head of Internal Audit, as well as of the resources assigned thereto, and related remuneration.

In 2012, the Control and Risks Committee held six meetings, with the periodic attendance of members of the Board of Statutory Auditors, the Vice-chairman and Chief Executive Officer, the head of Internal Audit and the Supervisory and Control Body, and also met with independent auditors Deloitte & Touche, and the managers of various company departments.

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

In 2012, the Control and Risks Committee:

- _ analysed the changes contained in the new Code of Conduct for listed companies published by Borsa Italiana on 5 December 2011, and approved the regulation and the functions attributed to the Control and Risks Committee in relation to the recommendations contained in the new Code;
- _ approved the 2012 annual programme of Internal Audit activities for the Company and its subsidiaries prepared by the Internal Control Manager, and verified its implementation;
- _ examined the activities carried out by Internal Audit in 2012, adopting the recommendations made and making its own;
- _ acknowledged the operating guidelines implemented by the Company over the year;
- _ examined the preliminary impairment test criteria relating to the financial statements for the year ending 31 December 2011;
- _ examined the annual report of the Control and Risks Committee;
- _ analysed the results of activities conducted by Risk Assessment;
- _ acknowledged the report of the head of Internal Audit;
- _ analysed the self-assessment process of members of the Company's Board of Directors;
- _ examined the activities of Internal Audit and monitored the implementation of operating guidelines at the French affiliate;
- _ adopted and approved the guidelines of Risk Management with a view to implementing formal procedures for the activity;
- _ examined the report of the head of Internal Audit on the changes in the internal control and risk management system in relation to the Code of Conduct.

The activities conducted by the Committee were regularly reported to the Board of Directors.

No significant organisational and/or procedural omissions were identified in the activities of any parties involved in the internal control and risk management system. As a result, the Board of Directors considers the Group's internal control and risk management system to be appropriate.

01.4.5 THE SHAREHOLDERS' MEETING

The powers of the ordinary and extraordinary Shareholders' Meetings 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 certain issues that may also fall under the remit of the Shareholders' Meeting, subject to the final approval of the Shareholders' Meeting.

With regard to the calling and functioning of Shareholders' Meetings and the right to attend and vote at the meetings, please see the following articles of the Company By-Laws:

- _ article 9: calling the Shareholders' Meeting;
- _ article 11: right to attend and vote at the Shareholders' Meeting;
- _ article 12: power of delegation and notification of voting proxy, including by electronic means;
- _ article 16: constitution and resolutions of Shareholders' Meetings.

The Shareholders' Meeting of 2001 voted to adopt a regulation that establishes, *inter alia*, the criteria regarding the right of each individual shareholder to address the meeting on 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 all shareholders.

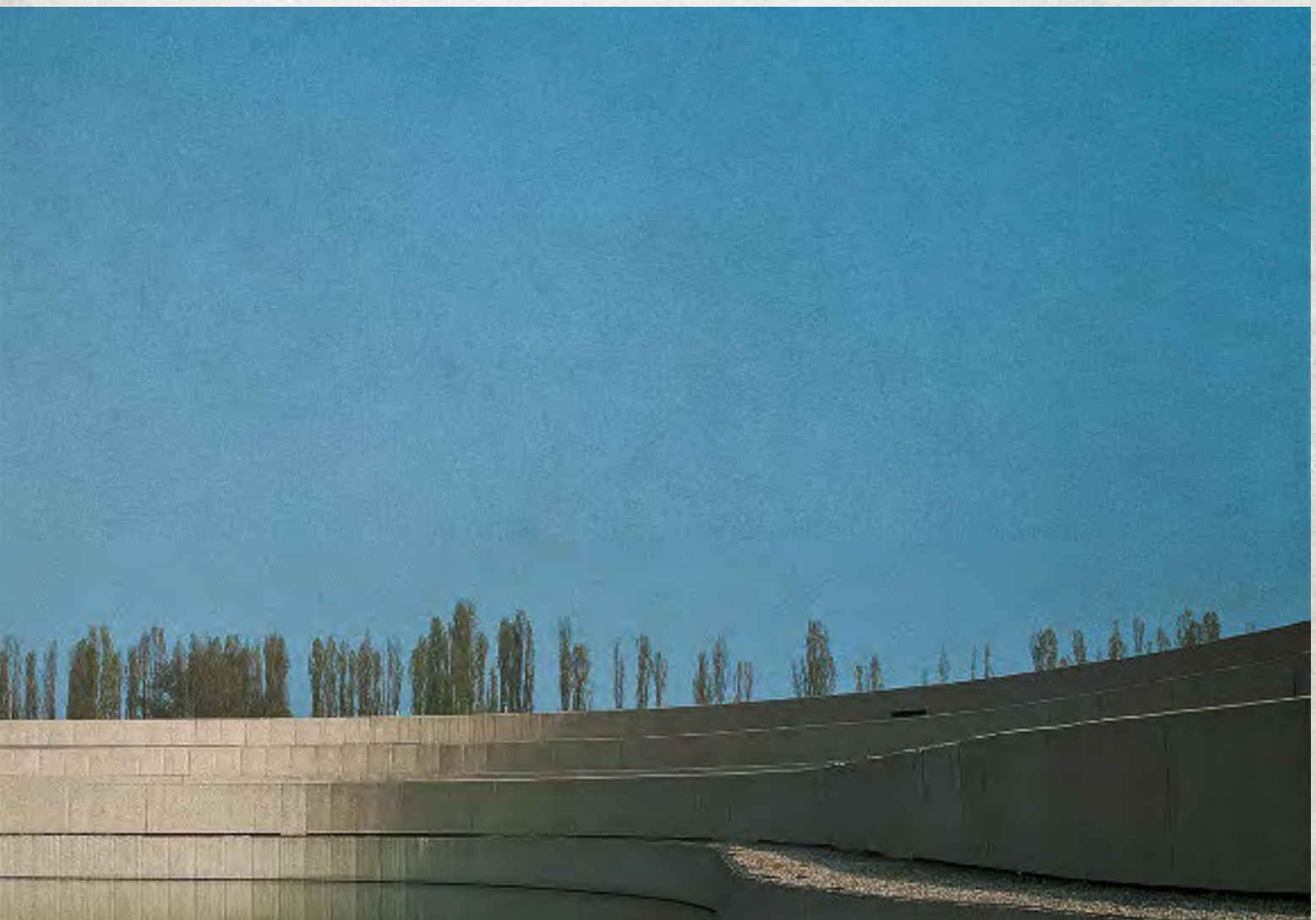
It is also standard practice for the Board of Directors to use the Shareholders' Meetings as an opportunity to report on activities conducted and planned, in compliance with regulations governing confidential information.



01.4.6 THE SUSTAINABILITY MANAGEMENT MODEL

The sustainability management model involves various company bodies:

- _ Board of Directors: approves the Sustainability Report and Sustainability Plan guidelines every year;
- _ Chief Executive Officer: attends some of the meetings of the Sustainability Committee and approves the Sustainability Plan;
- _ Sustainability Director: attends some of the meetings of the Sustainability Committee, approves the Sustainability Plan and reports to the Board of Directors on sustainability-related matters;
- _ Sustainability Committee: consisting of the main corporate functions and chaired by the External Relations and Communication Director, meets regularly (on average once a month), assesses the strategic and operational proposals relating to sustainability, examines and approves the Sustainability Report and Plan;
- _ Sustainability Manager: convenes, submits proposals to and reports to the Sustainability Committee on CSR-related matters.



01.5

THE NEW CODE OF ETHICS

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The Group has built a reputation over its one hundred year history based on respect for ethical standards defined by laws, regulations and codes of conduct in the day-to-day activities of all its companies. In 2012 Mondadori drew up a new version of the Code of Ethics, replacing the previous 2002 edition.

The new Code of Ethics, approved by the Board of Directors on 14 May 2012, provides for the following:

_ Section 1: it is applicable not only to Arnoldo Mondadori Editore S.p.A. but to all Group companies. To this end, the text establishes a mechanism for the Code to be submitted for approval by the boards of directors of the subsidiary companies. It also states the procedure by which the Code must be disseminated.

_ Section 2: it states the general ethical principles (respect for human rights and laws, transparency, protection of industrial property and independence of information).

_ Section 3: it requires attention to be paid to relations with customers (recognising the importance of impartiality, style of conduct, customer satisfaction, confidentiality and innovation, product safety and accuracy of information provided. This is one of the most innovative aspects compared with the previous Code.

_ Section 4: it establishes specific principles for relations with suppliers (ensuring safety and security, objective selection and evaluation criteria, the possibility to perform checks. The previous code only made a general statement.

_ Section 5: it establishes specific rules for relations with employees, which for the most part reflect the contents of the previous Code.

_ Section 6: it requires attention to be paid to relations with investors (considering the need to create value, protect investors (including minority investors), ensure the proper management of price-sensitive information, with particular regard to insider trading, in accordance with the Italian Code of Conduct for Issuers. This is also an innovative aspect compared with the 2002 Code.

_ Section 7: it requires attention to be paid to relations with the community and institutions, repeating, in a very brief summary, the contents of the previous Code.

_ Section 8: it establishes more specific principles regarding the environment compared with those of the previous Code.

_ Section 9: it establishes rules for the application of the Code itself, which make it contractually binding for those to whom it is addressed.

The previous Code of Ethics (2002-2012) and the need for a review

The previous Code of Ethics of Arnoldo Mondadori Editore S.p.A., approved by the Board of Directors on 13 May 2002 and in force until May 2012:

- _ was intended essentially for the directors, employees and associates of Arnoldo Mondadori Editore S.p.A., for whom compliance with the Code is a contractual duty;
- _ set out the ethical principles to be observed, with specific attention paid to working relationships within the Company and to relations with institutions and civil servants;
- _ contained a very brief summary of the principles regarding business relations, competition, suppliers and health, health and safety and the environment.

In the intervening ten years, collective awareness of corporate social responsibility issues has grown and, consequently, companies' codes of ethics have evolved in such a way as to:

- _ provide a wide-ranging statement of the ethical principles to be observed in running a business;
- _ include the principles to be observed in relations with certain categories of stakeholder not previously considered (first and foremost: clients and investors).

This evolution meant that the Code of Ethics required updating so it could be an effective tool for the purpose of governing the Group's business activities in accordance with current expectations.

The review process

In order to draw up the updated Code of Ethics:

- _ the Sustainability Committee established the guidelines to be followed in drafting the new text;
- _ the guidelines were assessed in light of the most relevant legislation (Legislative Decree 58/1998 regarding issuers, Legislative Decree 231/2001 regarding administrative responsibility arising from offences, Law 287/1990 regarding competition, Legislative Decree 177/2005 regarding media services and Legislative Decree 196/2003 regarding personal data protection) in order to ensure the absence of any conflicts with the legislation;
- _ checks were carried out in respect of a number of significant standards (Confindustria guidelines regarding organisation models pursuant to Legislative Decree 231/2001 and the Italian Code of Conduct for Listed Companies - both observed by Arnoldo Mondadori Editore S.p.A. - and the ISO 26000 standard) in order to verify compliance;
- _ the codes of ethics of a number of peers were analysed in order to verify that the Code was in line with general practice in the publishing sector.

01

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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The internal control and risk management system of the Mondadori Group is defined as the set of procedures, organisational 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 and risk management system make reference to the principles envisaged in the Enterprise Risk Management (ERM) standard, an international standard developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO Report).

In 2008, within the framework of defining the guidelines, the Mondadori Group implemented a process aimed at identifying, assessing and managing the main risks and uncertainties to which it is exposed in pursuing company objectives. A Risk Management function was established for the purpose of developing an internal risk management model and monitoring 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 share, 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 managers. The assessment is conducted 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 Control and Risks Committee, the Board of Statutory Auditors and the Board of Directors. The risk scenario is revised and updated 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.

Among the 65 identified risk elements, the most important ones 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 within the publishing industry; growing competition, determined by the pressure exercised by traditional competitors and the entry of new players from outside the industry.

In the context of fostering 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 stakeholders concerned. Among the key aspects, the mapping includes risks relating to changes in 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 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 going forward.

The Risk Assessment system maps transparency and measures to combat corruption across the Company. In this regard, in 2012 no episodes of corruption were either identified or reported. Mondadori showed its commitment to these issues by implementing training activities on the issue of anti-corruption, addressed to all middle managers and executive managers. Approximately 17% of the total work force attended last training in 2010.

01.7

HOW SUSTAINABILITY IS PROMOTED

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

Since 2005, it 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 2012, Sodalitas had 95 member companies, which undertake company sustainability initiatives with the Foundation, and 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 800,000 people and generating an economic value equivalent to 30% of GDP.

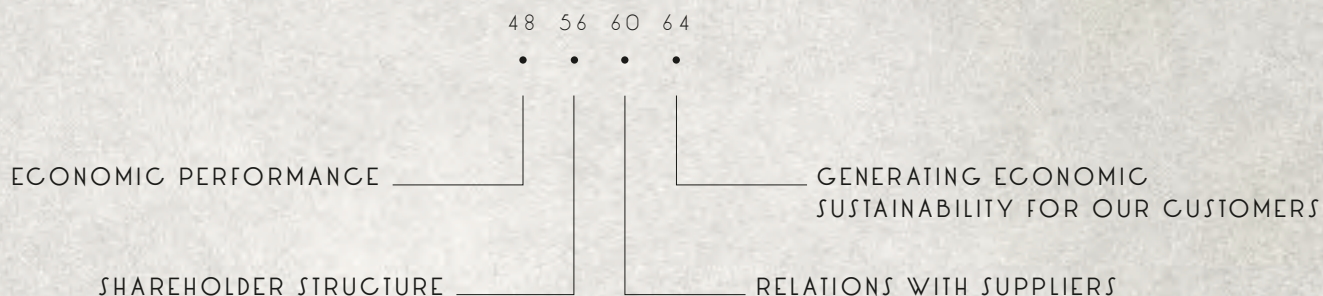
Fondazione Sodalitas represents CSR Europe in Italy, a network committed to implementing the European Union's Agenda on the issue of sustainability. In June 2012 Mondadori was shortlisted at the Sodalitas Social Award thanks to the project "Donne e lavoro" (Women and work).

In 2011 Mondadori also adhered to the CSR Manager Network: established in 2006 through an initiative launched by a group of university researchers, who recognised the increasing importance given to social-environmental issues, the 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 organises workshops on sustainability issues, open to the public or reserved for members, and also carries out research on topics of interest to its members.

Furthermore, since February 2012, Mondadori has also been an ordinary member of Valore D, the first association of major companies created in Italy to support female corporate leadership. The association's mission is to increase the representation of female talent at the helm of Italian companies and support their contribution to corporate life through tangible and concrete measures.

02

ECONOMIC RESPONSIBILITY



02.1

ECONOMIC PERFORMANCE

This section describes the main indicators relating to the Company's economic performance.

02.1.1 ADDED VALUE

The added value generated and distributed by the Mondadori Group for Italy only was calculated based on the consolidated income statement, according to the following instructions:

- _ 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 in 2010 to the shareholders (however, the shares owned by Mondadori International were considered as outstanding shares, because the company was excluded from the scope of consolidation);

In 2012, the economic value distributed by Mondadori (limited to Italy, unless otherwise stated) was EUR 1,050 million, higher than the economic value generated (EUR 1,017 million) through the use of previous years' reserves to cover losses: the economic value retained was therefore negative (EUR -32.5 million).

The economic value generated in 2012 breaks down as follows:

_ operating costs totalled EUR 824 million (-8.4% versus 2011), of which 94% related to trade payables (EUR 777 million, -8.9% versus 2011);

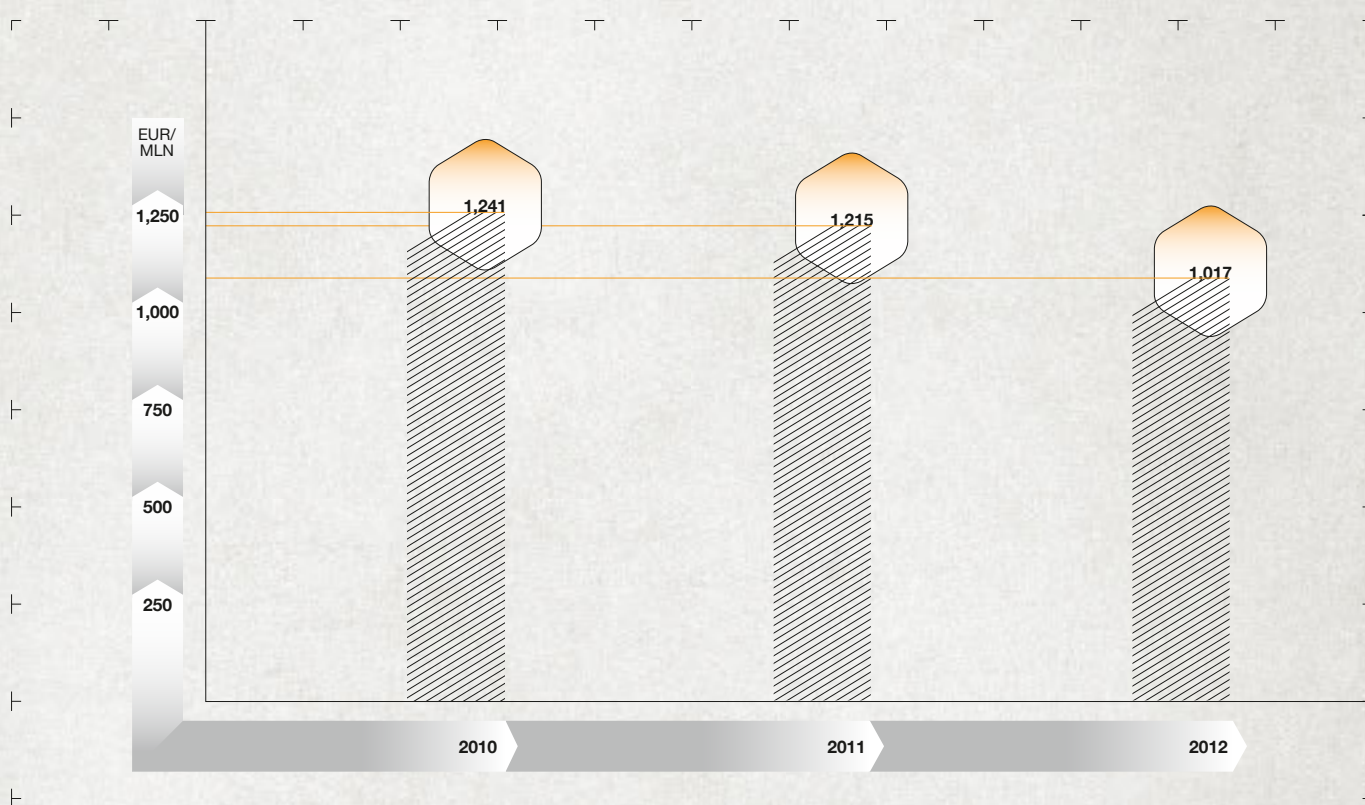
_ staff salaries and wages were EUR 200 million, an increase of 2% on the previous year;

_ payments to financial institutions were EUR 25.7 million, while shareholder remuneration was zero, since no dividend was paid;

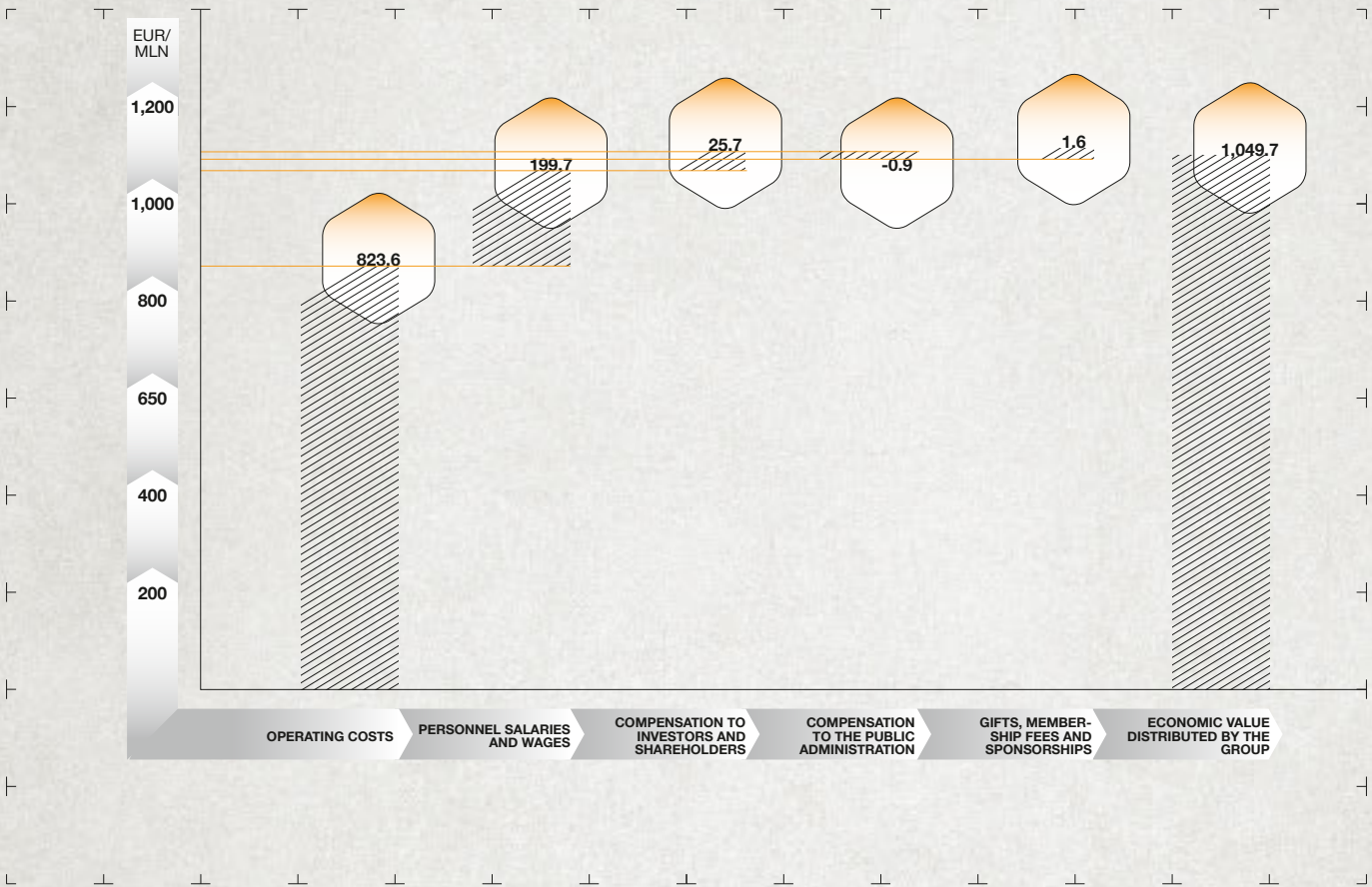
_ payments to the public administration were negative at EUR 0.9 million; the item, adjusted for the value distributed by the Group, shows the tax charge for the year in progress, which was positive owing to a contraction in the financial results. The abovementioned figure also includes the economic impact resulting from the greater deductibility of regional business tax IRAP for corporate tax (IRES) purposes, for the years 2007-2011 (Legislative Decree 16/2012), for which the relevant applications for refunds were submitted to the tax authorities in March 2013;

_ gifts, membership fees and sponsorships totalled EUR 1.6 million, a fall of 15% versus 2011 (this is explored in more detail in sections 04.3 and 04.3.1).

ECONOMIC VALUE GENERATED



DISTRIBUTION OF THE ECONOMIC VALUE



The economic value generated by the Group fell by 16.3%, from EUR 1,215 million in 2011 to EUR 1,017 million in 2012. The economic value distributed also decreased, by 8.5%, from EUR 1,147 million to EUR 1,049 million.

	PERIMETER ITALY		
EUR/000	2010	2011	2012
ECONOMIC VALUE GENERATED BY THE GROUP	1,240,831	1,214,815	1,017,236
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1,208,326	1,147,336	1,049,685
OPERATING COSTS	912,395	899,784	823,627
PERSONNEL SALARIES AND WAGES	191,837	188,051	199,662
COMPENSATION TO INVESTORS AND SHAREHOLDERS	55,339	26,804	25,701
COMPENSATION TO THE PUBLIC ADMINISTRATION	46,958	30,984	(933)
GIFTS, MEMBERSHIP FEES AND SPONSORSHIPS	1,797	1,713	1,628
ECONOMIC VALUE WITHHELD BY THE GROUP	32,505	67,479	(32,449)

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 relating to Italy. Similarly, in order to enable comparisons with the data disclosed in the consolidated financial statements, the table below shows the calculation criteria used to determine economic value and also shows the Group values shown in the consolidated financial statements at 31 December 2012.

