



SUSTAINABILITY  
REPORT  
2013



MONDADORI





SUSTAINABILITY REPORT  
2013  
MONDADORI



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# LS

## LETTER TO STAKEHOLDERS

If we were to sum up Mondadori's 2013 in a word, including the actions undertaken and the reasoning behind them, the most appropriate term would certainly be "change".

With great determination, in 2013 we faced the challenges imposed by the radical changes that have upended the markets in which we operate. This meant making decisions about the organisation and management based on a new approach that takes into account the irreversible evolution occurring in the media world while concurrently protecting the Group's growth opportunities. We therefore radically changed the structure by renewing and improving its economic and productive efficiency. The logic underlying this process, which will extend over the next few years, is based on the principle of ensuring sustainable growth for the Group and its stakeholders on one hand, and on the other, the evolution of the role that Mondadori intends to continue to play in society.

In fact, while it is undisputably true that the digital evolution has changed the way publishing products are produced and used, we are fully convinced that our vocation to be a point of reference and discussion for different minds and cultures, our determination in telling real stories, providing hints of insight and transferring emotions and ideas, should never change.

The process we are implementing will transform Mondadori from traditional publisher to media company, a more complex and extended role that includes the possibility of exploring all the opportunities offered by the digital evolution, both with a view to creating and proposing content and services and to attracting new consumers.

This need emerges from the new profile, which describes a consumer who no longer passively receives propositions, but plays an active role in both decision making and the development of new products. Relying on this belief and fully aware of the commitment that all this implies, in 2013 we continued taking steps





towards increasingly shared sustainability in the processes and in the approach for the new challenges that we are facing within the Group and towards our stakeholders, with a more regular and open dialogue.

The usual appointment with the reporting of the work done in terms of sustainability translates, this year too, in the drafting of this Report, through which we intend to share the results, both big and small, that we have obtained in the management of operations in compliance not only with the applicable business laws, but also with customer needs and stakeholder expectations.

Reflection and design characterised our socially responsible activities last year, in the search for new parameters and models that could accompany Mondadori's strategic change in a process of consolidation that would bring benefits both to the environment and society at large.

This is certainly an important commitment, that we believe we can profitably pursue thanks to our most important asset: the people working with us. Our employees for sure on the one hand, and on the other, our suppliers and our collaborators and authors. Everybody, according to role and function, has contributed to making this change.

We expect to continue on this path in the future, with this same enthusiasm and determination, remaining true to our core but still giving rise to a renewed company, focused on seizing every opportunity for development and cultural and social growth in the country while protecting the environment and the community.

Marina Berlusconi  
Chairman  
Mondadori Group

Ernesto Mauri  
Chief Executive Officer  
Mondadori Group



# N M

## NOTE ON METHODOLOGY

This document supplements the information regarding sustainability disclosed in the 2013 Annual Report, providing details about Group performance and the industry's key indicators. The analysis of the topics and data is compliant with the Guidelines of the Global Reporting Initiative (GRI), version G3.1.

Mondadori confirms the compliance of this 2013 Sustainability Report with the application level B+ of the aforementioned standard.

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### **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 level of significance of the issues was assessed for the first time in 2011 during a series of workshops carried out by the Sustainability Committee, during which the Committee members first mapped and classified stakeholders, then identified the key sustainability issues for the Company and, lastly, defined the relevant materiality based on the relevance of the same for Mondadori (internal relevance) and the relevance for the stakeholders (external relevance). The criteria used to assess internal relevance were financial impact, impact on reputation, impact on clients, competitors' position and consistency with the company policies.