	PERIMETER ITALY			GROUP CONSOLIDATED		
EUR/000	2010	2011	2012	2010	2011	2012
ECONOMIC VALUE GENERATED BY THE GROUP	1,240,831	1,214,815	1,017,236	1,580,123	1,553,185	1,254,284
REVENUES	1,215,501	1,163,310	1,036,152	1,558,302	1,509,843	1,416,093
OTHER REVENUES	30,217	30,579	26,293	33,036	35,604	29,214
FINANCIAL REVENUES AND INTEREST ACCRUED	3,624	15,590	12,656	4,280	6,882	4,165
REV/COSTS FROM DISPOSAL OF TANGIBLE AND INTANG. ASSETS	438	3,424	43	933	3,420	48
VALUE ADJUSTM. OF TANGIBLE AND INTANG. ASSETS	(1,012)	(1,130)	(52,959)	(1,912)	(3,330)	(192,993)
LOSSES FROM RECEIVABLES	(10,822)	(12,283)	(9,079)	(11,359)	(13,621)	(10,092)
CURRENCY DIFFERENCES	194	19	(67)	235	35	(91)
INCOME/LOSS FROM EQUITY INVESTMENTS	2,691	15,306	4,197	(3,392)	14,352	7,940
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1,208,326	1,147,348	1,049,685	1,547,901	1,474,971	1,404,065
TRADE PAYABLES	862,537	852,729	776,772	1,086,614	1,079,029	1,017,950
COSTS FOR THIRD PARTS ASSETS USE	38,078	38,199	37,220	48,755	44,100	43,388
PERSONNEL SALARIES AND WAGES	191,837	188,051	199,662	271,508	270,748	290,415
COMPENSATION TO INVESTORS	13,737	26,804	25,701	28,434	27,421	26,334
COMPENSATION TO SHAREHOLDERS	41,602	0	0	40,834	0	0
COMPENSATION TO PUBLIC ADMINISTRATION ¹	46,958	30,984	(933)	49,564	41,782	11,195
OTHER OVERHEAD COSTS	11,744	8,856	9,635	20,373	11,891	13,155
GIFTS, MEMBERSHIP FEES AND SPONSORSHIPS ²	1,797	1,922	1,628	1,799	1,713	1,628
ECONOMIC VALUE WITHHELD BY THE GROUP	32,505	67,467	(32,449)	32,222	76,634	(149,781)
AMORTIZ. OF PROPERTIES, PLANTS AND MACHINERY	9,985	10,336	9,613	12,823	12,117	11,511
AMORTIZATION OF INTANGIBLE ASSETS	2,884	3,024	3,500	11,233	11,134	13,547
FUND PROVISION	25,178	28,772	20,635	28,384	30,704	22,788
FUND UTILIZATION	(20,197)	(20,379)	(16,907)	(26,040)	(24,169)	(19,025)
DEFERRED (ANTICIPATED) TAXES	4,149	2,220	(9,648)	4,022	(2,773)	(13,511)
RESERVES ³	10,506	43,506	(39,642)	1,800	49,621	(165,091)

¹compensation to public administration is negative (as explained in the text)

²not including sponsorships as for 2010

³reserve withdrawal to cover net loss

02.1.2 SUBSIDIES FROM THE PUBLIC ADMINISTRATION

In 2012, Mondadori received government grants totalling EUR 4.5 million, which break down as follows: an operating grant of EUR 3.9 million in the form of a tax credit, allowed by the government in relation to paper consumption in 2011, and other subsidies of EUR 0.6 million.

02.1.3 PENALTIES

Penalties paid in 2012 were down 86% compared with the previous year and by 94% compared with 2010.

Economic penalties mainly consisted of amicable settlements with counterparties, which did not presuppose any assumption of liability by Mondadori.

In 2012, the Group did not pay any penalties imposed by industry watchdogs or any fines relating to the environment.

Tax fines, which were negligible and down sharply on previous years, concerned various companies and related to tax years 2006-2009.

Note that the 2010 figure included payments resulting from the application of the regulation on the settlement of pending tax disputes (Law 73 of 22 March 2010).

MONETARY PENALTIES

In order to provide greater transparency to stakeholders, Mondadori created an archive relating to non-monetary penalties at the beginning of 2012. Examples of non-monetary penalties include the publication of corrections or rulings.

There were only five cases in 2012.

NON-MONETARY PENALTIES

EUR/MLN

TYPE	2010	2011	2012
TAX	9.20	4.29	0.20
ECONOMICS	4.22	1.26	0.55
TOTAL	13.42	5.55	0.75

EUR/MLN

TYPE	2010	2011	2012
NON-MONETARY PENALTIES	NA	NA	5
TOTAL	NA	NA	5

In September 2010 Mondadori Electa S.p.A. (hereinafter “Electa”) established with 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%-owned by RMN, in order to bid jointly in the tenders launched by the Ministry of National Heritage and Cultural Activities for the management of ancillary services in the main museum and archaeological sites in Italy. In September, the operation was identified as an aggregation both by Italy’s Competition and Market Authority (AGCM) and by the French Competition Authority.

On 29 October 2010, the French Competition Authority ruled that the operation constituted an aggregation for the part falling within its competence. On 24 November 2010, the AGCM identified the operation as having a co-operative nature. It specifically assessed the alleged effects of co-ordination between parent companies in the markets concerned by the transaction, i.e. the market for the management of museum bookshops and the market for the organisation of exhibitions and cultural events, and consequently adopted a resolution excluding legal action against the aggregation.

On 15 December 2010, the AGCM filed preliminary proceedings 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 jointly bidding for tenders. Electa was notified of these proceedings at the beginning of January 2011.

Though totally convinced of their proper conduct in terms of fair competition, the parties, also following meetings with the AGCM, terminated the agreement they had stipulated in September 2010 by mutual consent.

Electa then acquired from RMN (more specifically, from its subsidiary Société Editions d’Art LYS) the remaining 25% of JVCO, which thus became fully-owned by Electa. On 29 April 2011, the extraordinary Shareholders’ Meeting of 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 12 September 2011, Electa filed a final version of the commitments pursuant to article 14-*ter* of Italian Law 287/90. RMN did likewise.

On 13 December 2011, the AGCM published on its website the commitments submitted by the parties and gave any interested third party 35 days to make any observations.

On 2 April 2013, the AGCM closed its preliminary investigation, having determined that the conditions did not exist to challenge an agreement to limit competition on the Italian market in the management of museum bookshops.

02.2

SHAREHOLDER STRUCTURE

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Structure of share capital

The share capital of Mondadori, fully paid-up and subscribed, totals EUR 64,079,168.40, divided into 246,458,340 ordinary shares with a nominal value of EUR 0.26 per share.

The shares are centrally administered and dematerialised, and are traded on the screen-based equity market (MTA) organised and managed by Borsa Italiana S.p.A.

The shares are registered, indivisible and freely transferable, confer voting rights at the Company's ordinary and extraordinary shareholders' meetings, pursuant to the laws in force and the Company's by-laws, and confer the additional administrative and property rights provided for by law for shares with voting rights.

There are no other categories of shares or securities traded on regulated markets.

No other financial instruments that grant the right to subscribe to newly-issued shares are in issue.

There are no restrictions on the transfer of shares or limits on ownership, nor acceptance clauses relating to the transfer of shares by the Company or other shareowners.

SIGNIFICANT SHAREHOLDINGS

SHAREHOLDER	ORDINARY SHARES OWNED	% SHAREHOLDING ON SHARE CAPITAL
FININVEST S.P.A.	130,773,658	53.06%
SILCHESTER INTERNATIONAL INVESTORS LLP	32,832,869	13.32%

During the year, the shareholding held by Tweedy Browne Company LLC as part of its asset management portfolio was reduced, as in the Consob statement, from 5.14% to 1.91%, and was therefore below the significance threshold of 2%.

Share buyback authorisation

The Shareholders' Meeting of 19 April 2012 renewed the authorisation to buy back own shares, following the expiry of the previous authorisation of 21 April 2011 in order to ensure that any further buyback plans, and consequently the possibility of capitalising on any opportunities to invest or carry out transactions using its own shares, retained a legal basis.

The Shareholders' Meeting also authorised any transactions to dispose of own shares purchased or already owned.

The authorisation relates to the purchase of an additional (in respect of the shares already held directly or indirectly by the Company) maximum number of 11,090,625 ordinary shares with a nominal value of EUR 0.26 per share, enabling it to reach the limit of 10% of the share capital.

Between March and June 2012, Arnoldo Mondadori Editore S.p.A. purchased, in accordance with the procedures set out in the relevant shareholder resolutions, a total of 2,630,583 own shares on the stock market, worth EUR 3,039,364.08. The Company did not dispose of these shares, and its subsidiaries neither purchased nor disposed of any shares.

The Group holds a total of 14,953,500 own shares (6.067% of the share capital), of which 10,436,014 are held directly in the portfolio of Arnoldo Mondadori Editore S.p.A. (average unit price of EUR 3.70) and 4,517,486 are held by subsidiary Mondadori International S.p.A. (average unit price of EUR 7.71).

02.2.1 INVESTOR RELATIONS

Arnoldo Mondadori Editore S.p.A. ordinary shares have been listed on the Milan Stock Exchange since 1982 (ISIN: IT 0001469383; trading code: MN). The security is traded on the MTA segment (FTSE Italy Mid Cap index), in the media sector.

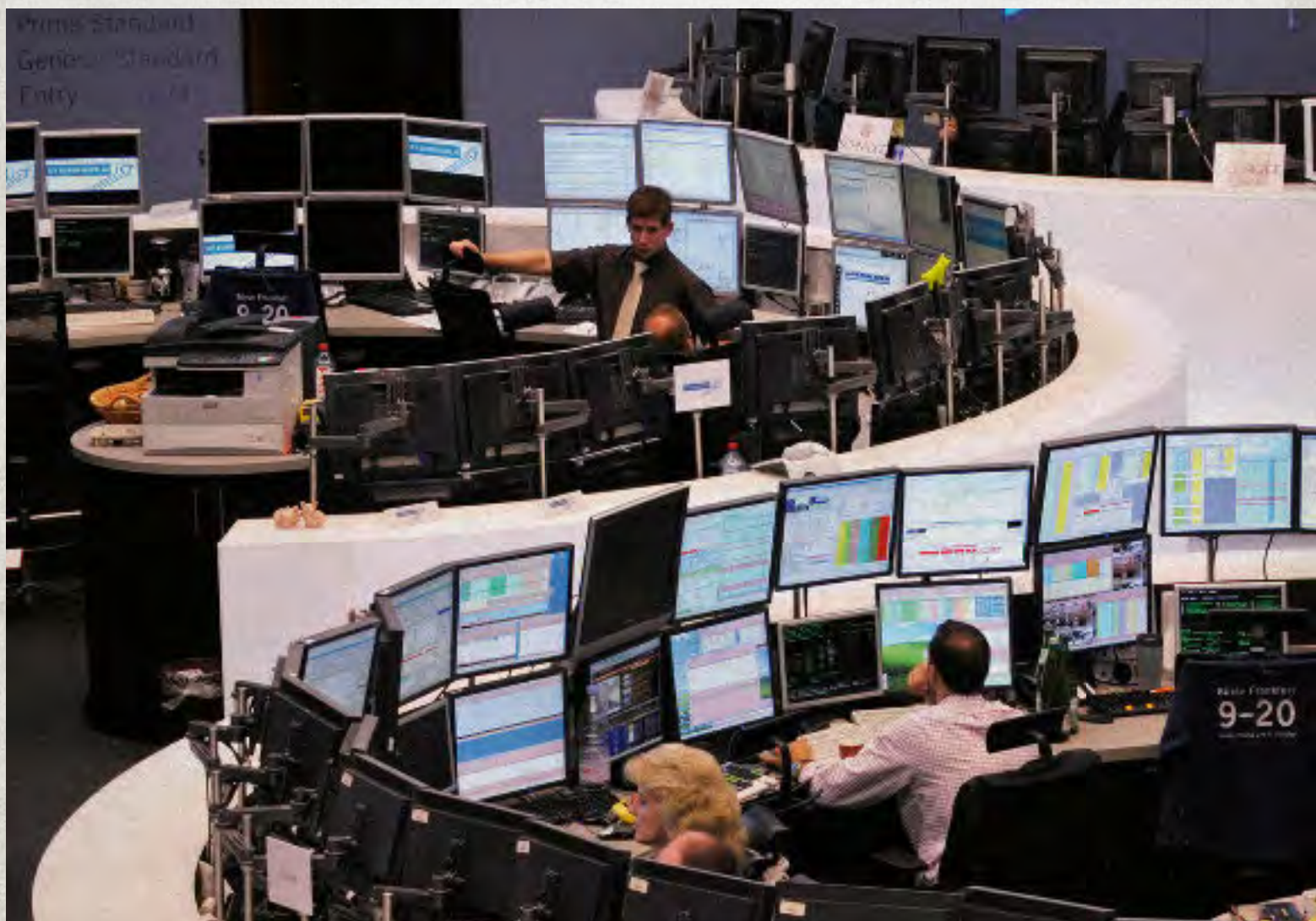
Mondadori has an Investor Relations department, which manages relations with institutional investors and in partnership with Corporate and Legal Affairs, with shareholders in general. Investor Relations may be contacted at the following e-mail address: invrel@mondadori.it.

Mondadori has created a specific section on its website where it publishes all information regarding the Company that is important to shareholders and investors in general.

Specifically, in addition to the usual documentation (financial statements, presentations and press releases), it is possible to view consensus on the main income statement items and the reports of analysts who cover the stock.

Mondadori's management holds regular meetings with the financial community, which may be classified in the following categories:

- _ analyst meetings: in general, analyst meetings are held once in a year at the Segrate offices, when the annual results are presented to financial analysts, investors and the sector press;
- _ conference calls: conference calls are organised to disclose interim quarterly results or extraordinary transactions; analysts and investors dial in by phone and may ask questions;
- _ roadshows: senior management meets the most important institutional investors in the major international financial venues;
- _ one-to-one meetings: one-to-one meetings with analysts and investors, held either at the Segrate offices or at the offices of these investors and/or analysts.



02.2.2 RELATIONS WITH THE MEDIA

The Mondadori Group External Relations and Communication function controls all aspects relative to the Company's relations with the media, ranging from product communication for individual business units to institutional communication.

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

The main communication channels are press releases (sent to press agencies, daily newspapers, radio, TV, internet and social media) and the Group's 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 section 02.2.1) and Governance sections. The documents are available in Italian and English (www.mondadori.com).

The activity of External Relations and Communication covers the bulk of the information requirements of a wide 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 established with the task of monitoring the Group's procurement, production, distribution and logistics processes.

The procurement process meets the requirements of the Organisation, Management and Control Model. In synchrony with Operations, the Group Purchasing function has the task of monitoring the Group's entire procurement process, with direct and coordinated action in respect of all companies, monitoring prices and improving the quality of the necessary products and services.

In its first year (2011), the Purchasing function applied the key principles, identified in advance, for the correct and efficient management of Group costs. In 2012, partly thanks to the sustainability project, this process continued, with the increasing adoption of coherent ethical standards in line with the principles set out in the Company's Code of Ethics.

A Vendor Management system is currently being assessed, within which new supplier selection policies may be developed, also intended to achieve specific sustainability objectives for the service or product requested.

With regard to suppliers, the trend will be to move closer to ethical standards of conduct, also by incentivising the obtaining of certification in line with the principles set out in the Company's Code of Ethics, as well as the respect of human rights and safety in the work place, the prohibition of child labour and the pursuit of sustainability policies.

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

02.3.1 MONDADORI SUPPLIERS

In light of its extended responsibility towards its customers, Mondadori always tries to increasingly take upon itself the management of products originating from external suppliers: very frequently it happens that a Mondadori product (e.g. a magazine) is jointly sold together with a third-party product (e.g. a DVD). The people buying these packages must be confident about the entire content, be it directly 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 transport and customs operations.

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

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

Moreover, though lacking a standardised procedure, an agreement with suppliers is in place that requires that they specify the information listed below on the product label, whenever required by law:

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

In 2012, no non-compliance events were reported in breach of regulations and voluntary codes relating to the labeling of the products sold by Mondadori.

In 2012, the Company entered into a partnership with Grafica Veneta, a carbon-free certified company, powered entirely by solar energy via solar panels covering 50,000 square metres, with an installed capacity of 3 MW, located on the roof of the plant. The energy generated is enough to power over 1,000 Italian households, on average, each year.

Mondadori's biggest supplier is Elcograf, the printing company that meets the bulk of the Mondadori Group's printing requirements, while generating around half its revenues through printing for other customers.

Elcograf was created by the merger of the printing operations of Pozzoni and Mondadori Printing, and since 2008 has been a subsidiary of the Pozzoni Group, one of the largest players on the market.

Elcograf conducts its activities by applying various international standards, which can support strategic planning on key issues (e.g. the environment and governance) while improving the management of daily processes:

- _ quality: ISO 9001:2008 certification issued to Mondadori Printing in 2010 and valid until March 2013;

- _ environment: ISO 14001:2004 certification, issued in March 2010 and valid until March 2013. Elcograf also has FSC and PEFC certifications (paper chain-of-custody certification) for the Verona plant; these certifications, already held by Mondadori Printing and the Pozzoni Group, were unified in a single certificate in 2012;

- _ health and safety: internal health and safety management system (not as yet compliant with the requirements of article 30 of Legislative Decree 81/80 or with international standards such as BS OHSAS 18001.

Given the increasing importance of digital printing in the last few years, in 2012 Mondadori signed a partnership agreement with Kobo Inc., world leader in digital readers, to distribute the Kobo e-reading platform and its devices in Italy, through the inMondadori offline and online retail network. The transition to digital represents an opportunity for the Group to expand its business and keep pace with current market trends.

The launch of Kobo products in 2012 had an extremely positive impact on Mondadori both financially and in terms of its dealings with the public; however, the sale of these products has a number of implications that are closely related to sustainability issues.

As with the purchase of paper and the printing of books and magazines, Mondadori does not deal directly with product design and production for e-readers, e-books and related accessories, but entrusts these matters to its suppliers (in this case, Japanese company Kobo, mainly based in Canada, which in turn uses various suppliers). Mondadori gives the same attention to control of the production chain in digital publishing that it does for paper-based products (see section 03.3): as regards the products distributed by Mondadori in Italy, all sites that manufacture Kobo products have an environmental management system in place defined according to the requirements of the ISO 14001 international standard. Compliance with the principles of this standard is ensured through certification by independent third parties.

In socio-economic terms, the inclusion of Kobo e-readers and tablets in its range of products represents an opportunity for Mondadori to expand its customer base by appealing to younger age groups. The use of high-tech and innovative solutions and the ability to buy books directly online may appeal to sections of the population less accustomed to traditional reading from printed material.



024

GENERATING ECONOMIC SUSTAINABILITY FOR OUR CUSTOMERS

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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 organizations 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 provided by such associations, thus generating an overall benefit for the Company.

The main activities carried out relate to advertising, granted free of charge or at discount prices compared to traditional customers, and fundraising activities (see section 04.3.1 for more details).

In 2012, for example, Mondadori provided ten pages in its magazines free of charge to the “Two Sides – The green side of paper” initiative, a campaign to raise awareness about paper recycling (see section 03.3.3).

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

- _ remote adoption in developing countries;
- _ support to needy children and families;
- _ care and assistance to the sick in developing countries;
- _ scientific and medical research;
- _ promotion of children's rights;
- _ research and healthcare relating to children's vascular diseases.

Mondadori activities through Cemit enable it to optimise the fundraising process by preparing a strategic plan (target identification, measurement of the campaign's impact) and the plan's operating management through various communication channels (e.g. mailing, telemarketing).

Cemit is a specialist in these services (defined as relational marketing) and has years of experience in fundraising advisory services.

03

ENVIRONMENTAL PROTECTION

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INTRODUCTION

INDIRECT ASPECTS

DIRECT ASPECTS

03.1

INTRODUCTION

Most human activities, including industry, energy generation or the use of the soil, have an impact on the environment and on the regions involved, which is observable and measurable under different aspects, such as 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 break down as follows:

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

Notable direct aspects include resource consumption (see section 03.2.1) and climate change (see section 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, activities that may have a great impact on the environment and that Mondadori decided to consider are:

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

03.2

DIRECT ASPECTS.

As a result of the outsourcing of printing operations in the last few years, Mondadori activities are mainly focused on services. The direct environmental aspects are therefore limited to energy and water consumption, 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 majority of the buildings and stores considered in the scope of the Sustainability Report are heated through the use of gas and, for a small proportion, diesel oil. A few buildings represent an exception because they are heated by electric heat pumps.

The table shows the consumption of gas and diesel oil used to heat buildings; all Mondadori's operations in Italy are included in the scope of reporting, with the exception of a few offices (which account for a negligible portion of the scope), whose gas consumption is included in the building costs. Most of the gas consumption figures were accurately measured; where this was not possible, estimates based on conservative assumptions were used.

Fluctuations in gas consumption over the years are generally attributable to three factors:

- _ the specific climate conditions in the year in question;
- _ equalisation charges billed by the utility provider;
- _ the reorganisation of company premises: this mainly took place in the second half of 2012 and concerned the moving/merger of nine sites and various sales points. The drop in consumption in 2012 was undoubtedly influenced by these factors; however, we will have to wait until the reorganisation is fully operational (from 2013) to assess the real drop in these values, notwithstanding the fact that further operations on the offices, which cannot be ruled out in the current economic climate, may also have an effect.

Electricity

Mondadori's energy consumption in Italy, entirely drawn from the domestic network, relates to a variety of uses:

- _ lighting, air ventilation and equipment (e.g. PCs, printers) in the offices and stores;
- _ lighting and equipment in the warehouses;
- _ electric vehicle recharging (Segrate) and forklift trucks (warehouses);
- _ radio signal antennas.

Energy consumption for Italy in 2012 was more than 35,000 MWh, corresponding to approximately 11,000 Italian average households or the production of a photovoltaic plant of approximately 280,500 m². Details are illustrated in the following table.

The significant variation in consumption between 2010, 2011 and 2012 is due to the increasingly wide definition of the reporting scope. Specifically, in 2011, the energy consumption of the Piemme and Sperling offices, the Mondadori office in Verona, and the R101 radio relay antennas (previously managed autonomously by various suppliers) was included, thus covering almost all points of withdrawal.

In 2012, the figure was affected by the reorganisation of company sites, and the increase in consumption is mainly due to the inclusion of the Verona site for the full year (compared with just the second half in 2011), following the activation of two new dedicated transformer cabinets, which enabled actual consumption to be measured accurately and in a targeted way.

TYPE OF ENERGY	UNIT OF MEASUREMENT	CONS. 2010	CONS. 2011	CONS. 2012	CONSUMPTION 2012 IN GJ
NATURAL GAS	M³	945,637	942,229	846,043	29,637
DIESEL OIL	L	196,661	151,000	150,000	5,434
TOTAL					35,071

	UNIT OF MEASUREMENT	CONS. 2010	CONS. 2011	CONS. 2012
ELECTRIC ENERGY PURCHASE FROM NATIONAL GRID	MWH	25,704	31,491	35,323
TOTAL ELECTRIC ENERGY PURCHASE FROM NATIONAL GRID	GJ	92,534	113,368	127,163
OF WHICH FROM NUCLEAR AND RENEWABLE SOURCES ¹	GJ	34,515	43,647	48,958
OF WHICH FROM NON-RENEWABLE SOURCES ¹	GJ	58,019	69,721	78,205
PRIMARY ENERGY CONSUMED FROM NON-RENEWABLE SOURCES ²	GJ	148,448	178,388	200,096

¹Share from nuclear and renewable sources was calculated considering the Italian energy mix (source: 2011 CSR Report – GSE)

²The amount of primary energy equivalent to energy purchased from non-renewable was calculated considering the energy mix published by Terna (operator for electric energy transmission)

Water

Water consumption is limited to only hygienic-sanitary use in the various offices. When it was not possible to calculate the exact value, due to the fact that the costs for consumption are included in the total maintenance costs for the building, a cautious consumption figure was used, equal to 100 l/person/day, based on the number of employees operating in the various offices (this consumption is included in the table under “Water consumption from municipal waterworks”).

Water consumption from both the grid and proprietary wells remained broadly stable.

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 logistics department has high usage of packaging materials; the following table shows consumption of the main materials used by Mondadori in the shipment of books (Trade Books and Mondolibri), newspapers and magazines (Press-Di). Figures are based on conservative assumptions, and these materials are considered as direct consumption even if the service is outsourced.

As announced in the previous Sustainability Report, Mondadori undertook a survey of its consumption of office materials. The following table shows toner consumption for office printers, measured for the first time in 2012, as well as the consumption of paper for these printers, which has been monitored for the last two years.

CONSUMPTION OF OTHER MATERIALS (TONS)

The figures show that the use of pallets continued to trend downwards in 2012; at the same time, consumption of all other materials associated with product shipment, such as cardboard boxes, plastic film, pack filling material and adhesive tape also decreased.

The consumption of paper for office use also continues to fall, thanks to the increasing use of digital technology, which obviates the need to print huge amounts of documentation for internal use.

DETAIL	UNIT OF MEASUREMENT	CONS. 2010	CONS. 2011	CONS. 2012
CONSUMPTION OF WATER FROM PUBLIC WATERWORKS	M ³	126,831 ^a	122,587 ^a	123,779
CONSUMPTION OF WATER FROM OWNED WELLS	M ³	2,270,370	2,166,339	2,134,891
TOTAL	M³	2,397,201	2,288,926	2,258,670

^a 2010 and 2011 figures of consumption of water from public waterworks were re-calculated in order to guarantee valid data comparability with 2012

RAW MATERIAL	DETAIL	2010		2011		2012	
		TRADE BOOKS AND MONDOLIBRI	PRESS-DI	TRADE BOOKS AND MONDOLIBRI	PRESS-DI	TRADE BOOKS AND MONDOLIBRI	PRESS-DI
WOOD	PALLETS	388	864	343	611	294	633
PAPER AND CARDBOARD	PAPER FOR OFFICE PRINTOUTS (ONLY SEGRATE OFFICES) ¹	8	NA	7	NA	6	NA
	BOXES ²	363	0	345	0	254	0
TONER	TONER FOR OFFICE PRINTERS ³	NA	NA	NA	NA	1,5	NA
POLYETHYLENE	FILM	64	566	49	780	45	672
	PACK FILLING ⁴	16	0	11	0	11	0
	PALLET COVERAGE ⁴	4	NA	3	NA	3	NA
POLYPROPYLENE	TAPES	3	NA	3	NA	2	NA
	STRAPPINGS ⁴	5	NA	4	NA	3	NA

¹the figure relates to the internal consumption of paper for office printers (reams) at the Segrate office

²the figure relating to cardboard boxes only refers to Mondolibri; the figure for Trade Books is not available

³2012 figures relate to the Segrate, Cernusco sul Naviglio and Rome offices

⁴the figure relating to pack filling, pallet coverage and strappings only refers to Trade Books; the figure for Mondolibri is not available

THE GREENHOUSE EFFECT

Greenhouse gases are considered responsible for 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 (scope 1)**, resulting from the use of the company car fleet and the heating in the buildings;
- _ **indirect energy (scope 2)**, resulting from the use of energy purchased from third parties;
- _ **other indirect (scope 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.

When the results of the materiality analysis conducted in early 2012 (see Note on Methodology) were updated, it clearly emerged that climate change is one of the most important issues for Mondadori stakeholders; furthermore, the importance and focus given to this issue by Mondadori has increased over the last year.

Mondadori has estimated its greenhouse gas emissions since the publication of the 2010 Sustainability Report. In the last year, the project has been extended and improved with the first complete survey of Mondadori's greenhouse gas emissions, according to the ISO 14064:2006 international standard, and through Mondadori's participation in the Investor Carbon Disclosure Project 2012 (CDP 2012) questionnaire, which reports on a voluntary basis the greenhouse gas emissions of major global companies. The main objectives of this project can be summarised as follows:

- _ identification of the areas responsible for the biggest emissions;
- _ creation of the survey of scope 1, 2 and 3 emissions (see definitions in "The Greenhouse effect" box) and related emissions sources, in order to calculate overall emissions;
- _ structuring of the survey based on requirements of the ISO standard;
- _ communication of greenhouse gas emissions as identified in the CDP questionnaire.

The CDP questionnaire was sent out to 100 Italian companies in 2012; of these companies, 46 responded to the questionnaire, with an overall average disclosure score of 62/100.

In its first year of taking part in the Investor CDP questionnaire, Mondadori obtained a score of 84/100 for disclosure level on issues relating to climate change, placing it among the companies with a high disclosure score for CDP Italy 2012 (source: CDP Italy 100 Climate Change Report 2012). The high score obtained by Mondadori shows the Company's understanding of the risks and opportunities for its business relating to climate change as well as the adequacy of its existing internal systems to manage and report data relating to greenhouse gas emissions.

For Mondadori, participation in the CDP questionnaire represented an opportunity to:

- _ communicate transparently to stakeholders its greenhouse gas emissions as well as the strategies and measures in place to reduce them and to manage climate change-related issues within the Company;
- _ identify and explore risks and opportunities relating to climate change, particularly in relation to potential changes in national and international legislation, changes in physical climate parameters and reputational risks and opportunities;
- _ identify the areas where it is possible to improve energy efficiency, while at the same time reducing greenhouse gas emissions and operating costs associated with purchasing energy.

In the CDP questionnaire, Mondadori not only reported its own direct and indirect energy emissions (scope 1 and 2), but also the other two categories of indirect emissions relevant to the Company's business: emissions resulting from employee travel for business reasons and from the production of the paper required for the printing done by Mondadori suppliers (for more details relating to the categories of emissions reported, see the next section). Mondadori also decided to submit, on a voluntary basis, its greenhouse gas emissions (scope 1, 2 and 3) to certification by an independent third party, in order to ensure that the data provided in the CDP questionnaire is more accurate and reliable.

In the next few months, Mondadori will take part in the new Investor CDP 2013 questionnaire. The Company's objective for the next few editions of the CDP questionnaire is two-fold: to confirm the excellent result achieved in terms of disclosure in the 2012 questionnaire; and to improve its performance score, which in 2012 placed Mondadori in D-band. The performance score assigned by the CDP takes into account the measures actually implemented by companies to help mitigate and adapt to climate change, as well as to ensure increasingly great transparency to stakeholders on this issue.

Greenhouse gas emissions considered within the reporting scope of the GHG survey and communicated in accordance with the CDP 2012 questionnaire, are as follows:

- _ direct (scope 1): heating of offices and warehouses with gas and diesel oil;
- _ indirect energy (scope 2): electricity purchased from the national grid;
- _ other indirect emissions (scope 3): employee travel for business reasons by air, train (emissions factor taken from the 2012 Sustainability Report of Italian State Railways), company and hire cars; paper production (emissions factor taken from the Confederation of European Paper Industries [CEPI] Sustainability Report 2011) required for the printing conducted by Mondadori suppliers (Elcograf and other minor suppliers).

Other significant scope 3 emissions were provisionally identified in the processes relating to the logistics of raw materials (paper) and finished products; because of the difficulties in collecting reliable data relating to these flows, these emissions are not currently recorded and may be explored more thoroughly in the next few 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 incentivising 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 investment towards a low carbon economy. In 2012, 81% of companies on the Global 500 list responded to the annual CDP questionnaire.

EMISSIONS OF GREENHOUSE GASES (TONS OF CO ₂ EQUIVALENT)	2010	2011	2012
DIRECT (SCOPE 1)	2,381	2,255	2,064
INDIRECT ENERGY (SCOPE 2) ¹	10,333	12,659	14,200
OTHER INDIRECT ENERGY (SCOPE 3) ²	52,309	50,546	44,363
TOTAL EMISSIONS	65,023	65,460	60,627

¹2010 and 2011 indirect energy emissions (scope 2) were recalculated from the 2011 Sustainability Report, following the updating of national emissions factors (source: Terna international comparisons on Enerdata figures - 2010), subsequent to the publication of the 2011 Report.

²2010 and 2011 other indirect emissions (scope 3) were recalculated from the 2011 Sustainability Report, to include emissions relating to the production of paper required for the printing conducted by Mondadori suppliers.

Direct emissions are trending downwards slightly, mainly due to the reorganisation of company offices in 2012.

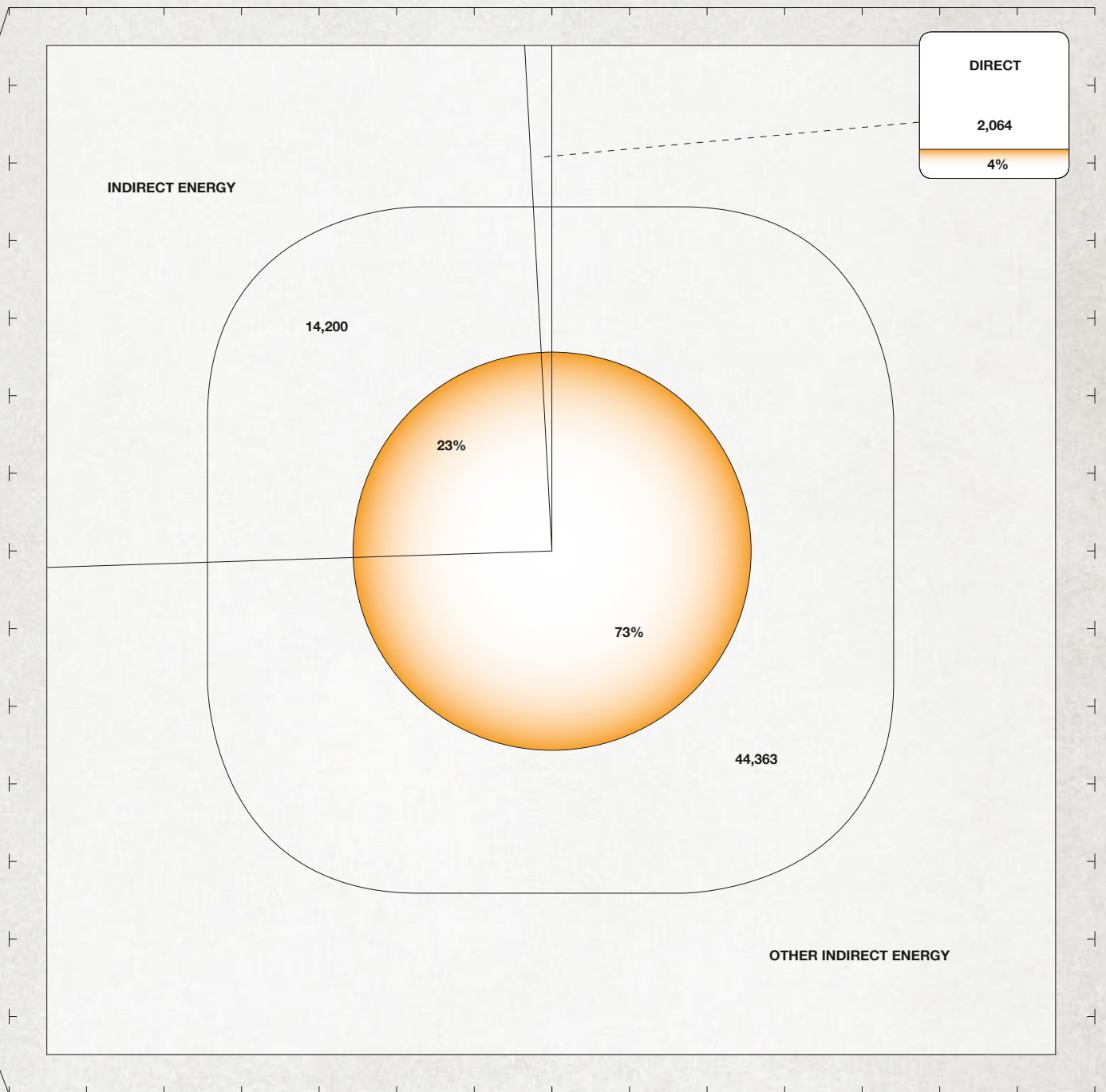
The significant increase in indirect energy emissions in the three-year period is partly due to the widening of the reporting scope (for example, with the inclusion, from 2011, of data relating to R101 radio relay antennas, which consume significant amounts of electricity) and partly to the inclusion in 2012 of the consumption of the Verona office for a whole year, compared with only the second half in 2011 (see comments on electricity consumption figures).

The downtrend in other indirect emissions (scope 3) is mainly the result of the reduction in paper consumption for printing at Mondadori's suppliers (from 116,211 tons in 2010 to 96,383 tons in 2012). Emissions from employee travel for business reasons rose slightly, partly due to the increasing detail and accuracy of the data available (see section 03.2.3). As regards company cars, initiatives are under way to reduce their use and adopt models with low CO₂ emissions (see section 03.2.3).

GREENHOUSE GAS EMISSIONS IN 2012 (TONS OF CO₂ EQUIVALENT)

Mondadori's overall emissions in 2012, which came in at approximately 60,627 tons of CO₂ equivalent, correspond to the annual emissions of 21,300 average Italian households, or the emissions generated by 42,500 medium-sized cars, each driven 10,000 km.

The emission measurement process, undertaken by Mondadori since 2010, has enabled the Company to establish calculation methodology, and was used as a starting point for raising awareness within Mondadori about potential internal policies on the reduction of greenhouse gases generated by its activities. The reduction of climate-changing emissions is one of the cornerstones of the Group's environmental policy published in 2012, and Mondadori has also shown its commitment to this issue by participating in the CDP. In this regard, the Group has already implemented some initiatives to reduce its emissions, both in 2012 and in the past, such as the introduction of energy-efficiency measures in buildings and the replacement of the car fleet with low emission models (see section 03.1.3).



Change of the lifts in the Segrate office

2012 saw an important change in the plant in Mondadori's headquarters in Segrate, with the complete re-installation of the lift system in the two towers of the main building. The new lifts are extremely energy efficient: LED lighting, automatic switch-off of all unused systems when in stand-by and energy recovery are just a few of the features that ensure the new system gives an excellent energy performance.

The first estimates made to compare the previous lifts with the recent installations show electricity savings of 85%, with consumption estimated at 2,789 kWh/year versus the previous 19,220 kWh. The saving obtained, equal to approximately 16,500 kWh/year, corresponds to the average consumption of six Italian households.

Company car fleet

Since 2008, Mondadori has gradually been replacing its car fleet with long-term leased cars.

MONDADORI CAR FLEET

TYPE	2010	2011	2012
PROPRIETARY CARS	68	48	28
LONG-TERM LEASED CARS	204	193	202
TOTAL	272	241	230

The number of cars included in the company car fleet has been falling constantly since 2010.

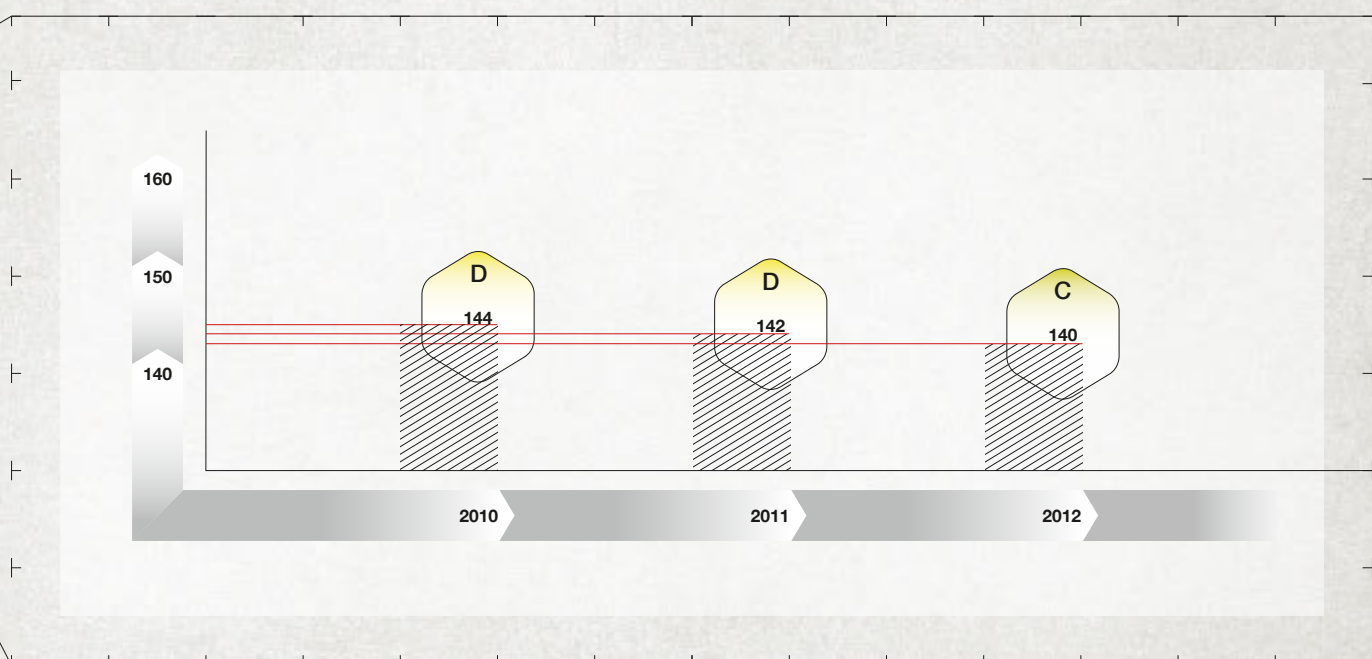
The renewal of the car fleet and the choice of a supplier sensitive to sustainability have led to considerable improvements in environmental performance.

With reference to the classification of vehicles into "emission classes" in accordance with the eco-label developed by ADEME (Agence de l'Environnement et de la Maîtrise de l'Energie, the French technical agency specialised in the research and dissemination of information regarding energy, environmental protection and sustainable development), some interesting aspects can be observed: there is a downward trend for vehicles in classes D, E and F over the three-year period, while in 2012, new class B and C cars were introduced.

The renewal of the car fleet brought about an improvement in the average class of emissions of the entire fleet (from D to C). The average emissions value fell to 140 gCO₂/km in 2012.

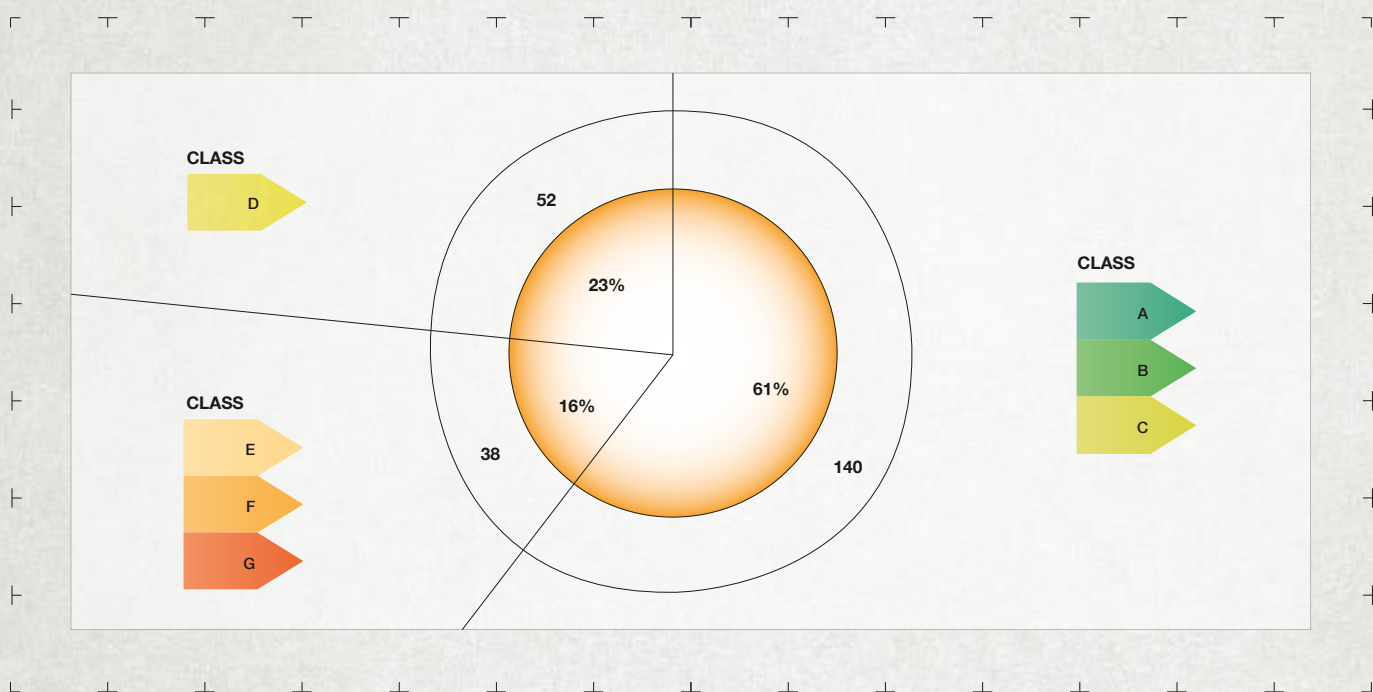
AVERAGE CO₂ EMISSIONS BY KM

BREAKDOWN BY CLASS OF EMISSION		2010	2011	2012
CLASS A - LOWER THAN OR EQUAL TO 100 GCO ₂ /KM	A	0	10	10
CLASS B - FROM 101 TO 120 GCO ₂ /KM	B	59	54	59
CLASS C - FROM 121 TO 140 GCO ₂ /KM	C	93	67	71
CLASS D - FROM 141 TO 160 GCO ₂ /KM	D	66	60	52
CLASS E - FROM 161 TO 200 GCO ₂ /KM	E	39	34	31
CLASS F - FROM 201 TO 250 GCO ₂ /KM	F	13	8	5
CLASS G - HIGHER THAN 250 GCO ₂ /KM	G	2	8	2
TOTAL		272	241	230



In partnership with its vehicle supplier, Mondadori updated its car policy in 2012 in order to further improve current parameters, through measures including: the introduction of hybrid vehicles, the reduction in power of the cars available and an increase in leasing times, from a standard 48 months to 60 months, where possible and compatible with user safety, which remains the primary concern of fleet management.

BREAKDOWN OF VEHICLES BY ENERGY CLASS

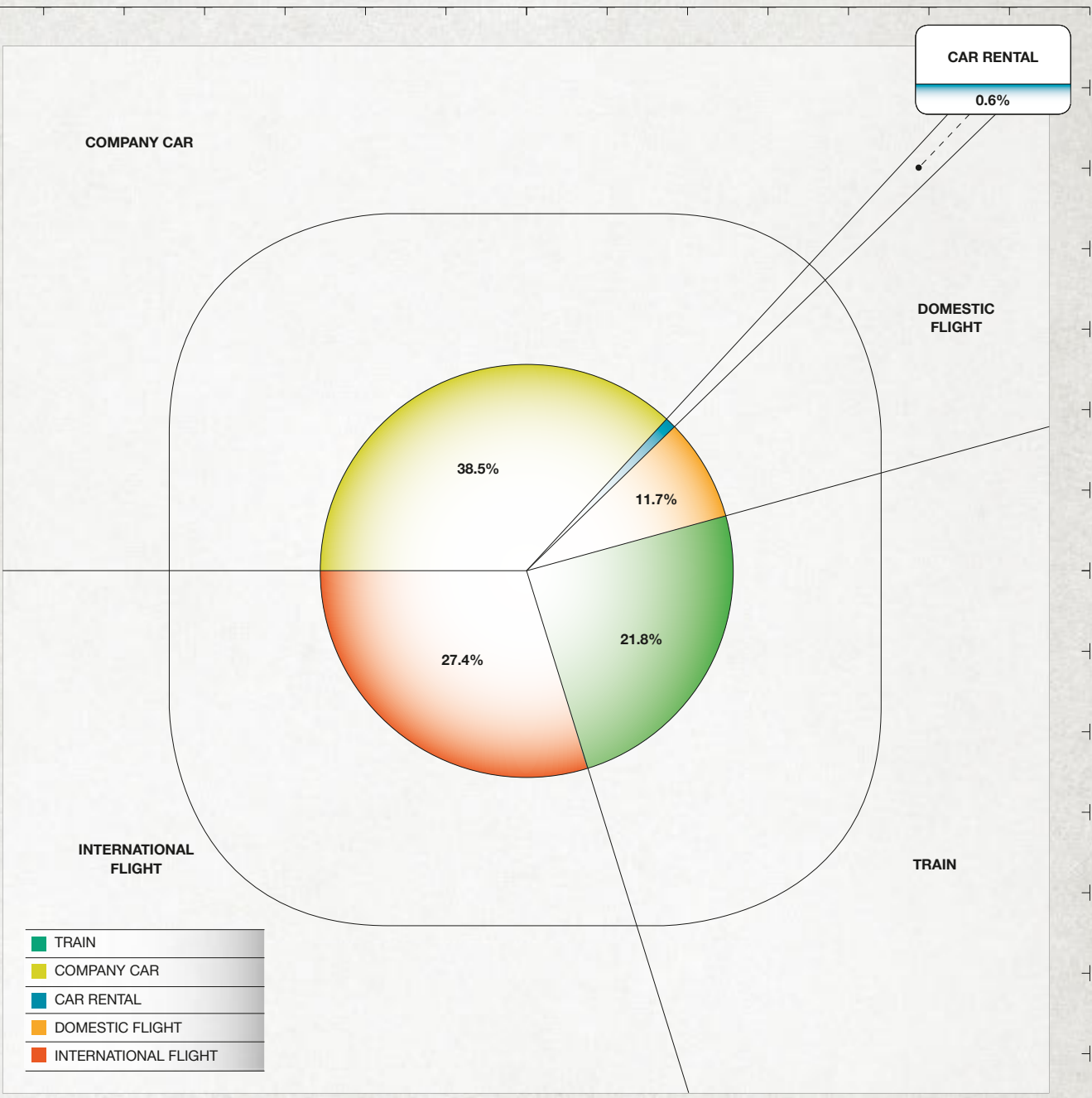


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Business trips taken by Mondadori staff are mainly for the following purposes:

- _ meetings with clients;
- _ travel for journalistic purposes;
- _ meetings with suppliers;
- _ meetings at other company offices;
- _ attending events.