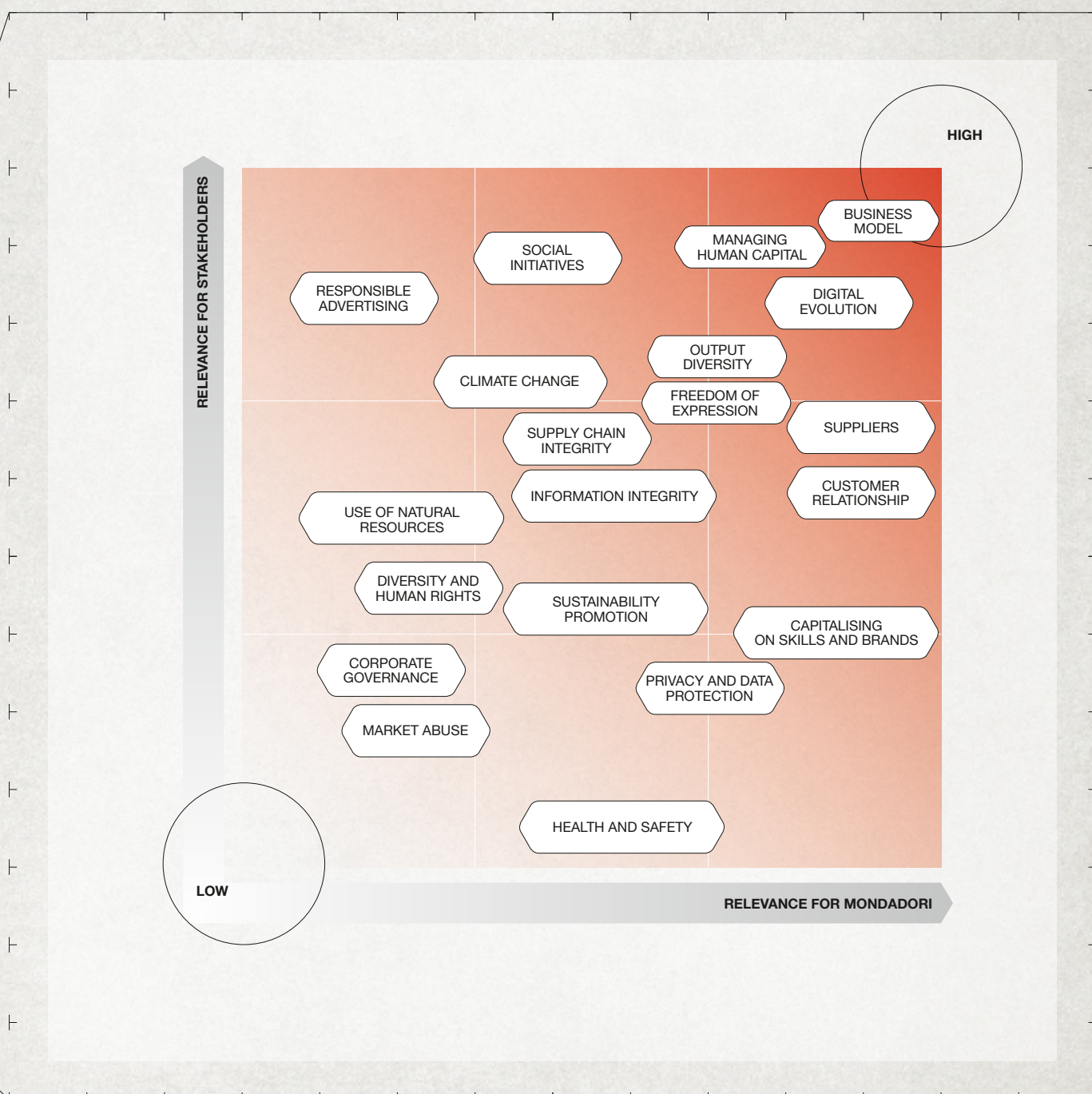
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Starting from previous analyses, materiality was defined as a combination of internal relevance and relevance for stakeholders.

In 2013 the stakeholder mapping and prioritisation matrix was updated, as were material issues for the Company and its stakeholders. In particular, the following changes are noteworthy:

- \_ inclusion of two new issues considered material (business model and capitalising on skills and brands);
- \_ update of several issues and change in their relevance: currently, business model, managing human resources and digital evolution are placed first in terms of materiality relevance for Mondadori and its stakeholders.





## Scope of reporting and sustainability context

This document is the third public edition of the Mondadori Sustainability Report and includes a description of the key initiatives undertaken in 2013 (solar year) as well as the performance trends of the 2011-2013 three-year period, when available. In addition, the initiatives and events of particular interest undertaken in 2014 and already known as at the date of closing of this report were added (see § 01.2). Performance indicators were collected on an annual basis and reporting periodicity is set on an annual basis.

The information included in this Report refers to Arnoldo Mondadori Editore S.p.A. and its consolidated subsidiaries operating in Italy; activities abroad are thus excluded. Arnoldo Mondadori Editore S.p.A. has legal offices in Milan, via Bianca di Savoia 12; the head offices are instead in Segrate (MI), via Mondadori.

The scope of consolidation is the same as that used for the financial reporting, except for 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 registered in the scope and reporting period considered (Italy, 2013). The only event to note for 2013 is the shutting down of company Glaming S.r.l. (a company operating in the sector of remote management of public games). As reported in the previous edition of the Sustainability Report, Glaming S.r.l. consolidated data only refers to 2012. However, the changes in the consolidation perimeter resulting from the shutting down of Glaming S.r.l. in 2013 are not significant given the company's limited size and impact.



## 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 2013 Sustainability Report was reviewed by an independent auditing firm, whose assurance statement is available on page 144-145.

## Reporting process and calculation criteria

Defining the content of the Sustainability Report involved all the key company functions, who worked in close collaboration and under the co-ordination of the CSR contacts. As in the three past editions, Mondadori was supported by Ernst & Young's Italian team *Climate Change and Sustainability Services* in the drafting of its 2013 Sustainability Report.

As to the calculation criteria:

- \_ with regard to the method used to calculate the economic value generated (or value added) and the relevant allocation, the effects relative mainly to 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 is 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 injury 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 rate is the ratio between the total number of lost days and the total number of hours worked, multiplied by 200,000;
- \_ the 200,000 multiplier, which appears in the rates/indexes referred to GRI LA7 (and specifically: injury rate and severity rate) is the result of 50 working weeks multiplied by 40 hours and by 100 employees;
- \_ 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 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 (CO<sub>2</sub>).

Figures relating to 2011 and 2012 may differ slightly from those published in previous reports due to the inclusion of data that became available after the reports were published.

For the same reason, data relative to 2013 represent the best estimate based on the data available at the time this Report was prepared.

Mondadori considers the Sustainability Report to be an important part of its reporting and, most importantly, a tool to generate 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 Sustainability Report, please contact:

Arnoldo Mondadori Editore S.p.A.

Via Mondadori 1

20090 Segrate (MI)

Italia

Tel: + 39 02 7542 3159

e-mail: [csr@mondadori.it](mailto:csr@mondadori.it)











# GROUP PROFILE AND CORPORATE GOVERNANCE

## MONDADORI STAKEHOLDERS



# 01.1

## MONDADORI HISTORY

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Since its establishment in 1907, Mondadori followed its vocation to become Italy's publishing house par excellence, playing both an educational role – 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 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

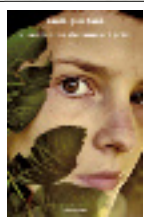
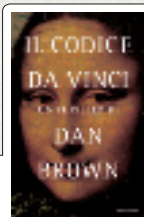
2011

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

The Group is engaged in a re-organisation of its operating and management structures, to concentrate on core activities (trade and educational books; magazines in Italy, France and international network; retail and radio) and give new impetus to the development of the digital business.

2012

2013





# 01.2

## THE GROUP TODAY AND 2013 HIGHLIGHTS

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Mondadori is one of Europe's leading publishing houses; with more than 50 subsidiaries and associated companies and 3,436 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 2013, the Group registered sales of approximately euro 1.3 billion, and a consolidated net loss of euro 185.4 million, extraordinary costs for euro 61.9 million (restructuring costs and other costs) and impairment losses for euro 145.4 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*, *Interni*, *Sale&Pepe*, *Flair*, *Icon* and *Casaviva*. In 2013 33 editions of Mondadori magazines were circulated worldwide through joint ventures or licensing agreements; of these 22 comprise the *Grazia* network.

\_ Books: the Mondadori Group is absolute leader in the domestic market of books with a market share of 27% and a sales volume of euro 334.3 million in 2013. The book business activities are managed through two divisions: Trade, which publishes novels and essays through the following publishers: Edizioni Mondadori, Giulio Einaudi editore, Edizioni Piemme and Sperling & Kupfer; and Educational, that groups all the internally developed book production, school texts and training manuals in general published under numerous Mondadori Education brands), art books and illustrated books published by Mondadori Electa, a company operating also in the organisation of cultural initiatives and management of exhibitions and monuments (including the Colosseum). In 2013 the digital publishing business continued to grow, exceeding two million ebooks sold on a catalogue of approximately 6,000 titles.