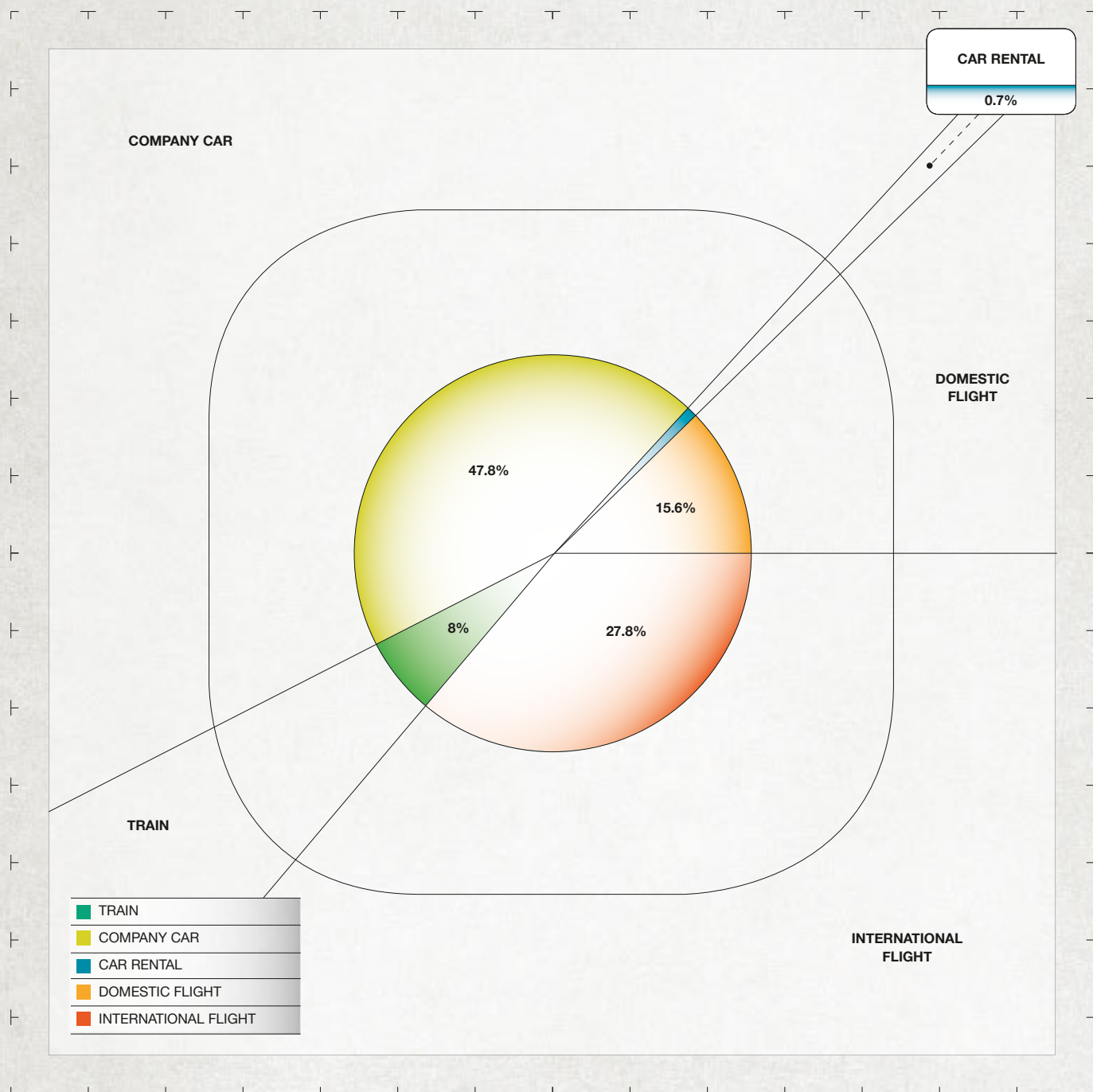
KM TRAVELLED BY MEANS OF TRANSPORT USED



Based on distances travelled, company cars and aircraft are the most popular means of transport for business trips, immediately followed by the train. The slight increase in the percentage of journeys taken by aircraft compared with 2011 (33.2% in 2011 versus 39.1% in 2012) is largely attributable to the greater reliability of figures, which, in 2011, only covered 70% of the journeys taken.

In addition, for domestic travel, a change in the company travel policy was introduced in 2012, stipulating that the train should be used more for travel, especially between Milan and Rome, which is by far the most common journey made by employees.

EMISSIONS BY MEANS OF TRANSPORT



As in 2011, company cars and aircraft were responsible for the bulk of greenhouse gas emissions resulting from business travel in 2012 (47.8% and 43.4% respectively), while the means of transport most in line with the Group's objectives of reducing climate-changing emissions remains the train (8% of emissions compared with 21.8% of the distance travelled using this means of transport).

Company shuttle

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

The headquarters are connected to Milan and the other decentralised Company offices thanks to a dedicated transport network run by external operators. Connections with Milan are ensured by a high number of services on different lines at employee arrival and departure 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 collect the largest number of passengers from the different city districts and suburbs, connecting with public bus and rail transport (ATM, railways).

People wishing to use company shuttle buses must buy a ticket at a purely nominal cost. The number of passengers in 2012 is estimated at 74,160, an increase from the figure of 69,825 the previous year.

Waste cycle management initiatives

As Mondadori's direct activities are not industrial, they are not associated with the management of significant waste flows. Over the last few years, however, Mondadori has sought to examine this issue more closely, and has identified an initial small set of values. The figures below relate solely to the Segrate office.

TYPE	UNIT OF MEASUREMENT	2010	2011	2012
NON-TOXIC WASTE	KG	452,739	404,937	336,454
TOXIC WASTE	KG	6,810	851	562
TOTAL	KG	459,549	405,788	337,016

A high proportion of the non-toxic waste produced relates to paper and cardboard, mixed-material packaging, iron and steel. Toxic waste includes equipment containing HCFC, and particularly in 2010, batteries, fixatives and fluorescent tubes. The peak in toxic waste recorded in 2010 was mainly due to the replacement of some refrigeration units.

The production of non-toxic waste has been steadily falling in the last few years, thanks to a significant drop in paper consumption.

To improve current data collection and waste management procedures, the areas on which Mondadori plans to focus in the next few years are:

- _ creation of a company policy on waste separation and raising awareness among staff, in both offices and sales points;
- _ development of a database to collect waste-related information;
- _ assessing whether it is possible to act as a recycler of certain retail products that have come to the end of their life, and if so, identifying the products to recycle;
- _ definition of a procedure to manage waste generated by maintenance work.

03

INDIRECT ASPECTS.3

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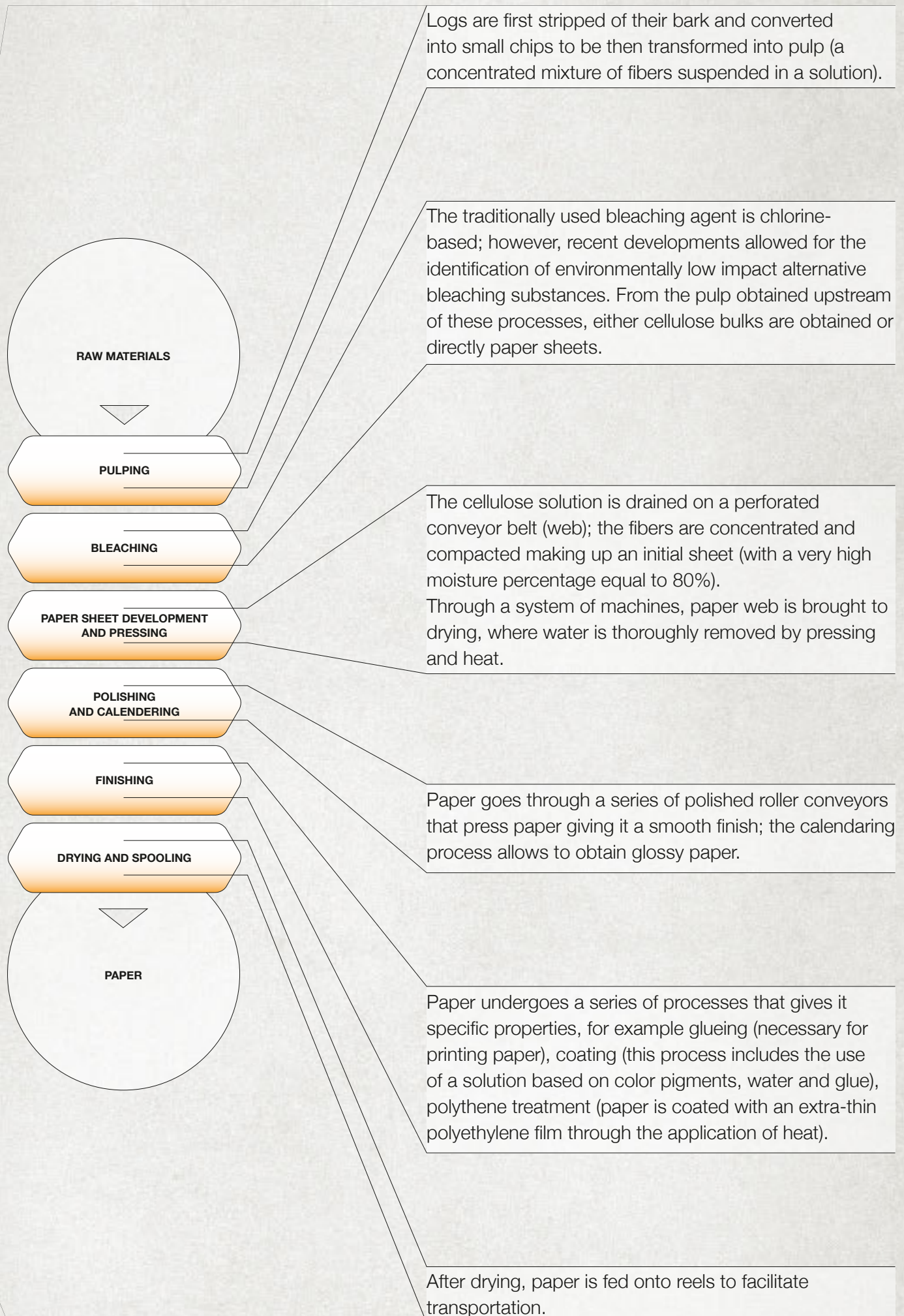
As anticipated in section 03.1, the indirect environmental aspects are particularly relevant for Mondadori.

In particular, this section analyses the details relating to the use of paper (both as raw material, section 03.3.1 and as pulp material, section 03.3.3) and product transport: 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 publishing, paper is still the core material for a publishing group like Mondadori: consumption volumes and the different types of printing paper still therefore carry significant weight on the overall evaluation of the Group's environmental impact.



The paper supply chain

The paper production process, described in the chart on page 85, is entirely performed by paper mills. Thereafter, 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 sections below, where this topic is analysed in detail with particular reference to Mondadori's logistics systems).

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

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 home and may be re-used (re-read, given as a gift, donated to schools and/or libraries);
- _ it is collected or recycled;
- _ it is disposed in an undifferentiated way.

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

The process is summarised in the diagram.



Paper mills

Mondadori does not directly purchase paper. This task is conducted by the printing companies that supply Mondadori, i.e. Elcograf (third party company, see section 02.3.2) and others. In turn, Elcograf relies on various paper suppliers both for the production destined to Mondadori and for other customers. All Elcograf 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 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.

Paper used to print Mondadori publishing products

In 2012, the overall consumption of printing paper for the Mondadori Group in Italy was approximately 96,000 tons, a decrease of 13% versus the previous year.

TOTAL PRINTING PAPER – MONDADORI GROUP (TONS)

TYPE	2010	%	2011	%	2012	%
FSC OR PEFC CERTIFIED PAPER	2,415	2.1%	5,916	5.3%	17,271	17.9%
RECYCLED PAPER	306	0.3%	437	0.4%	22	0.0%
TRADITIONAL PAPER	113,490	97.7%	104,347	94.3%	79,090	82.1%
TOTAL	116,211		110,699		96,383	

The consumption of FSC/PEFC certified paper has risen significantly, and reached almost 18% of the total in 2012.

The figures shown in the table include the Mondadori Group's consumption of paper in Italy for printing books, magazines and other publications, such as those in the school texts, direct marketing and other direct businesses.

Elcograf meets approximately 90% of Mondadori's printing needs. The consumption of FSC paper by Elcograf significantly increased from 2011, particularly for Trade Books (88% of the total consumption of FSC paper), confirming the commitment made by the company at the beginning of 2010.

PRINTING CARRIED OUT BY ELCOGRAF (TONS)

TYPE	2011					2012				
	MAGAZINES	BOOKS	OTHER	TOTAL	%	MAGAZINES	BOOKS	OTHER	TOTAL	%
FSC MIXED	121	3,373	254	3,748	3.6%	216	6,123	343	6,681	7.7%
FSC RECYCLED	204	972	52	1,228	1.2%	295	892	67	1,254	1.4%
PEFC MIXED	36	1	0	38	0.0%	69	0	858	928	1.1%
PEFC PURE	NA	NA	NA	NA	NA	0.00	0.27	0.00	0.27	0.0%
CERTIFIED PAPER	361	4,346	306	5,014	4.9%	580	7,014	1,267	8,862	10.2%
RECYCLED PAPER	0	0	0	0	0.0%	0	0	0	0	0.0%
TRADITIONAL PAPER	75,217	22,063	1,053	98,332	95.1%	60,819	16,197	1,281	78,297	89.8%
TOTAL	75,578	26,410	1,359	103,346	100.0%	61,400	23,211	2,548	87,159	100.0%

Various collections were printed on FSC paper in 2012: Einaudi Stile Libero, Il Battello a vapore, Strade Blu, Wellness Sperling, Oscar Spiritualita, Storie da ridere Stilton, Preistotopi Stilton, Avventure al college Stilton, Cosmopoliti Stilton, Misteri a 4 zampe Scooby Doo, Grande Storie Stilton, Tea Sister Stilton, Serie bianca Battello a Vapore, Serie arcobaleno Battello a Vapore.

The most successful titles printed on FSC paper included the EL James trilogy, *Fifty Shades*, which sold over 3.3 million copies, Ken Follett's novel *Winter of the World* (more than 300,000 copies sold) and the second work by Paolo Giordano, *Il corpo umano* (300,000 copies) - all published by Edizioni Mondadori. The excellent sales of these and other titles increased the quantity of FSC paper used in 2012.

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 favour of the implementation of sustainable forest management at national and regional level. 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 contribute to the development of the 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 a non-profit association that represents the national governance body of the PEFC certification system.

The PEFC system enables the certification of:

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

The Forest Stewardship Council (FSC) is an international non-profit NGO. FSC represents a globally-recognised forest certification system.

The purpose of the certification is the correct management of forests and the traceability of 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 bodies worldwide. The bodies are in turn accredited by ASI (Accreditation Service International). One of FSC's main activities is the drafting of standards that are adapted at local level from national initiatives.

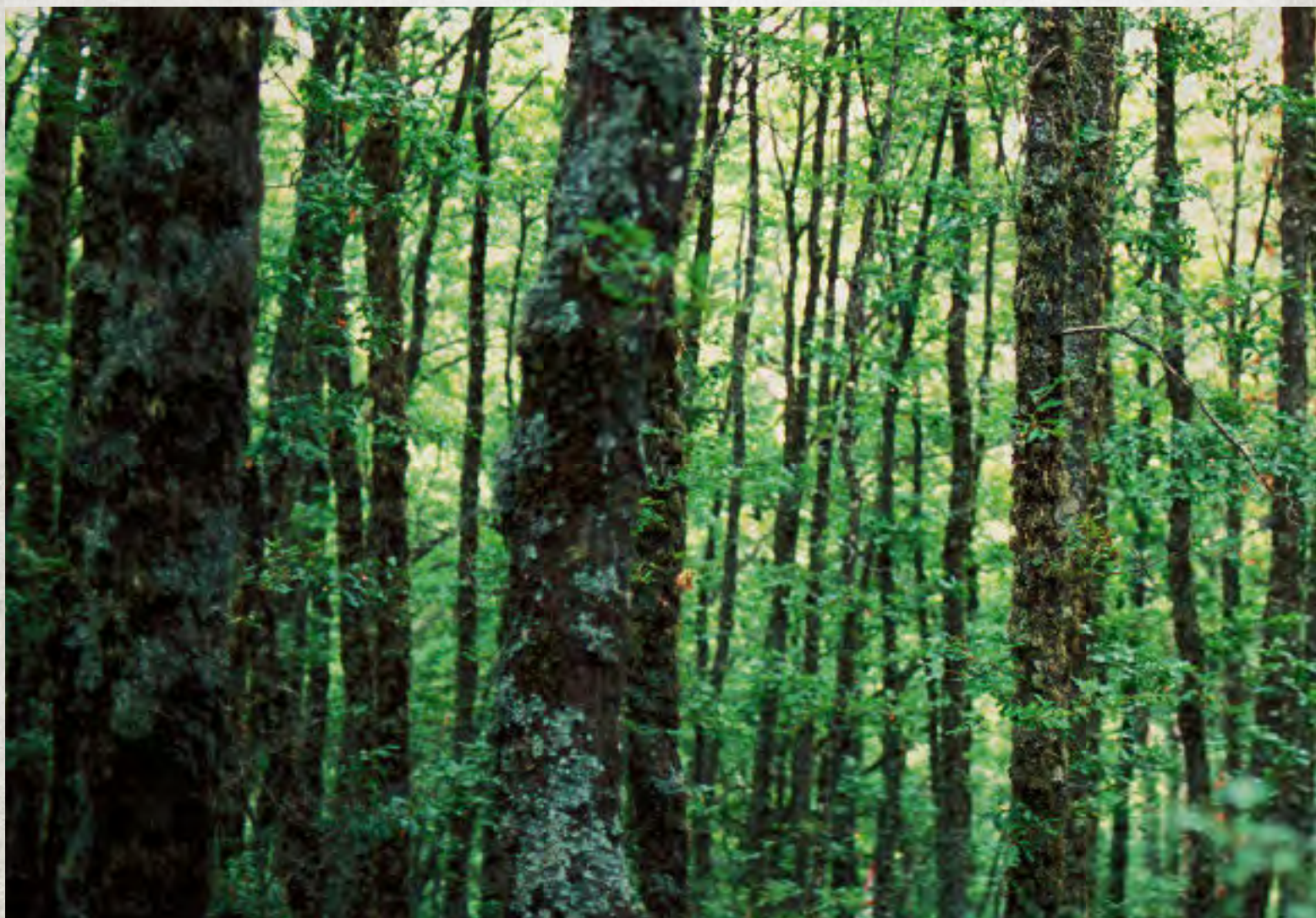
The Mondadori Group also uses other printing suppliers, particularly for school texts. The table below shows the figures for the principal minor suppliers used.

PRINTING CARRIED OUT BY OTHER SUPPLIERS

	2011				2012			
TYPE	EDUCATION	CEMIT	TOTAL	%	EDUCATION	CEMIT	TOTAL	%
CERTIFIED PAPER	131	771	902	12.3%	7,483	926	8,409	91.2%
RECYCLED PAPER	437	0	437	5.9%	22	0	22	0.2%
TRADITIONAL PAPER	5,215	800	6,015	81.8%	83	710	793	8.6%
TOTAL	5,783	1,571	7,354		7,588	1,636	9,224	

For the printing activities commissioned by Mondadori Education, all types of paper purchased are manufactured in ISO 14001 certified paper mills; this certification defines and governs the criteria to develop - via the control of the environmental impact connected to its activities, products and services - the environmental management system adopted; 80% of these are also EMAS certified (a tool designed by the European Union to rationalise organisations' environmental management activities, based not only on compliance with statutory limits, but also on continuous improvement in their own environmental performance).

More than 90% of paper printed by other suppliers is certified.



Logistics management varies depending on the product in question: magazines, Trade Books, school texts, Mondolibri products. Logistics processes are also very closely connected with pulp paper management activities, i.e. the returns and the unsold copies that can no longer be sold (e.g. daily newspapers from the previous day, third-party publisher products distributed by subsidiary Press-Di).

Magazines

Magazine logistics are managed by Press-Di, a 100%-owned subsidiary of Mondadori, which manages the circulation of Group magazines and third-party publisher magazines and dailies in Italy; all Press-Di operating processes, including transport management, are outsourced.

Considering the two retail channels, represented by newsstands (84%) and subscriptions (16%), in 2012 the overall weight transported was approximately 94,500 tons, entirely on the road or by sea.

The magazines logistics process breaks down into three main steps:

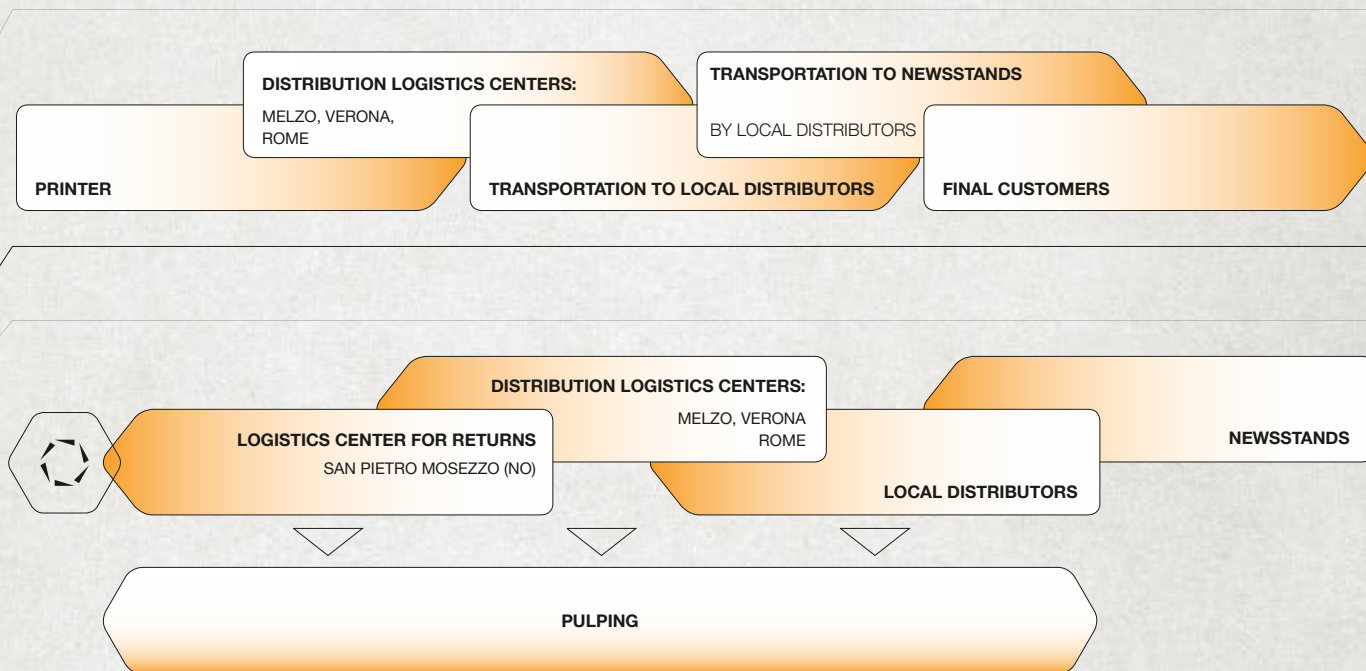
- 1) film wrapping: in 2012, this process was applied to approximately 124 million copies for a total of around 583 tons of cellophane, a decrease versus the previous year;
- 2) transport: the network is based on medium-long term contracts from the distribution logistics centers (Melzo, Verona, Rome) to local distributors (approximately 104 private entrepreneurs in 2012), 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 pulped.

The daily newspapers produced by third-party publishers (including *il Giornale*, *Libero*, *Avvenire*) are distributed through a logistics network from the six printing centres located throughout Italy to local distributors. This network, designed to ensure fast delivery times, is shared with other distributors to guarantee higher volume efficiency.

Compared to the traditional, centrally-managed return systems, Mondadori registers a very high level of local pulping: in agreement with the Group and third-party publishers, Press-Di decided to promote the maximum possible distribution of certified return processes granted to local distributors in order to reach the necessary critical mass to realise the significant savings that this management system makes possible. In 2012, local pulping amounted to 12,714 tonnes for magazines and 11,130 tonnes for daily newspapers.

Currently, out of the 104 local distributors that make up Press-Di's network, 95 guarantee certified return (up from 92 in 2011). The objective of Magazine Logistics is an additional reduction in the percentage of returns and, consequently, reduced transportation.

Mondadori is currently carrying out research in different fields to optimise the environmental performance of magazines and reduce the associated costs, including format standardisation, weight reduction and reduced page numbers. In addition to cutting costs, these activities are expected to reduce waste from paper processing, the quantity of raw materials used, transport and indirectly produced pollution, as well as optimising 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 processes involved in this activity are: receiving of returns, counting of copies received, IT input of number received, accounting of number received and product destruction. The certified return process therefore involves:

- _ the consolidation of the returns to be pulped (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	2012
COPIES	12,900,000	13,240,000	13,380,000
PACKS	420,000	440,000	431,000
SHIPMENTS	45,000	46,000	46,000

Trade Books

The logistics of Trade Books involves four warehouses located in Verona. With the exception of the management of the shipping and restocking warehouse (owned by Mondadori), the activities of the other three warehouses (launch of new products, pre-pulping final storage) and logistics are outsourced to external suppliers. With a view to improving the level of control Mondadori exerts over such operations, in the next few 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 them towards increased sustainability in the performance of their activities.

In this connection, the returns process (see the corresponding table for data relating to shipping volumes, pallets and copies handled) is worthy of attention: returns are registered, classified according to quality, recorded and stored. The owner of such stock, i.e. the publisher, pays for the storage and decides when to pulp the product. This is not the case for Edizioni Mondadori and Sperling & Kupfer (i.e. the publishers registering the highest level of returns), for which returns are accumulated and pulped on a monthly basis.

All the boxes used to distribute Trade Books are made of corrugated cardboard consisting of 90% recycled paper; this packaging is 100% recyclable and the source of the material used comes from Italian pulp companies.

Education Books

In 2012, Mondadori Education produced approximately 7 million volumes including texts and teachers' guides, stored in two warehouses: one in Bergamo (where handling is managed by third parties) for school texts for the lower secondary school, and the other in Florence (where handling is managed internally) for school texts for elementary schools, dictionaries, university texts and Italian L2 (Italian as a foreign language).

The management of these products follows the mechanisms related to the activities peculiar to 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, to just under 140 destinations; finally, the promoters deliver or ship sample copies to teachers;

- _ starting in May and, with varying intensity, until the end of October, Mondadori Education restocks the retail distribution points for the sales campaign, reaching approximately 60 destinations. Moreover, starting in September, when the school year starts, the promoters are supplied with books and guides to deliver to teachers for classroom trails;

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

Though returns are less frequent for school texts, total returns in this segment reached approximately 257,000 copies in 2012.

Mondolibri

Mondolibri logistics involves a warehouse in the province of Brescia and order shipments by mail. The cardboard boxes used for shipment are the same type as used for Trade Books. The material returned is subject to recovery.

03.3.3 MONDADORI INITIATIVES TO REDUCE ITS INDIRECT IMPACT

Paper and sustainability

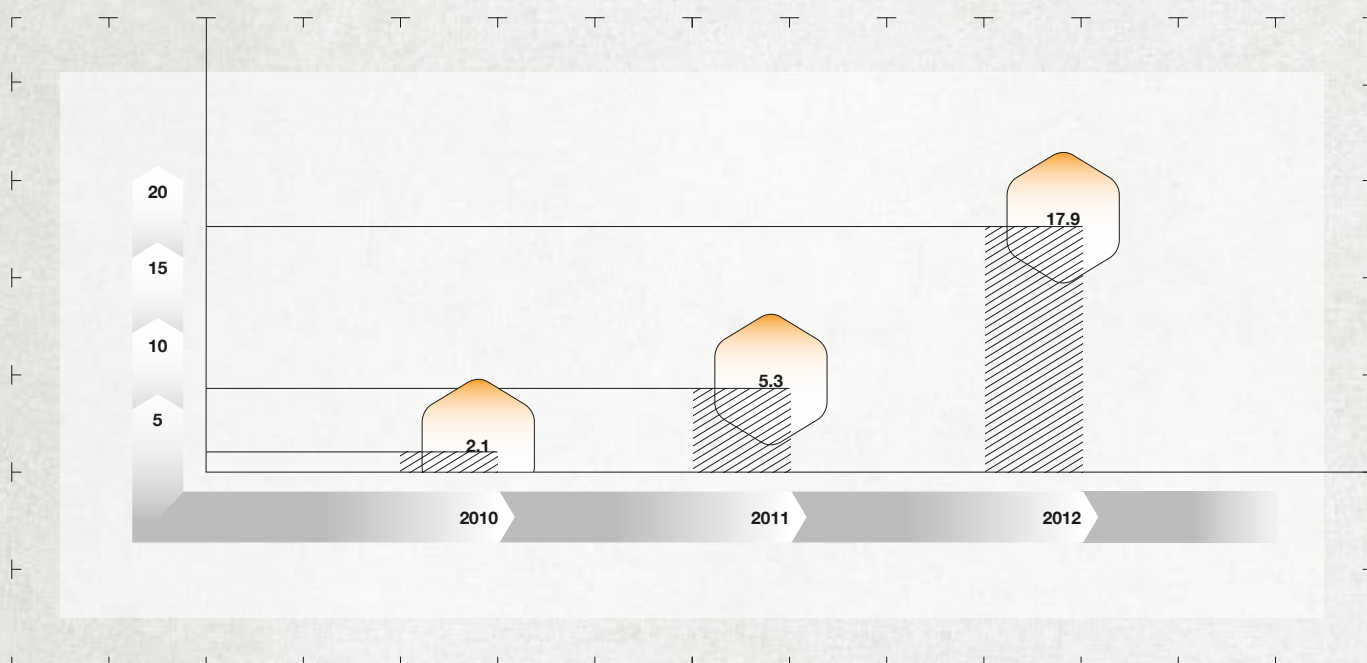
Since 2010, Mondadori has supported the initiative launched by Greenpeace for Italian paper producers to work for the full protection of primary forests. In particular, Mondadori is committed to defining a process to progressively increase the percentage of “friend of the forests” paper over time.

The first *Salvaforeste* ranking of Italian publishers was launched at the Turin International Book Fair in 2010, revealing how the majority of the books sold in Italy represented a threat to the valuable forests of Sumatra and the endangered Indonesian orang utan.

Mondadori undertook to progressively increase the sustainability of all publishing houses used by the Group and, figures for 2011 and 2012 confirm this commitment.

In 2012, Mondolibri launched the *SempreVerdi* collection of classics in all its bookshops, which were made entirely of recycled material, including the cover, the pages and the cardboard display.

CERTIFIED PAPER AS A % OF TOTAL PRINTING PAPER



Awareness-raising initiatives

As a member of the European Magazine Media Association (EMMA, formerly FAEP), a partner of Print Power Italy, the Mondadori Group contributes to the “Two Sides” project. Print Power Italy is an organisation 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 taking part.

“Two Sides” is a European communications campaign intended to inform the general public about the environmental aspects of paper and printing, and ensure that printed paper is considered a sustainable communication means. The entire paper supply chain contributes to the campaign: paper manufacturers, paper distributors, printing companies, ink manufacturers and publishers.

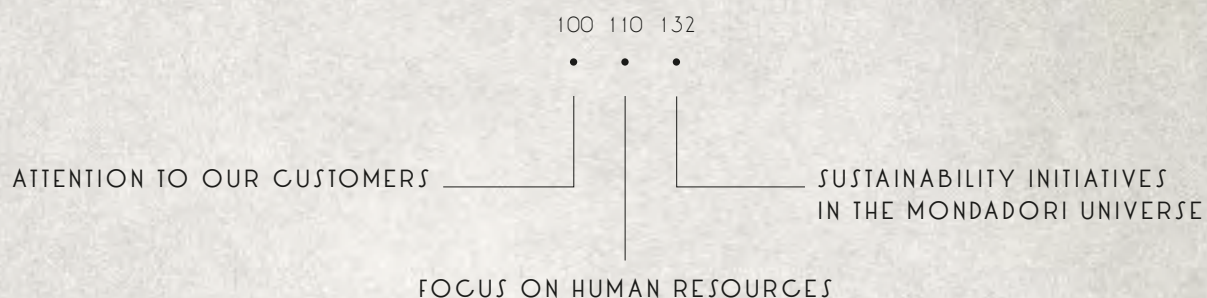


In Italy, the “Two Sides – the green side of paper” initiative is centered on the renewability of wood and the recyclability of paper. In association with this project, a brochure was also produced and distributed, called *Common places and truth*, to raise public awareness on paper recyclability.

In 2012, Mondadori devoted ten free pages in its magazines to this campaign, and distributed an information booklet as an add-on.

04

SOCIAL RESPONSIBILITY



04.1

ATTENTION TO OUR CUSTOMERS

100

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 day-to-day operations 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 expresses the centrality of customers by placing a strong emphasis on product quality, compliance with codes of conduct on responsible advertising, protection of privacy and 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 Company's mission has always been to encourage the dissemination of culture and ideas, through products, activities and services that satisfy the needs and tastes of the broadest possible range of people. In pursuit of this mission, Mondadori combines a love of culture and editorial quality with the laws of the market and a capacity to identify and anticipate change, while respecting and protecting the values that underlie the publisher's role in civil society.

Integrity of information

As a group operating in the media sector, Mondadori 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 awareness are public and easily observed. One needs only to go to a bookshop 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 space 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 individuals' moral, civil and religious convictions.

Mondadori is very strict about conforming to "special standards" concerning sales systems and some product categories (alcoholic drinks, beauty products, health supplements, financial transactions). Special attention is paid 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 organisation: 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 consultation 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 organisation.

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

Privacy at Group level

At Group level, privacy protection is ensured by a procedure for all those who wish to access Mondadori websites through registration.

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. In 2011, CRM activities included the development of a Mondadori customer database, one single piece of infrastructure in which customers of all business units are grouped together, and the development of IT processes to collate customers belonging to different Group companies. The building of the Mondadori customer database was completed in October 2012.

It is now possible to associate one Mondadori customer with the subscription owner of a Group magazine, an e-commerce buyer and a person logged in to an online community, and to collect a multitude of information from such data by using it across sectors for the purpose of promoting targeted communication campaigns or special initiatives. At the end of 2012, the customer database included over 9 million names, of which approximately 4.5 million also gave an e-mail address and almost 7 million a postal address. On average, 8% of customers are registered with more than one business unit.

Privacy at 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, Mondolibri has developed 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.

Claims, which were registered by the competent Communication Authority for the first time in 2009, were in line with those of the previous year in 2012.

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

Privacy at 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 Finance Police. The protection of privacy is guaranteed, as required by law, through the issuance of a privacy memo that contains all the contact points 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. At the same time, the Register is a tool to make the market more competitive, dynamic and transparent among telephone marketing operators.

Cemit's management of personal data has not yet led to any disputes over privacy violations.

CLAIM ORIGIN	2010	2011	2012
CONTROL BODIES	4	0	1
EXTERNAL ENTITIES (OTHERS)	20	10	10
TOTAL	24	10	11



04.1.3 ACCESSIBILITY OF OUTPUT

Mondadori produces a wide range of content and distributes it through various consumer channels: printed and electronic books, magazines, websites, apps and radio.

The Company is also focusing in particular (and will do so even more in the future) on developing multi-device content, i.e. content that can be used both online and offline, not only on PCs but on any of today's increasingly popular devices, such as e-readers (Kobo first and foremost), tablets and smartphones.

Libropiuweb

Mondadori Education, the Group's publisher in the education and training sector, is focussing on making its products more accessible.

Integrating paper books with digital resources is the essence of Libropiuweb.it, the Mondadori Education project to develop a "mixed" book offering online content and services to support education. Libropiuweb.it is a new book concept that combines studying based on a hardcopy product with the use of technology. The book contains online exercises, interactive activities, in-depth analyses, self-correcting exercises, MP3 files, videos, crosswords, conceptual maps and other content formats. Online content is an integral part of the educational project, and the book makes frequent reference to specific online activities. Mondadori Education's offer in terms of individual books is currently the richest on the market, with each volume containing between 100 and 200 extra items of content and activities.

It is therefore not simply a question of downloadable PDFs, but of real learning objects that supplement the information shown on paper and enrich the experience of the teacher and learner through a multimedia approach. The Company has very carefully designed tools that can be used with an interactive multimedia

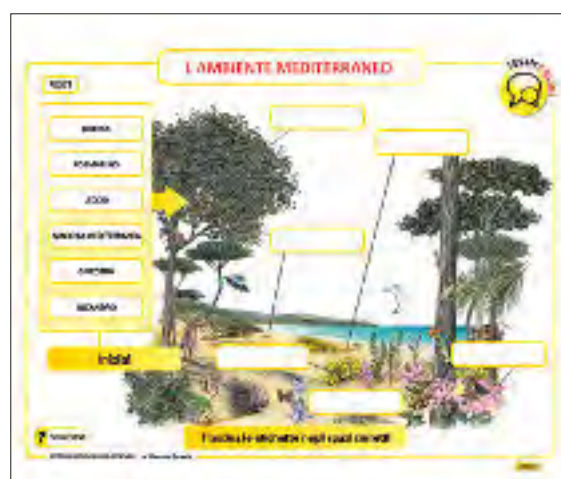
whiteboard or a simple projector to facilitate explanation in class (with digital atlases, navigable timelines, video laboratories, etc.) or assist the student in study and revision (tutorials, self-correcting exercises, etc.). To make it easier to find these resources, each book has its own page on the website in which the multimedia elements are reproduced to mirror the table of contents in the book.

The Libropiuweb.it initiative supports teachers, providing them with more effective explanations and additional material, and enabling them to use advanced devices such as interactive whiteboards. It is also a very flexible tool for students, who still follow a traditional path of study in a textbook, but have available a greater quantity of in-depth material and can immediately check how their preparation is going.

To improve the user's experience, from this year, the libro+web digital material will be organised in "campuses". These are subject portals where users can search for content by period, type and key word. The campuses for Italian literature, history, classics and IT are already active.

In addition to digital material designed for multimedia use by the general public, Mondadori Education is also sensitive to the needs of disabled students.

In compliance with the Governance Code of the educational publishing industry of the AIE (Italian Publishers' Association), Mondadori Education has entered into agreements with Italian national associations involved in the reproduction of school texts for sightless or partially sighted individuals ("Regina Margherita" Italian Library for the Blind, a not-for-profit organisation) and individuals with learning disorders (Digital Library of the Italian Dyslexia Association). The service supplies free texts in PDF format to these associations, which, in compliance with copyright regulations, develop speech synthesis formats. The service is provided free of charge to both of the abovementioned associations, which have entered into agreements with the Company.



04.1.4 CUSTOMER SATISFACTION

The Mondadori Group interacts constantly with its end customers through all its communication channels: books, magazines, shops and book clubs (Mondadori Direct), radio (R101), internet (product and service websites), relationship marketing (Cemit). Mondadori monitors customer satisfaction through various initiatives.

Mondadori Direct offers a free loyalty card, - the Mondadori Card – reserved to all retail customers of age in the majority of the stores of its network. The stores that issue and accept the Mondadori Card can be recognised by the promotional material on display. The list of points of sale is also available at www.mondadoricard.com/puntiVendita.

By presenting the card at the cashier's desk before each purchase, customers can accumulate points that can be used to acquire good discounts at participating Mondadori stores. Points can also be accumulated by visiting certain Group websites and subscribing to magazines: the list of websites and magazines may also be viewed at www.mondadoricard.com/puntiVendita.

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 2012, customers subscribing to the initiative exceeded 300,000.

THE MONDADORI RETAIL NETWORK

With 597 stores, the Mondadori retail network is Italy's largest retail network of publishing products. Since November 2012, the Group's entire retail network, both online and offline, has gradually been unified under the single InMondadori brand. In addition to its eight 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 535 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 since 2004, thanks to rapid expansion, have extended the sale of books also to smaller municipalities and villages. The network is completed by the 54 Mondolibri club book stores, both directly managed and in franchising, and the website Mondadori.it, which in November 2012, fully incorporated Bol.it, which offers more than 11 million products, including e-books in 67 languages, the whole series of Kobo e-readers and tablets, Italian and foreign-language books, school texts and a wide range of films, music, games, electronics and gift ideas.

MONDOLIBRI

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 set out 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, members' orders are collected through various channels: post (15%), customer service and automated telephone service (7%), web or text messages (23%) and retail (55%).

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.

Mondadori's focus on meeting customer requirements translates into a constant commitment to guaranteeing the clarity and accessibility of information regarding the Company and its products. The corporate website www.mondadori.it (www.mondadori.com for the English version) contributes by providing users with all the links to other Group websites, email addresses needed to obtain the necessary information and links to the main social network channels of individual businesses or products.

Users can also write to redazione.internet@mondadori.it with requests if no appropriate address can be found among those listed on the corporate website. This address receives around 3,500-4,000 messages yearly, which are promptly redirected to the relevant employee for attention and/or are answered with the information requested.

A more detailed example of the exchange between the Company and its customers is provided by the initiatives implemented by Mondolibri for its members.

Mondolibri: Transparency Service and relations with members

With the launch of the Transparency Service in the second half of 2010, Mondolibri made available to all its members details, on all the club's websites and on its official Facebook page, of telephone contact numbers and email addresses needed to request information or solve problems regarding club membership or orders.

Mondolibri also communicates constantly with its audience through a variety of initiatives aimed at ensuring direct contact between members and the company. One example of these is the meetings with writers, held in Mondolibri bookshops.

These meetings are intended to stimulate an interest in reading and increase a sense of belonging to the club. Customer involvement is also achieved through specific requests for personal contributions to create publications:

_ in 2008, the company published *Oggi cuciniamo noi (We're cooking today)*, containing over 1000 recipes sent in by members;

_ in 2010, to mark the club's 50th anniversary, members were invited to name the most important books of the last 50 years (one per decade), after which a series of six volumes was published consisting of five novels and one volume of comments from members;

_ in 2012, *Il libro verde dei rimedi. 1000 consigli ecologici per una casa pulita e organizzata* was published, a book printed on environmentally-friendly paper containing suggestions from members for "green remedies".

04.1.7 OUTPUT DIVERSIFICATION

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

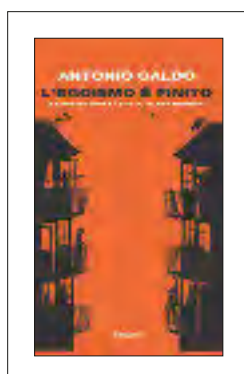
The media influence on the society is generally acknowledged as well; the media can mitigate or widen divisions, give minorities a voice, worsen or contribute to the solution of conflicts.

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

In 2012 the different Group publishers released 2,173 new products; comprehensively, the Libri Trade catalogue includes 21,800 titles.

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





04.2

FOCUS ON HUMAN RESOURCES

110

In light of the current national and international economic environment and the rapid change in the competitive scenario in the media sector, the Group's ability to renew itself and evolve quickly and effectively is becoming increasingly strategic. Human resources play a vital role in this context because they have an opportunity to steer, rather than submit to, change.

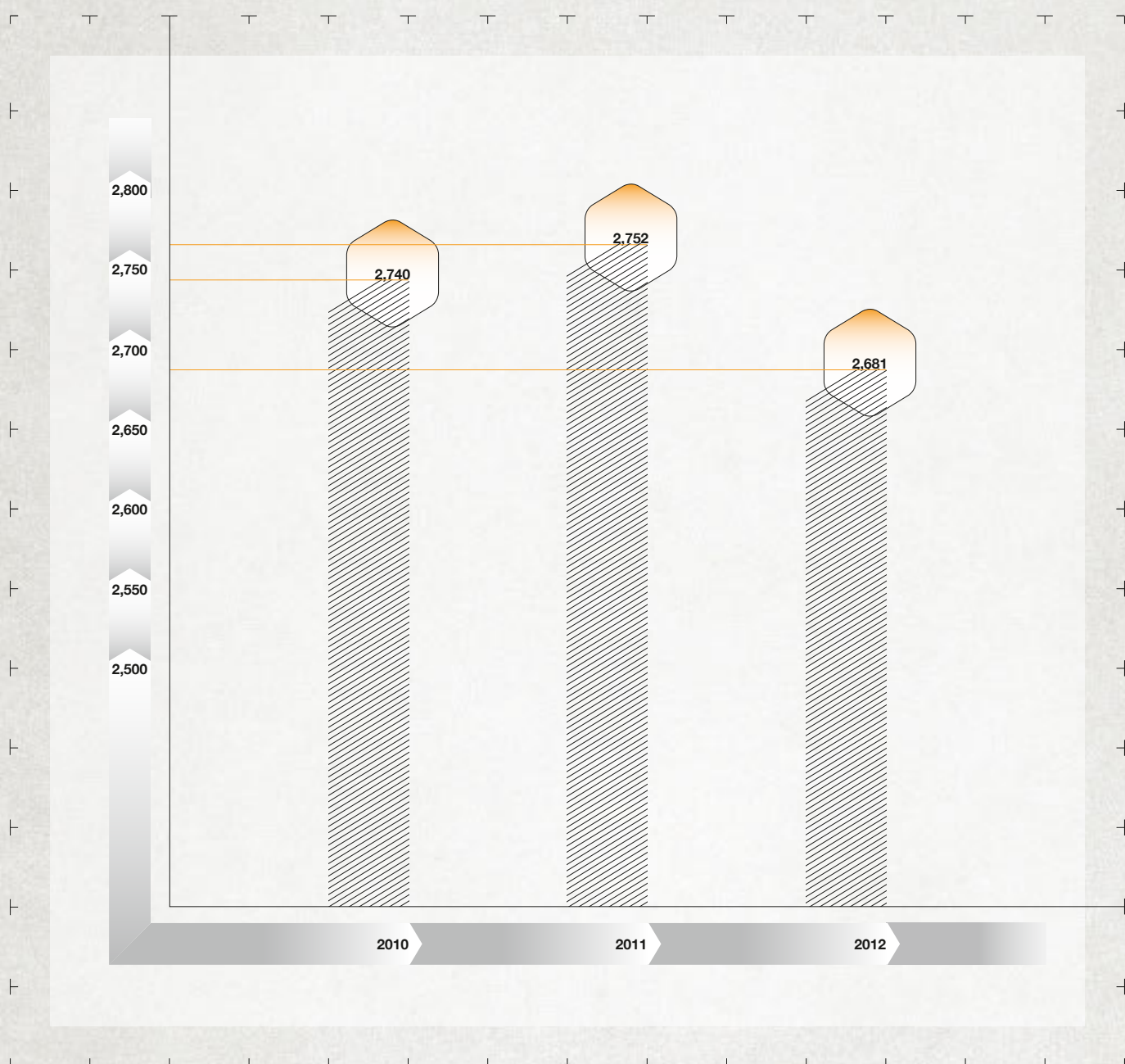
The Human Resources department aims to attract and develop dynamic and proactive individuals who are driven to achieve continuous growth and results. Mondadori staff also share a strong passion for publishing, and an ability to work as part of a team in an international and innovative environment. The Company therefore pays special attention to professional and management training and development, especially for its young resources.

Training is one of the main tools to motivate staff and strengthen internal capabilities and expertise. For this reason, Human Resources is committed to updating and renewing content, training methodology and internal growth plans on a daily basis.

04.2.1. COMPOSITION OF WORKFORCE

At 31 December 2012, headcount at Mondadori in Italy was 2,681.

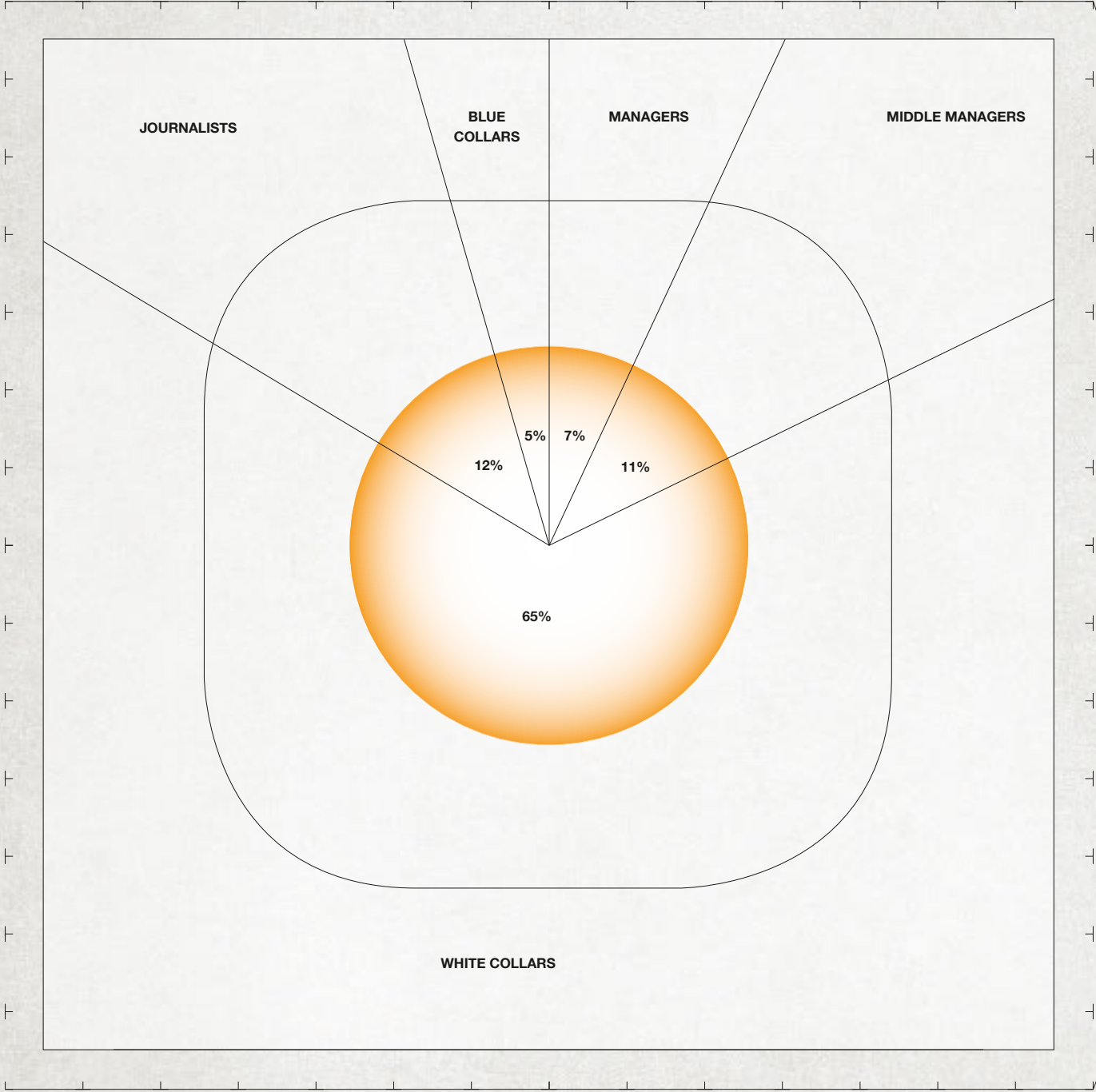
HEADCOUNT 2010 - 2012



Headcount decreased by 2.6%, due to reorganisation activities in the Direct area and the launch of a new restructuring plan, after that of 2010-11, which saw the departure of 233 employees (net of incorporations), with publishing/printing or journalism contracts. This was largely through early retirement authorised by the Ministry and is to be completed by end-April 2014.

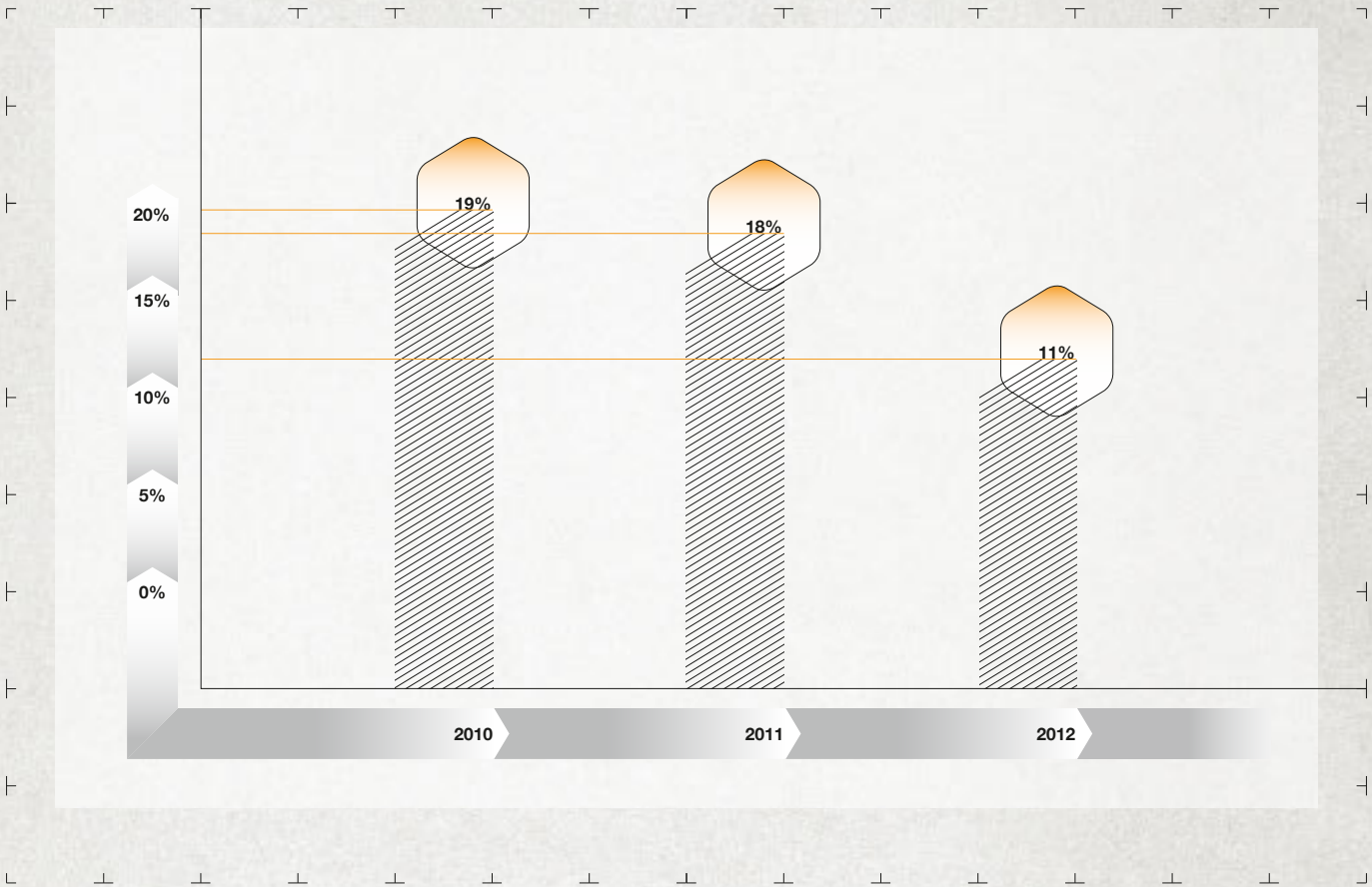
The following table shows the hires and leavers for the period under review, again shown net of incorporations.

		2010		2011		2012	
GENDER	AGE	NUMBER	%	NUMBER	%	NUMBER	%
HIRINGS							
MEN	< 30	9	8%	26	11%	18	16%
	30 < X < 50	29	26%	56	23%	29	26%
	> 50	8	7%	15	6%	3	3%
TOTAL MEN		46	41%	97	40%	50	45%
WOMEN	< 30	27	24%	41	17%	25	22%
	30 < X < 50	35	31%	95	39%	33	29%
	> 50	4	4%	11	5%	4	4%
TOTAL WOMEN		66	59%	147	60%	62	55%
TOTAL		112	100%	244	100%	112	100%
DISMISSALS							
MEN	< 30	15	4%	17	7%	13	7%
	30 < X < 50	59	14%	43	17%	39	21%
	> 50	112	27%	39	15%	29	16%
TOTAL MEN		186	45%	99	39%	81	44%
WOMEN	< 30	22	5%	29	12%	9	5%
	30 < X < 50	82	20%	71	28%	51	28%
	> 50	126	30%	53	21%	42	23%
TOTAL WOMEN		230	55%	153	61%	102	56%
TOTAL		416	100%	252	100%	183	100%
TURNOVER		19%		18%		11%	



The turnover rate, broadly stable in 2010-11, fell to 11%.

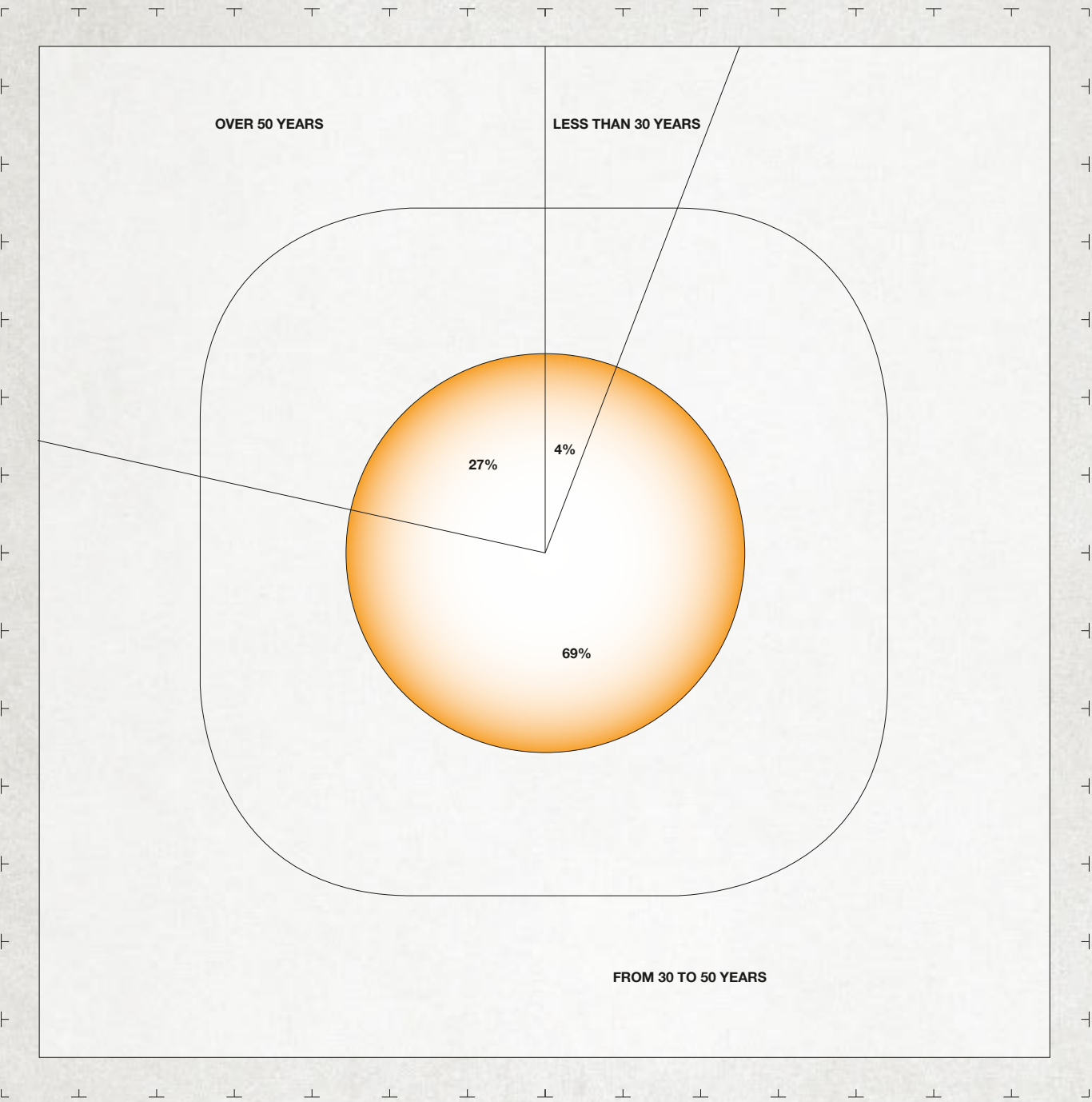
TURNOVER RATE



More than half the workforce consists of office workers (65%). Journalists represent 12% of the total. The breakdown of staff in the three-year period remained broadly stable.

BREAKDOWN OF PERSONNEL BY RANK

BREAKDOWN OF PERSONNEL BY AGE



69% of employees are aged 30-50; the average age is approximately 44, and the average number of years at the Company is 14.

EMPLOYEE CONTRACT TYPE

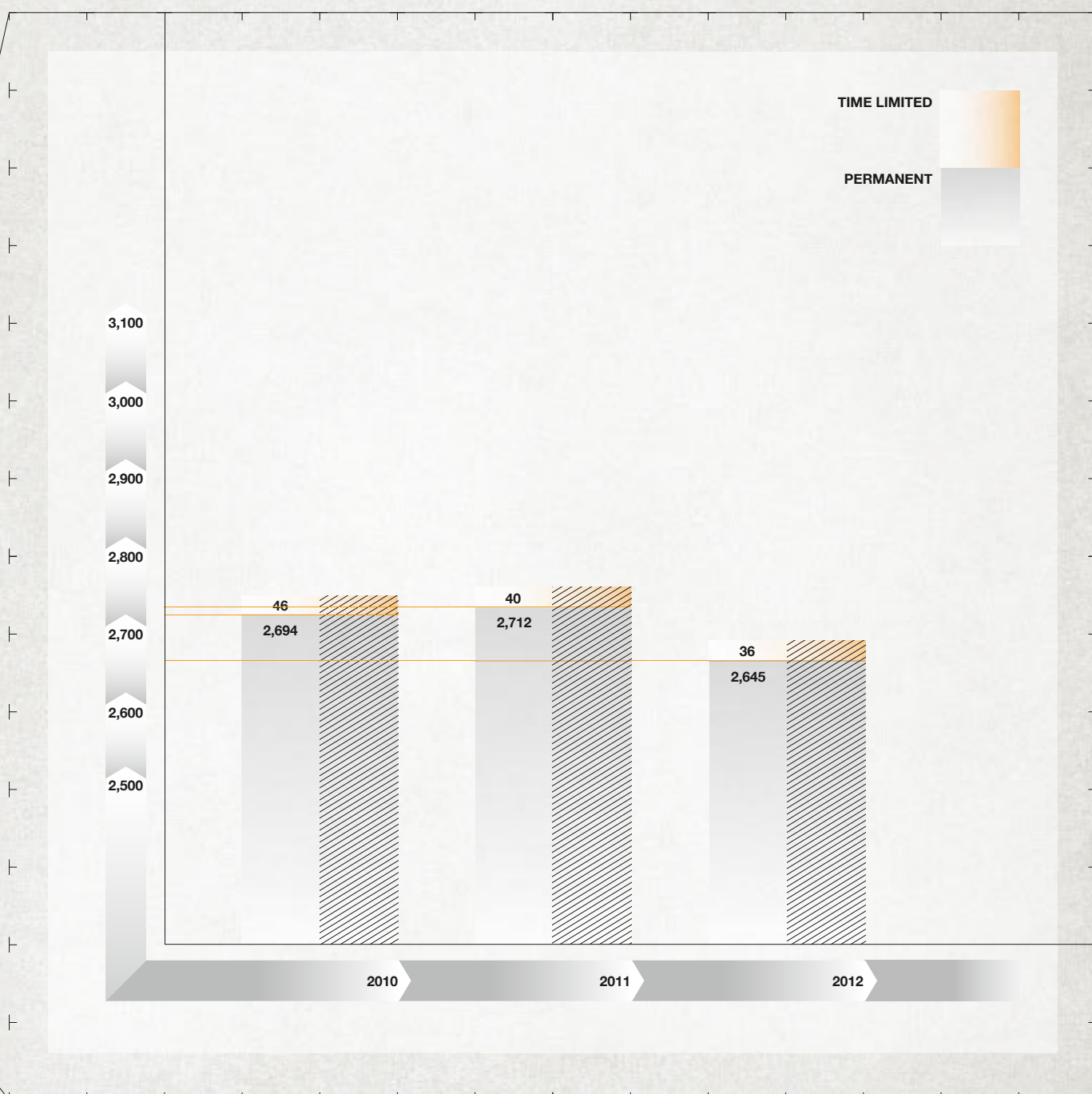
As regards the type of staff contract, almost all are permanent contracts, with temporary contracts representing less than 2% of the staff total.

PARENTAL LEAVE

In 2012, approximately 5% of employees made use of parental leave. Of these, 98% were women.

TYPE	MEN	WOMEN	TOTAL
EMPLOYEES HAVING RIGHT TO PARENTAL LEAVE	1,101	1,580	2,681
EMPLOYEES WHO HAVE ENJOYED PARENTAL LEAVE	3	137	140
EMPLOYEES GONE BACK TO WORK AFTER PARENTAL LEAVE	3	129	132
% OF EMPLOYEES GONE BACK TO WORK AND RETENTION AFTER PARENTAL LEAVE	100%	94%	94%

Finally, it should be noted that, as set out in national legislation, all Group employees in Italy are covered by collective contract agreements.



04.2.2 HEALTH AND SAFETY IN THE WORKPLACE

Ensuring health and safety in the workplace is one of the cornerstones of Mondadori's responsibility. Risk prevention and improvement of safety in the workplace are objectives that involve all employees at different levels in the organisation, according to their relevant competences.

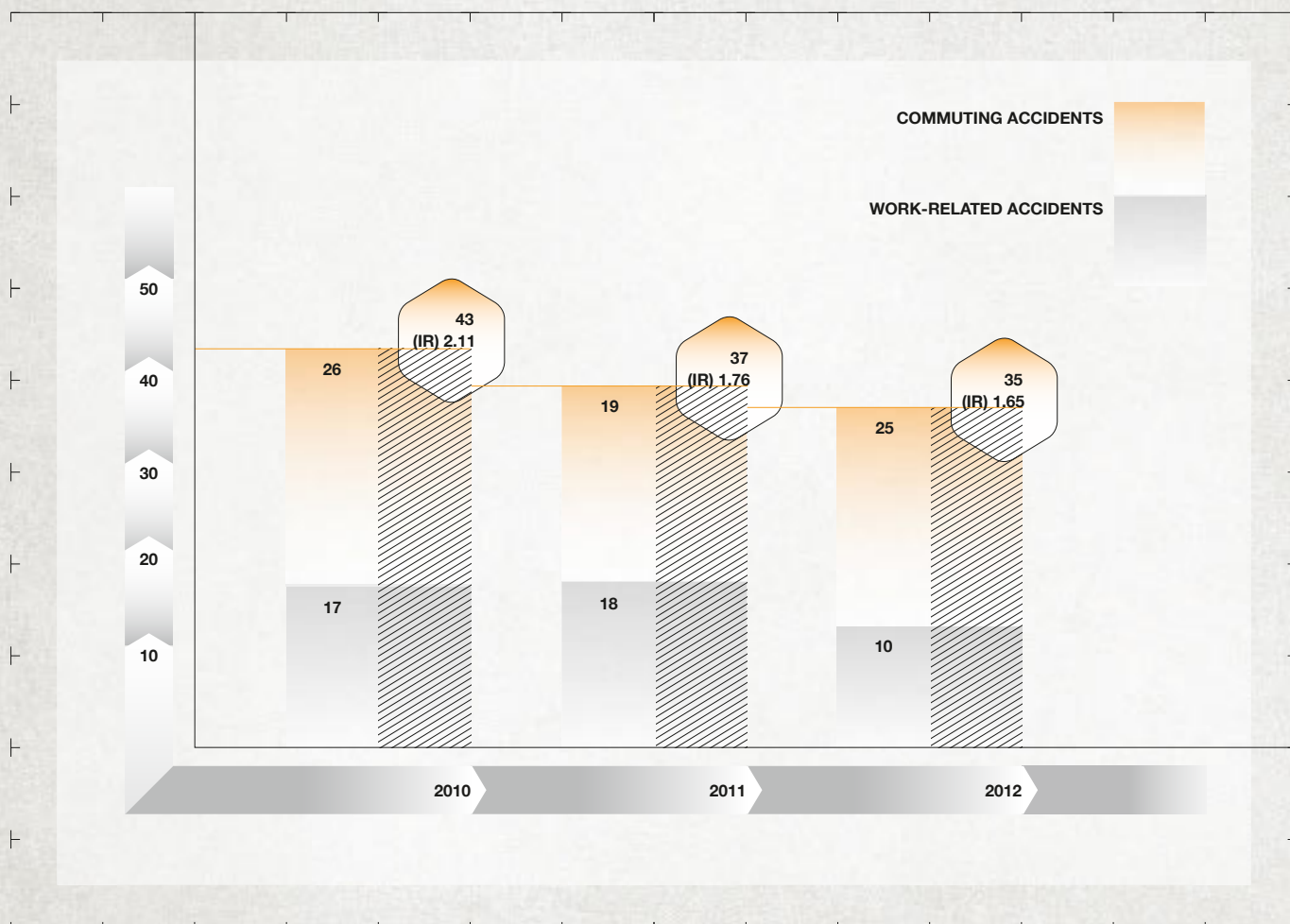
The number of employee safety representatives present in the main offices increased from 21 in 2008 to 30 in 2012. At the same time, the number of prevention and protection service managers (RSPP, currently present at all the main sites) and prevention and protection service workers (ASPP, present in the Segrate, Milan, Brescia, Rimini and Florence offices) also rose.

A new profile was established at Group level – the RSPP Coordinator – which is not required by law, but useful for managing all related activity in a coordinated manner.

Mondadori does not have any formal health and safety committees (i.e. committees whose existence and functions are included in the Company's organisational and hierarchical structure, and which operate according to agreed written rules), but rather regular meetings held several times a year, attended, normally at company and office level, by the employer (or representative), RSPPs, the company doctor and worker safety representatives. Over 75% of the workforce is represented by the worker safety representatives and RSPPs at these meetings.

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.

During the year, the usual fire and evacuation drills were held with positive results, according to the schedule and procedures established by the laws in force.



A compulsory health and safety training project was launched for all Group employees, within the timeframe set out by law. The work programme gave priority to groups of professionals considered to be the most exposed. For this reason, in the second half of 2012, training began with employees of the logistics and distribution area, through the provision of classroom-based courses.

A listening post for work issues (PADL Mondadori) has also been active since 2011, comprising a manager with coordination and investigative functions and an independent commission.

Accidents in the workplace

Recorded accidents decreased in 2012 versus the previous year, from 37 in 2011 to 35.

The injury rate, calculated as the ratio between the total number of accidents resulting in an absence of more than one day and the total number of working hours multiplied by 200,000 (see Notes of methodology) fell for the third consecutive year, to 1.65.

NUMBER OF ACCIDENTS

Commuting accidents rose, while work-related accidents registered a significant fall (-44%).

SEVERITY RATE	2010	2011	2012
TOTAL NUMBER OF LOST DAYS	907	519	907
OCCUPATIONAL DISEASES RATE (ODR)	44.51	24.86	42.75

Absenteeism

The following table shows the rate of absenteeism (see Drafting Criteria) and absence days by employee. In accordance with the GRI criteria, absence owing to incapacity of any type (including accidents and illness) is considered, but not leave relating to holidays, study, maternity or family reasons.

	2010	2011	2012
LOST DAYS	24,970	23,650	20,855
ABSENTEE RATE (AR)	3.51%	3.40%	3.05%

The ongoing economic crisis, accentuated in the publishing sector by the digitalisation of magazines and books, prompted the Mondadori Group to undertake a series of important negotiations with trade unions in 2012, with a view to defining restructuring plans for certain companies. The areas mainly affected were the Magazines and Direct businesses.

With reference to Magazines, in April 2012 a plan to reduce staff was formalised at the Ministry of Labour, and will involve the loss of 152 positions through early retirement to be taken from April 2014.

Individual company agreements specifically concern 98 employees belonging to the Magazines divisions and Central Administration of Arnoldo Mondadori Editore S.p.A., 33 employees belonging to Press-Di Distribuzione Stampa e Multimedia S.r.l. and 21 employees belonging to Mondadori Pubblicità S.p.A. They mainly concern staff located in the offices of Milan, Rome and Verona.

Ministerial decrees, which enabled the departure of the first employees in 2012, were published in October, with the bulk of the cost reduction effects deferred to 2013.

Moreover, in December 2012, again in the Magazines division of Arnoldo Mondadori Editore S.p.A., talks were initiated with representatives of journalists' unions in relation to the announced closure of five titles and the reorganisation of many of the publisher's remaining publications. Negotiations are ongoing.

In the Direct business, where the Group has been engaged in rationalising its points of sale, it initiated talks in December 2012 with a view to implementing job security ("solidarietà") procedures for the offices of Mondadori Direct S.p.A. in Milan, Brescia and Rimini, affecting a total of 239 employees; to date, an agreement has been reached for the Milan and Brescia offices (156 employees) with contributions to the solidarity fund at 10% for 12 months. An agreement for the Rimini office (82 employees) is expected to be reached by the end of February 2013.

A similar agreement for job-security contracts was reached at Mondadori Iniziative Editoriali S.p.A., affecting 18 employees.

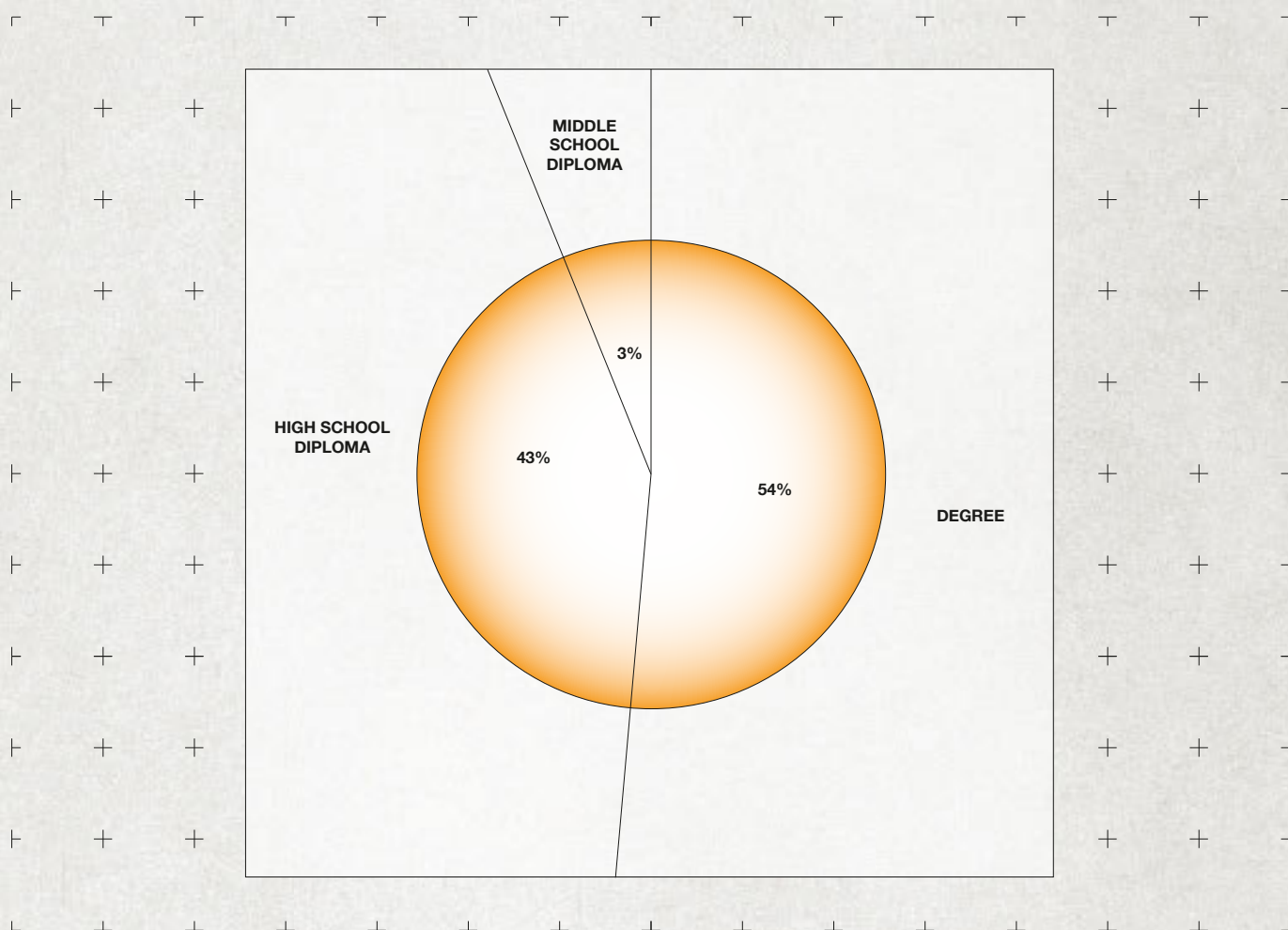
Finally, at Cemit Interactive Media S.p.A., an agreement was reached to cut a total of 15 jobs, through the wages guarantee fund with subsequent lay-offs.

Union representation covers all companies in the Group.

04.2.4 STAFF SELECTION AND DEVELOPMENT

Mondadori is a complex organisation 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 example, in administration, finance and control, marketing and sales. An increasing role is played by educational paths specialising in the new universe of the web, digital media and multimedia.

2012: EDUCATION LEVEL OF NEW HIRES



The introduction of newly graduated employees may also take place via a paid internship.

Internships play a key role in deepening their knowledge of the Group, bringing into play their professional skills and giving them concrete work experience.

In 2012, the Performance Management system was turned into a strategic management tool after a review of its procedures and development. The new system is intended to provide middle management with a performance development and guidance system that reflects the Company's objectives.

Performance Management enables an organisation to keep its managers and staff focused on the link between performance and strategy, even if it is necessary to take and implement difficult decisions or respond to changing markets.

The process involved 262 employees in 2012, and this number is expected to grow further in 2013.

The table shows the employees who have received a formal assessment of their performance; the percentages shown represent the number of employees assessed in their respective categories.

	2010		2011		2012	
	NUMBER	%	NUMBER	%	NUMBER	%
MANAGERS	39	22%	38	21%	40	23%
MIDDLE MANAGERS	67	23%	71	24%	87	29%
WHITE COLLARS	93	5%	124	7%	135	8%
TOTAL	199	7%	233	9%	262	10%

The Performance Management system runs alongside the MBO system, which applies individual and company objectives to a section of personnel (not only directors and middle managers, but also office staff with sales roles); 429 employees were involved in 2012.

	2010		2011		2012	
	NUMBER	%	NUMBER	%	NUMBER	%
MANAGERS	116	64%	120	66%	116	66%
MIDDLE MANAGERS	132	46%	137	46%	146	49%
WHITE COLLARS	148	8%	141	8%	138	8%
JOURNALISTS	28	9%	28	8%	29	9%
TOTAL	424	15%	426	15%	429	16%

TYPE	2010	2011	2012
OFF-THE-SHELF TRAINING HOURS	4,508	5,301	336
AD HOC TRAINING HOURS	5,600	2,487	6,012
LANGUAGE TRAINING HOURS	11,550	13,951	11,688
TRAINING HOURS ON SAFETY	1,690	2,094	2,532
TOTAL TRAINING HOURS PROVIDED	23,348	23,833	20,568

NB: FIGURES COULD INCLUDE ESTIMATES

04.2.5 REMUNERATION AND INCENTIVE SYSTEM

Mondadori pays its staff based on merit criteria related to results, management conduct and professional expertise.

In addition to a fixed salary, the employee remuneration system includes collective variable incentives (results-based bonus, which excludes directors and employees who fall under the MBO system) based on profitability and productivity parameters. The aim is to incentivise staff to play a more direct role in achieving company results.

Some executives are also covered by: a medium-/long-term incentive system (LTI, Long Term Incentivation) comprising a special cash bonus that can only be drawn after a multi-year period of reference and subject to achievement of certain financial and economic objectives, both at a group level and in the individual business areas and functions; remuneration plans based on financial instruments through the grant of stock options, which were approved by the Shareholders' Meeting for the three-year periods 2006-08 and 2009-11 and run until expiry of the vesting periods of 36 months since the grant date; this excludes the stock options relating to 2008, which expired and may no longer be exercised as the required conditions were not met; as of 2011, the Board of Directors decided not to grant stock options.

04.2.6 TRAINING

In light of the continuously changing national and international outlook and the rapid transformation of the competitive environment in the media sector, Human Resources, which plays an important part in guiding change and continuously stimulating innovation, plays an increasingly strategic and central role.

As its starting point for the creation of the 2012 training offer, HR held a thorough and in-depth dialogue with contact persons in the different areas of activity to find out the needs and demands within the structures and businesses. This enabled it to present a tailor-made training offer designed to reflect the Group's objectives and growth strategies.

The Mondadori Training Program is based around four key concepts (guiding, supporting, promoting and pooling), and three types of training (off-the-shelf, ad hoc and corporate), in addition to worker health and safety training. Figures relating to these areas are shown in the sections below.

Off-the-shelf training

In order to increase and strengthen the capabilities and expertise of its human resources, Mondadori has always invested in training, and provides a range of initiatives to all group companies in the shape of the Mondadori Training Program.

In 2012, the programme covered the following areas: Management, Change Management, Matrices, Knowledge and Themed Areas (initiatives designed specifically to develop the range of professional skills and expertise within the Company: Management, Finance and Control, Marketing, Digital, Publishing, Sales, Operations).

Participation in off-the-shelf training courses was rather low in 2012 compared with previous years; this was due in part to a drop in registrations, which caused some courses to be cancelled, and in part to growing demand for ad hoc training courses.

Journalists and manual workers do not receive this kind of training.

Journalist training is specific to the profession, and is accounted for in terms of expense rather than hours.

Ad hoc training for manual workers is not outlined because this type of training is centrally coordinated in the Group Development office.

Ad hoc training

Numerous ad hoc training initiatives have replaced much of the off-the-shelf training of the Mondadori Training Program; the objective was to create training initiatives designed for specific staff or corporate areas, in order to develop targeted and customised expertise.

In 2012, ad hoc projects involved a total of 150 participants, with a total of 6,012 hours provided. This figure is higher than in previous years, and 2011 in particular. This trend is closely linked to the need to constantly update management and business skills, as well as supporting, through courses across departments, the integration of different areas within the Group.

Ad hoc courses included the CRM course, which was created to support the change management process for moving from a single product approach to Mondadori's individual customer vision.

To promote this new culture, the marketing managers of the various businesses interacted and worked with the CRM team, maintaining a constant exchange of information and creating customer-focused projects.

Language training

Mondadori provides foreign language courses for its employees; the number of hours provided for this type of training, which was down slightly from 2011, also includes language courses for journalists.

Specific training on occupational health and safety

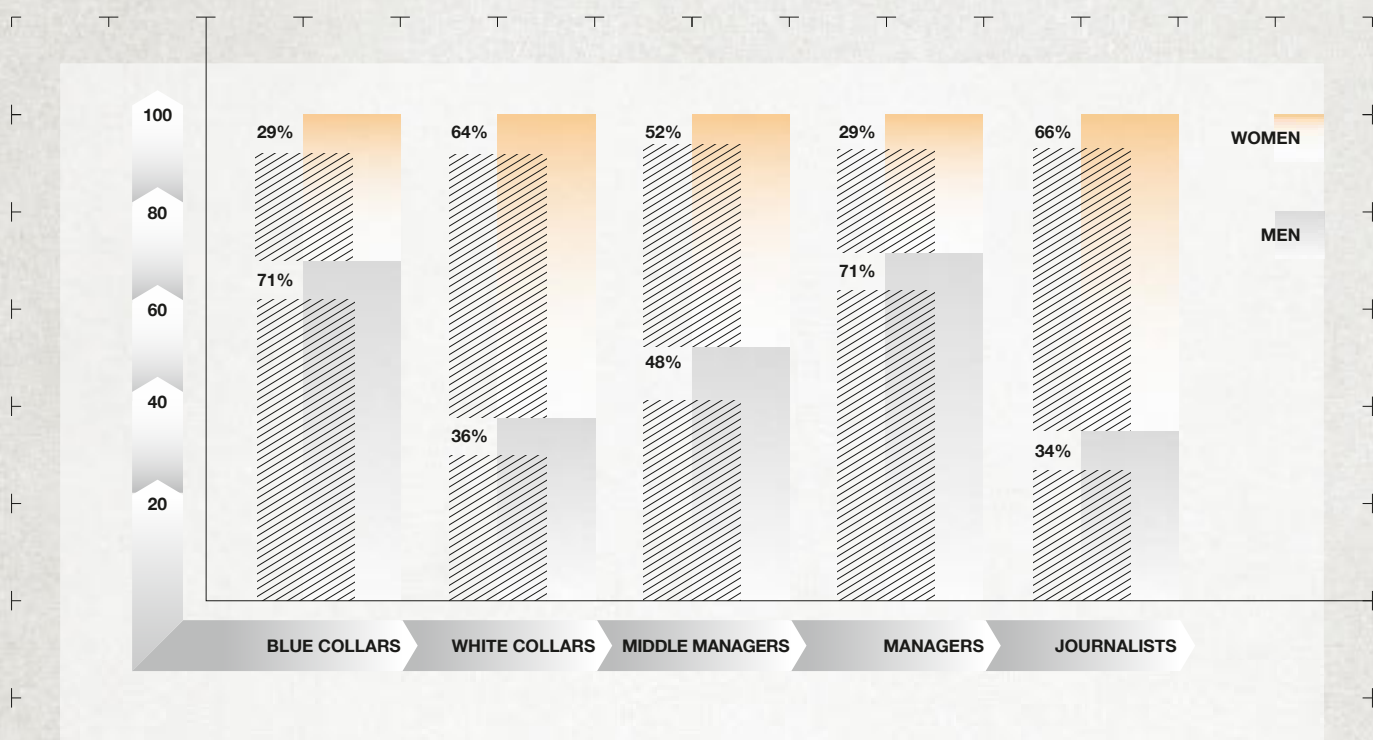
Every year, Mondadori runs a specific course for its employees on issues relating to worker health and safety.

In 2012, the figure rose significantly compared with the previous two years.

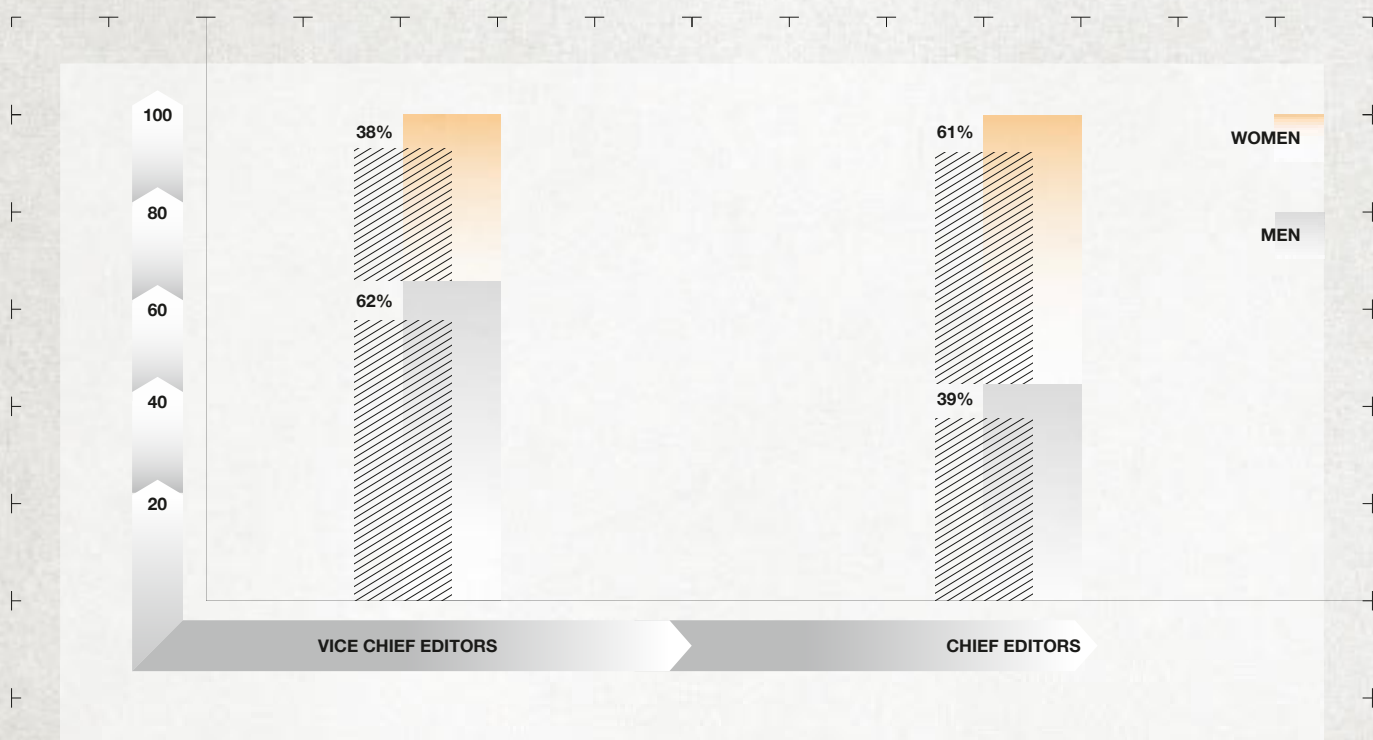
TRAINING ON SAFETY IN THE WORKPLACE (HOURS)	2010	2011	2012
TRAINING TO MANAGERS	20	6	16
TRAINING TO MIDDLE MANAGERS	76	44	88
TRAINING TO WHITE COLLARS	1,594	1,886	2,376
TRAINING TO JOURNALISTS	0	20	24
TRAINING TO BLUE COLLARS	0	138	28
TOTAL TRAINING HOURS ON SAFETY	1,690	2,094	2,532
% ON TOTAL TRAINING HOURS PROVIDED	7%	9%	12.3%

	2010	2011	2012
LANGUAGE TRAINING HOURS PROVIDED	11,550	13,951	11,688

MEN – WOMEN: BREAKDOWN BY RANK



PRESENCE OF WOMEN AMONG CHIEF EDITORS

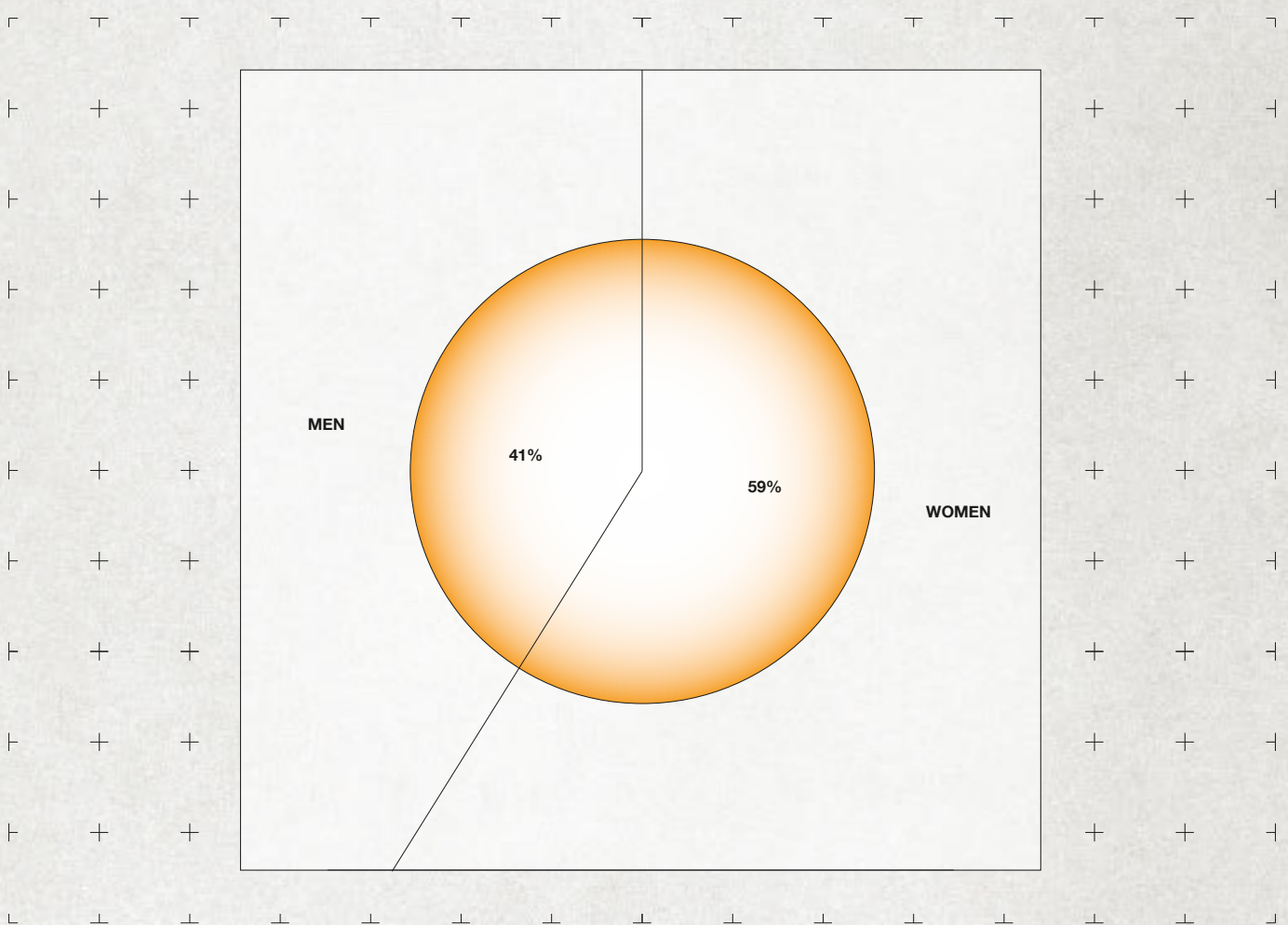


04.2.7 EQUAL OPPORTUNITIES

One of the cornerstones of Mondadori's management policy is to offer every employee the same opportunities to develop their skills and attitudes, avoiding any discrimination based on ethnic origin, gender, age, nationality, religion or personal belief.

As also ratified by the Code of Ethics, Mondadori recognises that human resources are key to its development: the management of human resources is therefore based on respect for the personality and professionalism of each member of staff. The Group is against all forms of discrimination on the grounds of sexual orientation, ethnicity, language, personal or social circumstances, or religious or political beliefs. It promotes a working environment based on the principles of respect, fairness and cooperation as well as its experience in the relevant sectors, which enables employees and contracted staff to become involved and take responsibility for the specific targets to be achieved and the methods for doing this.

MEN – WOMEN: BREAKDOWN



The proportion of female employees in the last three years has remained constant, at around 59%.

The remuneration system also reflects a broad levelling of salaries paid to male and female staff. The table below shows the average salary paid to women as a percentage of the average salary paid to men, by rank.

2012	
MANAGERS	87%
MIDDLE MANAGERS	90%
WHITE COLLARS	89%
JOURNALISTS	82%
BLUE COLLARS	88%

INCLUSIVE CORPORATE CULTURE

In 2012, Mondadori joined the Charter for equal opportunities. A voluntary declaration of intent signed by companies of all sizes, its aim is to spread an inclusive corporate and human resources culture that is free from discrimination and prejudice and enhances its talents in all their diversity.

Since February 2012, Mondadori has also been an ordinary member of Valore D (see section 01.7), the first association of major companies created in Italy to support female corporate leadership. The association's mission is to increase the representation of female talent at the helm of Italian companies and support their contribution to corporate life through tangible and concrete measures.

04.2.8 SUPPORT FOR EMPLOYEES

Mondadori's focus on its employees is evidenced by the provision of benefits, services and activities for employees, both at and outside work, some of which were introduced following proposals from the staff themselves. The main ones are listed below.

Flexible working hours

Flexible working hours, in terms of entering and leaving times, are permitted. Mondadori also tries to meet employee needs by adopting flexible part-time contracts. In 2012, 325 employees worked part time.

Shuttle service

Employees can use a shuttle service with different lines that connects the Segrate and Milano Oltre offices 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 network, railways). The company buses are reserved for employees, contract workers, suppliers and guests. Every ticket has a symbolic cost of EUR 0.03 for employees and contract workers, while occasional visitors may travel free of charge.

In 2012, 8,400 trips were made by 74,160 passengers (one way).

Again in 2012, Mondadori signed up to a discount plan with ATM (Milan public transport company) for the purchase of annual season tickets at reduced prices for its employees and contract workers, 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) partially covers some expenses and also recognises other contributions for particular occurrences. Coverage can also be extended to family members. In 2012, the number of employees under the supplementary health insurance fund scheme totalled 750.

Health service

The personnel operating in the Milan area can make use of a health service provided in the Company offices, including blood tests, medical visits, smear tests and eye tests. In partnership with Avis, Mondadori has organised a blood donor day every year since 2006, which is held at an Avis station at the Segrate office: two blood donor days were organised in 2012.

TYPE	2010	2011	2012
BLOOD SAMPLES	304	280	319
MEDICAL VISITS	298	249	351
SIGHT VISITS	42	31	38
PAP-TESTS	196	206	175

Tax assistance

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

Subsidised products and commercial agreements

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

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.

Staff engagement

The company intranet was developed to ensure maximum accessibility to any information pertaining to employees and contract workers, and is available to everyone with a PC in the various offices. It contains information and documents, procedures and data relating to the benefits described above, as well as instructions on the proper performance of staff duties.

The company intranet is also used to involve staff in socially-beneficial initiatives, such as giving blood or raising money for scientific research associations.

In 2011, an internal blog called Network was put online, and was designed to facilitate the exchange of information among employees and the circulation of ideas, particularly in relation to the changing face of the publishing industry. The blog was made available to all chief editors and Group executive managers, approximately 300 people in total.

The contents of Network are divided into three areas: news from the world of publishing (magazines, books, digital media, advertising, radio, competition, international, etc.), theme-based analyses (surveys, market research, analyses) and internal memos on the activities of different areas.

After a review and integration process in 2012, the blog was integrated into the company intranet, so that all company employees could access it. The new Intranet Network is due for release in 2013.

04.3

SUSTAINABILITY INITIATIVES IN THE MONDADORI UNIVERSE

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Contributing to the region's sustainable development is one of Mondadori's key commitments in terms of social responsibility. In line with this objective, Mondadori offers support to the communities in which it operates through sponsorship and targeted social initiatives, which can be categorised into four main areas:

- _ culture, education and training;
- _ social support and healthcare;
- _ environment;
- _ young people and sport.

In selecting social utility projects, Mondadori follows a specific procedure set out in the Code of Ethics, which governs the methods of selecting initiatives to promote and support, involves the members of the Sustainability Committee as a whole or individually, and makes use of the cooperation with Fondazione Sodalitas and not-for-profit organisations, such as Mediafriends and the Italian Institute for Donation.

**FROM THE
CODE OF
ETHICS**

"The Group promotes and supports, also through sponsorship, social and cultural initiatives that reflect its corporate mission and vision and its strategic guidelines."

Mondadori's social innovation strategy is expressed in a series of initiatives that can be categorised as follows:

_ initiatives to promote culture: for more than 30 years, Fondazione Arnoldo and Alberto Mondadori has actively worked to preserve and enhance the history of publishing in Italy. Since the mid-1990s, it has become a centre of research and study on Italy's publishing culture, and joined a network of similar organisations in Europe and worldwide;

_ social marketing activities: Cemit, a Mondadori Group company and relationship marketing leader in Italy, supports not-for-profit organisations in fundraising by preparing strategic plans (identifying targets, measuring the campaign's impact) and their operational management through various communication channels (e.g. mailing, telemarketing);

_ Mediafriends: a not-for-profit organisation created in 2003 by Mondadori, Mediaset and Medusa, which devises, designs, realises and promotes events to raise funds for charity and to finance targeted projects in a variety of sectors (see section 04.3.2);

_ raising awareness on social issues: through its publications and other businesses (books, radio, direct), Mondadori supports numerous projects and raises public awareness of social issues such as work, violence against women, environmental protection, etc. (see section 04.3.3);

_ direct donation to charities: every year, Mondadori makes generous charitable donations to various organisations and associations for projects concerning social support and healthcare, children, women and disabled people (see section 04.3.1). 2012 saw a significant fall in contributions to associations, owing to structured cost-cutting measures; at the same time, a significant drop occurred in donations made, but this was more contained, reflecting Mondadori's desire to support socio-environmental activities within the region as much as possible, even in a period which has seen the funds available undergo a significant contraction;

TYPE	2010	2011	2012
GIFTS	NA	866.2	671.4
MEMBERSHIP FEES	NA	846.9	300.9
TOTAL	1,797.0	1,713.1	972.3

_ support to sporting activities: Mondadori supports sport, as it fully endorses its values of friendship, teamwork and healthy competition. R101 has been the media sponsor of Stramilano since 2006, is the official radio partner of the Italian Rugby Federation, and supports other events that promote sport (see section 04.3.1);

TYPE	2010	2011	2012
SUPPORT TO SPORTING ACTIVITIES	NA	209,335	655,790

_ initiatives at head office: Mondadori organises various charity and social initiatives at its head office (collections for not-for-profit organisations, blood donor days, visits to the head office, see sections 04.2.8 and 04.3.5);

_ activities to promote sustainability: through its membership of associations such as Sodalitas, CSR Network and Valore D, Mondadori plays an active role in individual social utility projects that they promote (see section 01.7).

It should be noted that Mondadori did not pay any type of contributions to political parties or politicians during 2012.

To define contributions to the community, from this edition onwards, Mondadori is following the formulation of the London Benchmarking Group, in order to clarify the forms of support provided and their impact.



LONDON
BENCHMARKING
GROUP

The London Benchmarking Group (LBG) is a network of companies that has developed a model to classify contributions to the community according to four standards:

- _ types of contribution;
- _ types of initiative;
- _ areas of intervention;
- _ geographical areas of intervention.

The model's objective is to measure all contributions made by businesses to the community: not only charitable donations but also output that is not expressed financially, such as contributions in kind or voluntary work by employees.

The model is expressed through a matrix that summarises and quantifies the results of an activity in relation to the community, detailing the different inputs and analysing outputs and their relative impact.

In 2012, resources allocated by the Group to local communities were estimated at more than EUR 1.5 million.

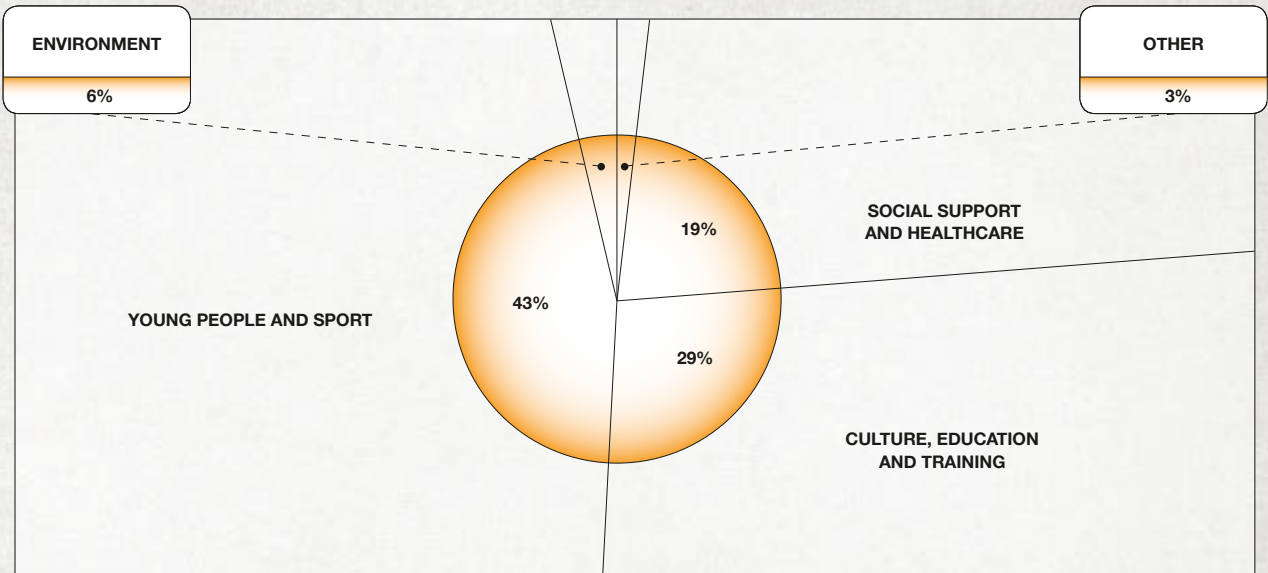
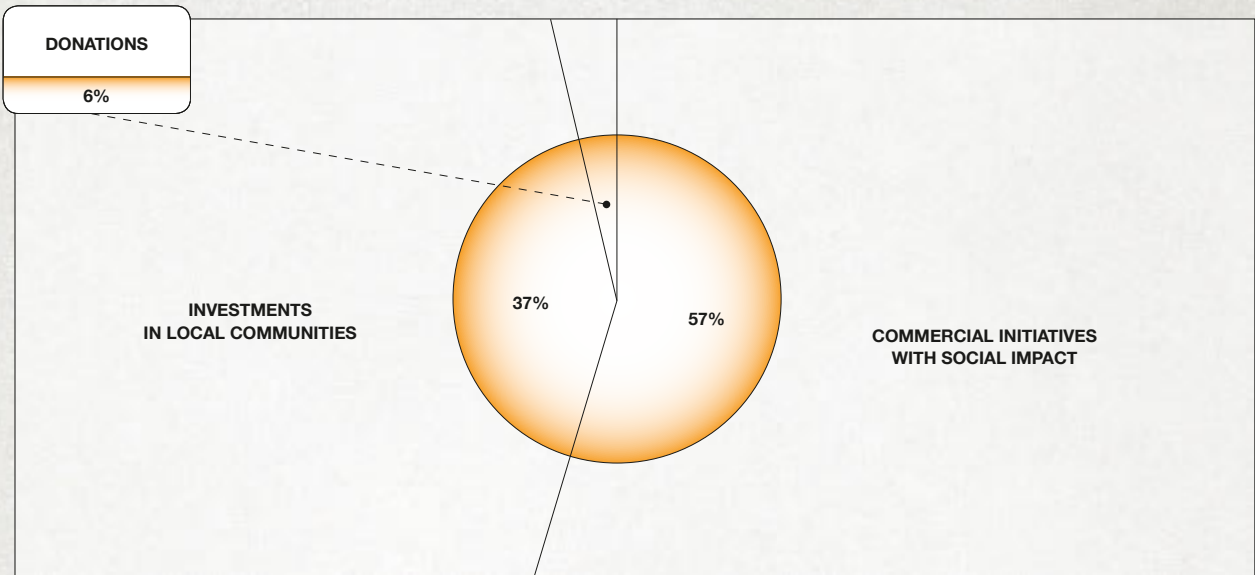
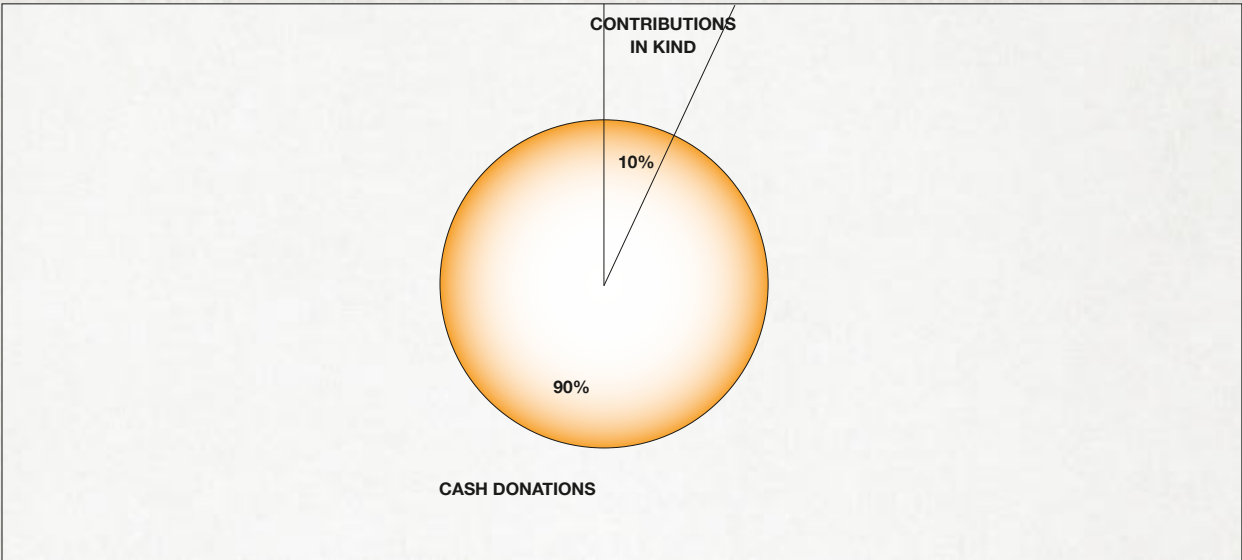
By contribution type, charitable cash donations make up 90%, while contributions in kind account for the remaining 10% (the "management of initiatives" category has not yet been estimated, and there were no employee voluntary work initiatives conducted in 2012).

Regarding type of initiative, 37% comprise investments in local communities, while 57% are business initiatives. Donations account for 6% of the total amount.

Business initiatives with a social impact include the sponsorship of events promoting sport and endorsing the positive values of friendship, teamwork and healthy competition, such as Stramilano, which supports rugby and cycling.

In 2012, the Company was involved in various areas of intervention, as shown in the chart below.

The geographical areas of intervention were not reclassified, since the scope of the Mondadori Sustainability Report is currently limited to companies consolidated in Italy.



04.3.2 MEDIAFRIENDS

In 2003, Mediaset, Mondadori and Medusa established Mediafriends, a not-for-profit association. The association devises, designs, realises and promotes events to raise funds for charity and to finance projects aimed at the following sectors:

- _ social support and healthcare, and social-health assistance;
- _ charity;
- _ education and training;
- _ the protection, promotion and improvement of culture, art and assets of an artistic or historic interest;
- _ protection and enrichment of nature and the environment;
- _ international cooperation.

In nine years of activity, Mediafriends has promoted and supported a large range of charity events, raising and distributing funds that have enabled more than 100 associations to implement social projects in Italy and worldwide.

From the first project undertaken (*La Fabbrica del Sorriso* in 2003), Mondadori has been an active partner, both by creating products – with the proceeds from product sales contributing to the funds raised to support various projects –, and in communication and information, through its own media. Specifically, R101 has over the years been the media partner of the annual *La Fabbrica del Sorriso* campaign (which entered its ninth year in March 2012), taking a leading role in the fund-raising week, in which its presenters remind listeners of the initiative and how they could make donations.

In addition, over the last six Christmases, Mondadori has helped produce a volume of fairytales to support children's projects to worldwide. November 2012 saw the publication of *Le storie del sorriso*, containing four stories illustrated by Alessandro Sanna.

All proceeds from the sales of the book, minus costs, were donated by Mondadori to Mediafriends, which in turn allocated the funds received to the Orchestre e Cori Giovanili e Infantili in Italia (Young People and Children's Orchestras and Choirs in Italy). This not-for-profit organisation offers young people the opportunity to sing, play an instrument and be together with other young people free of charge.



Donna Moderna

Weekly magazine Donna Moderna, which has always been attentive to women's and social issues, supports numerous projects and initiatives to raise public awareness on particular social problems, including international issues; furthermore, it runs a regular feature that monitors the issue of violence against women.

In this regard, in 2008, Donna Moderna and not-for-profit Fondazione Pangea, conducted various awareness and fundraising campaigns for pangeaprogettoitalia. A project that operates in partnership with various anti-violence centres in Italy, it aims to help women who have been victims of violence re-enter society through training, requalification and microcredit.

In 2012, Donna Moderna decided to support the Casa Pangea Piccoli Ospiti project, which was set up to accommodate children and mothers at Pangea's partner anti-violence centres, and provide them – in a safe environment – with a course of psychological support to help them overcome traumatic experiences and build their relationships.

TV Sorrisi e Canzoni



In 2012, after the success of previous editions, Silver, TV Sorrisi e Canzoni and not-for-profit organisation Enzo B joined forces for the third year running to promote support in foreign countries with a charity calendar designed by Silver, a.k.a. Guido Silvestri, the creator of the famous Lupo Alberto comic strip.

Proceeds from the sale of the calendar will help remotely support children and their communities in more than 20 countries in Africa, Asia, Latin America and Eastern Europe where not-for-profit organisation Enzo B operates. Those receiving support are abandoned children, uneducated adolescents, young girls from poor families, children subject to family and social deprivation, women with financial and/or housing problems, and disabled children.

Mondadori Guides and Fondo Ambientale Italiano

Following on from the 2011 campaign of Mondadori Guides in support of the fund-raising efforts of FAI (Fondo Ambiente Italiano) to protect the Saint Francis of Assisi forest, in 2012 Mondadori Electa renewed its partnership with what is Italy's largest not-for-profit foundation for the protection of the country's natural heritage.

Mondadori Electa published the book of FAI chairman Ilaria Borletti Buitoni, *Per un'Italia possibile. La cultura salverà il nostro Paese?* (For an Italy of the future. Will culture save our country?), with part of the proceeds from sales going to support FAI initiatives.

Also in 2012, through a promotion on Mondadori Guides, Mondadori Electa supported FAI initiatives relating to the XX Edition of the FAI Spring Day, held on 24-25 March 2012.

Proceeds from the sale of the calendar will help remotely support children and their communities in more than 20 countries in Africa, Asia, Latin America and Eastern Europe where not-for-profit organisation Enzo B operates. Those receiving support are abandoned children, uneducated adolescents, young girls from poor families, children subject to family and social deprivation, women with financial and/or housing problems, and disabled children.



Over the year, a series of initiatives were organised for not-for-profit organisations at the Segrate head office, notably:

- _ February 2012: sale of products for the Neuromuscular Diseases Research Unit;
- _ March 2012: sale of products for LILT;
- _ March 2012: sale of Easter eggs for the Italian Neuroblastoma Association;
- _ December 2012: sale of products for the Italian Neuroblastoma Association.

Visits to head office

Opened in 1975, Mondadori's head office is one of the most important works of Brazilian architect Oscar Niemeyer.

It comprises three elements. The large central body, for office and editorial functions, appears suspended over water, and has five storeys consisting entirely of glass and steel. Through a system of 56 tie-beams, it hangs from a magnificent portico with parabolic arches of various widths. Two low-rise, sinuous structures emerge from the water. The irregular and undulating plan is reminiscent of a willow leaf, which is enhanced by the 20,000 sqm artificial lake. The complex and the lake are surrounded by a large garden built by landscape designer Pietro Porcinai.

Requests to visit Palazzo Niemeyer are satisfied according to Company's operations. The visits (once/twice a month), for groups of 15-30 people at a time, last 60 minutes and include a video on the construction and a tour outside the building led by a Mondadori employee.

Around ten visits were conducted in 2012, involving some 200 visitors in total.

Siticibo

For the last three years, Mondadori has participated in the Siticibo programme, an initiative that collects uneaten food from the Company canteen and distributes it to various non-profit organisations operating in different areas (assistance to poor people, reception centres, help centres for abused children).

The initiative was first launched by Fondazione Banco Alimentare, a non-profit organisation that conducts the following activities:

- _ collection of surplus production from agriculture, the food industry, supermarkets and organised catering;
- _ collection of food products at the supermarkets during the National Food Collection Day;
- _ re-distribution to entities dealing with assistance to poor people, marginalised individuals and, in general, everyone in need.

In 2012, 12,635 first courses, 2,717 second courses, 5,097 vegetable and dessert portions and 225 kg of bakery products were recovered, making a total of 20,449 portions.

GRI INDEX

INDICATOR	DESCRIPTION	COVERAGE	REFERENCES
PROFILE			
1_ STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy	YES	P.4
1.2	Description of key impacts, risks, and opportunities	YES	PP. 18-19; 34-35; 42-43;74-75
2_ ORGANIZATIONAL PROFILE			
2.1	Name of the organization	YES	P.8
2.2	Primary brands, products, and/or services	YES	PP. 18-19
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	YES	PP. 18-19
2.4	Location of organization's headquarters	YES	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	YES	PP. 18-19
2.6	Nature of ownership and legal form	YES	PP. 8; 56
2.7	Markets served	YES	PP. 18-19
2.8	Scale of the reporting organization	YES	PP. 18-19; 56; 112
2.9	Significant changes during the reporting period regarding size, structure, or ownership	YES	PP. 8; 18-19
2.10	Awards received in the reporting period	YES	PP. 74
3_ REPORT PARAMETERS			
REPORT PROFILE			
3.1	Reporting period for information provided	YES	P. 8
3.2	Date of most recent previous report	YES	P. 8
3.3	Reporting cycle	YES	P. 8
3.4	Contact point for questions regarding the report or its contents	YES	P. 10

INDICATOR	DESCRIPTION	COVERAGE	REFERENCES
REPORT SCOPE AND BOUNDARY			
3.5	Process for defining report content	YES	P. 7
3.6	Boundary of the report	YES	P. 8
3.7	State any specific limitations on the scope or boundary of the report	YES	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	YES	P. 8
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	YES	PP. 9; 48; 68; 119; 124
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	YES	PP. 9; 73; 76
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	YES	P. 8
GRI CONTENT INDEX			
3.12	Table identifying the location of the Standard Disclosures in the report	YES	PP. 141-149
ASSURANCE			
3.13	Policy and current practice with regard to seeking external assurance for the report	YES	PP. 8; 150-151
4_ GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
GOVERNANCE			
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	YES	PP. 26-27; 32-35
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	YES	P. 27
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	YES	P. 27
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	YES	PP. 24-25; 36; 130
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	YES	PP. 32-33; 123; CORPORATE GOVERNANCE REPORT: PP. 17-19; REMUNERATION REPORT
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	YES	PP. 26-27; CODE OF ETHICS
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	YES	PP. 26-27; CORPORATE GOVERNANCE REPORT: PP. 6-8
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	YES	PP. 38-39; 98
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	YES	PP. 4-6; 10; 28; 37; 42-43
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	YES	PP. 121-123; CORPORATE GOVERNANCE REPORT: P. 15

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
COMMITMENTS TO EXTERNAL INITIATIVES				
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization	YES	PP. 18-19; 34-35; 42-43; 74-75
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	YES	PP. 101; 105
4.13		Memberships in associations and/or national/international advocacy organizations	YES	PP. 44; 105; 128
STAKEHOLDER ENGAGEMENT				
4.14		List of stakeholder groups engaged by the organization	YES	PP. 22-25
4.15		Basis for identification and selection of stakeholders with whom to engage	YES	PP. 22-25
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	YES	PP. 24-25; 58; 130
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	YES	PP. 7; 24-25
ECONOMIC PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP.42-43; 48-51; 74-75; 132-133
ECONOMIC PERFORMANCE				
EC1	CORE	Direct economic value generated and distributed	YES	PP. 48-51
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change	YES	PP. 42-43; 74-75
EC3	CORE	Coverage of the organization's defined benefit plan obligations	YES	MONDADORI DOES NOT MANAGE ANY SEPARATE CORPORATE PENSION PLAN
EC4	CORE	Significant financial assistance received from government	YES	P. 52
MARKET PRESENCE				
EC5	ADD.	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	NO	
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	NO	
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	NO	
INDIRECT ECONOMIC IMPACTS				
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	YES	PP. 134-135
EC9	ADD.	Understanding and describing significant indirect economic impacts, including the extent of impacts	NO	

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
ENVIRONMENTAL PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 52; 68-73; 78-83; 84-90; 92-95
MATERIALS				
EN1	CORE	Materials used by weight or volume	YES	PP. 88-90
EN2	CORE	Percentage of materials used that are recycled input materials	YES	PP. 88-90; 96
ENERGY				
EN3	CORE	Direct energy consumption by primary energy source	YES	PP. 70-71
EN4	CORE	Indirect energy consumption by primary source	YES	PP. 70-71
EN5	ADD.	Energy saved due to conservation and efficiency improvements	YES	P. 78
EN6	ADD.	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	NO	
EN7	ADD.	Initiatives to reduce indirect energy consumption and reductions achieved	YES	P. 78
WATER				
EN8	CORE	Total water withdrawal by source	YES	PP. 72-73
EN9	ADD.	Water sources significantly affected by withdrawal of water	YES	PP. 72-73
EN10	ADD.	Percentage and total volume of water recycled and reused	YES	PP. 72-73
BIODIVERSITY				
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NO	
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	NO	
EN13	ADD.	Habitats protected or restored	NO	
EN14	ADD.	Strategies, current actions, and future plans for managing impacts on biodiversity	NO	
EN15	ADD.	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	NO	

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
EMISSIONS, EFFLUENTS, AND WASTE				
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight	YES	PP. 76-77; 82
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight	YES	PP. 76-77; 82
EN18	ADD.	Initiatives to reduce greenhouse gas emissions and reductions achieved	YES	PP. 76-77; 82
EN19	CORE	Emissions of ozone-depleting substances by weight	NO	
EN20	CORE	NO, SO, and other significant air emissions by type and weight	NO	
EN21	CORE	Total water discharge by quality and destination	YES	PP. 72-73
EN22	CORE	Total weight of waste by type and disposal method	PARTIAL	P. 83
EN23	CORE	Total number and volume of significant spills	NO	
EN24	ADD.	Weight of transported, imported, exported, or treated waste deemed hazardous	PARTIAL	P. 83
EN25	ADD.	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	NO	
PRODUCTS AND SERVICES				
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	YES	PP. 78-83; 87-89; 92-95
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category	YES	PP. 73; 88-90; 93
COMPLIANCE				
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	YES	PP. 52-53
TRANSPORT				
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	YES	PP. 74-75
OVERALL				
EN30	ADD	Total environmental protection expenditures and investments by type	NO	
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 26-27; 112-116; 121-128

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
EMPLOYMENT				
LA1	CORE	Total workforce by employment type, employment contract, and region, broken down by gender	PARTIAL	PP. 112-114; 126
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region	YES	PP. 113; 115
LA3	ADD.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	PARTIAL	PP. 117; 129-130
LA15	CORE	Return to work and retention rates after parental leave, by gender	YES	PP. 117
LABOR/MANAGEMENT RELATIONS				
LA4	CORE	Percentage of employees covered by collective bargaining agreements	YES	P. 120
LA5	CORE	Minimum notice period(s) regarding operational changes	NO	
OCCUPATIONAL HEALTH AND SAFETY				
LA6	ADD.	Percentage of total workforce represented in formal joint management-worker health and safety committees	YES	PP. 118-119
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	PARTIAL	P. 119
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	YES	P. 125
LA9	ADD.	Health and safety topics covered in formal agreements with trade unions	YES	PP. 118-119
TRAINING AND EDUCATION				
LA10	CORE	Average hours of training per year per employee by gender, and by employee category	PARTIAL	PP. 124-125
LA11	ADD.	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	YES	PP. 123-125
LA12	ADD.	Percentage of employees receiving regular performance and career development reviews, by gender	PARTIAL	P. 122
DIVERSITY AND EQUAL OPPORTUNITY				
LA13	CORE	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	PARTIAL	PP. 28-29; 113-114; 116; 126-127
LA14	CORE	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	YES	P. 128
HUMAN RIGHTS PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 38-39; 60-62

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
INVESTMENT AND PROCUREMENT PRACTICES				
HR1	CORE	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	YES	PP. 38-39; 60-62; THE MONDADORI GROUP CONDUCTS ITS ACTIVITIES IN NATIONAL/ EUROPEAN AREAS, WHERE SUCH MATTERS ARE PROTECTED BY LAW
HR2	CORE	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	YES	PP. 38-39; 60-62; THE MONDADORI GROUP CONDUCTS ITS ACTIVITIES IN NATIONAL/ EUROPEAN AREAS, WHERE SUCH MATTERS ARE PROTECTED BY LAW
HR3	CORE	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	NO	
NON-DISCRIMINATION				
HR4	CORE	Total number of incidents of discrimination and corrective actions taken	YES	NO NON-COMPLIANCE EVENTS HAVE BEEN REPORTED IN 2012
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
HR5	CORE	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	NO	
CHILD LABOR				
HR6	CORE	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	YES	PP. 38-39; 60-62; THE MONDADORI GROUP CONDUCTS ITS ACTIVITIES IN NATIONAL/ EUROPEAN AREAS, WHERE SUCH MATTERS ARE PROTECTED BY LAW
FORCED AND COMPULSORY LABOR				
HR7	CORE	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	YES	PP. 38-39; 60-62; THE MONDADORI GROUP CONDUCTS ITS ACTIVITIES IN NATIONAL/ EUROPEAN AREAS, WHERE SUCH MATTERS ARE PROTECTED BY LAW
SECURITY PRACTICES				
HR8	ADD.	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	NO	
INDIGENOUS RIGHTS				
HR9	ADD.	Total number of incidents of violations involving rights of indigenous people and actions taken	NO	
ASSESSMENT				
HR10	CORE	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	NO	
REMEDiation				
HR11	CORE	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	YES	NO GRIEVANCES RELATED TO HUMAN RIGHTS HAVE BEEN REPORTED IN 2012
SOCIETY PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 42-43; 52-53; 135

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
LOCAL COMMUNITIES				
SO1	CORE	Percentage of operations with implemented local community engagement, impact assessments, and development programs	NO	
SO9	CORE	Operations with significant potential or actual negative impacts on local communities	NO	
SO10	CORE	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	NO	
CORRUPTION				
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption	PARTIAL	PP. 42-43
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures	YES	P. 43
SO4	CORE	Actions taken in response to incidents of corruption	YES	P. 43
PUBLIC POLICY				
SO5	CORE	Public policy positions and participation in public policy development and lobbying	NO	
SO6	ADD.	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	YES	P. 135
ANTI-COMPETITIVE BEHAVIOR				
SO7	ADD.	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	YES	P. 54
COMPLIANCE				
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	YES	PP. 52-53
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 60-62; 100-103; 105
CUSTOMER HEALTH AND SAFETY				
PR1	CORE	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	NO	
PR2	ADD.	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	YES	NO NON-COMPLIANCE EVENTS HAVE BEEN REPORTED IN 2012
PRODUCT AND SERVICE LABELING				
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such requirements	YES	PP. 60-62
PR4	ADD.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	YES	P. 61
PR5	ADD.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	PARTIAL	P. 105

INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
MARKETING COMMUNICATIONS				
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	YES	PP. 100-103
PR7	ADD.	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	YES	NO NON-COMPLIANCE EVENTS HAVE BEEN REPORTED IN 2012
CUSTOMER PRIVACY				
PR8	ADD.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	YES	P. 103
COMPLIANCE				
PR9	CORE	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	YES	PP. 52-53; NO SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES HAVE BEEN REPORTED IN 2012

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, 2012. 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 "Note on methodology". 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 responsibility" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31st, 2012, on which we issued the auditor's report dated March 28th, 2013 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.

For the data and information relating to the Sustainability Report of the prior year presented for comparative purposes, reference should be made to our review report dated June 14th, 2012.

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, 2012 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 “Note on methodology”.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy,
May 16th, 2013

*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 **Arnoldo Mondadori Editore Spa** has presented its report "2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 7 May 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large, stylized "X" watermark.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Arnoldo Mondadori Editore Spa 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 29 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

CREDITS

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Acknowledgements are extended to all Mondadori employees who have contributed to the drafting of this Sustainability Report.

IN COLLABORATION WITH

Ernst & Young - *Climate Change & Sustainability Services*

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