\_ Magazines: the Mondadori Group is Italy's leading publisher, with a market share of approximately 31% and a sales volume (only including Magazines Italy) of euro 326.1 million. In addition to the publication of weekly and monthly magazines sold in newsstands and under subscription and the sale of adds-on, 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. In 2013 the Group concentrated a great deal of attention on integrating paper books and e-books, in terms of content organisation and production, as well as on improving the magazines in the portfolio core segments.

\_ Advertising: Mondadori Pubblicità S.p.A. managed, until December 2013, 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 publishers and the Italian radio stations of Radio Italia solomusicaitaliana, Radio KissKiss (national), Radio Norba and Radio Subasio (local). In 2013 total revenues from advertising in Italy amounted to euro 141.6 million. From 1 January 2014 the advertising business was transferred to Mediamond, a joint venture with Publitalia '80, which had already stipulated a concession or sub-concession agreement for the sale of advertising spaces on all websites operated by Mondadori Group, R.T.I. (a Mediaset Group company) and third publishers.

\_ 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 business segments: Books and Magazines Italy;
- for e-commerce activities, conducted through [www.inMondadori.it](http://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 business segments.

\_ Mondadori Direct: with sales of euro 225 million in 2013, the subsidiary groups all the activities involving a direct relationship, offline and online, with consumers. At 31 December 2013 the network includes 562 stores including directly managed bookstores (19), bookshops managed under franchising agreements (322), Edicolè stores (190), multicenters (8, all directly managed) and book clubs (23). 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). In 2013 the company was integrated in the Digital Innovation area and accounted for in the Corporate and other business sector.

\_ Radio: Through Monradio S.r.l., Mondadori operates Radio R101, whose positioning on an adult target and publishing format based on news and entertainment are consistent with the Group's key activities. Thanks to the extensive reach of the station's signal throughout Italy, the renewal of the music format and the quality of its programmes, the radio station has become one of Italy's leading commercial radio stations. R101 sales, generated entirely by advertising revenues, amounted to euro 11.3 million in 2013.

## **Significant events during the year**

The process of renewal of the company structures and top management positions, involving both the headquarters and the business units (see the top management table on page 30) started with the appointment of Ernesto Mauri to CEO. Among the most significant changes are the creation of the Digital Innovation area, headed by Federico Rampolla, and the appointments of Mario Maiocchi to Managing Director and Mario Resca to Chairman of Mondadori Direct S.p.A.

Other changes in the Group's scope of activities in the period include:

\_ waiver of the gaming concession (July 2013) and liquidation (10 October 2013) of Glaming S.r.l.;

\_ transfer of business relative to the sale of advertising space in magazines and on radio stations from subsidiary Mondadori Pubblicità S.p.A. to Mediamond S.p.A., a company providing services for the sale of advertising space on the websites managed by the Group, R.T.I. S.p.A. and third publishers, equally



controlled by Mondadori Pubblicità S.p.A. and Publitalia '80 S.p.A. (Mediaset Group) (with effective date as of 1 January 2014);

\_ merger by incorporation of Mondadori International S.p.A. in Arnoldo Mondadori Editore S.p.A.;

\_ transfer of business relative to the management of IT service infrastructures to IBM Italia S.p.A. (with effective date as of 1 January 2014).

### **Significant events after the year-end**

In March *Il mio Papa*, the first weekly entirely dedicated to the Pope, and the website [www.miopapa.it](http://www.miopapa.it) were launched.

On 11 March 2014 Mondadori acquired brand and assets from Anobii Ltd, the global platform dedicated to books, with more than 1,000,000 users worldwide and 300,000 in Italy. Through this acquisition Mondadori intends to put readers at the core of its business, understanding global reading trends in order to more effectively react to changes.







# 01.3

## THE DIGITAL EVOLUTION

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In 2013 Mondadori decided to take action to transform the entire organisation, both externally, in terms of final products, and internally, in structural terms. In fact, digital products can no longer be considered as an electronic version of paper products, but will instead be designed and developed separately and/or jointly.

To this end it is necessary that the structural transformation of the organisation be completed, oriented towards collaboration between the different business units and the organisation of labour by project. The starting point was the Digital Innovation business. To date, despite the fact that Mondadori relies on a capacity that would enable it to compete with the leading players in the digital segment, the organisation of the Company is still anchored to top-down logic, hampering the further development of the digital business.

The objective of this course of action, whose implementation is expected in the long term, given its complexity and the possible implications, is to make the Company think “digitally”, both in its organisational processes and daily activities, as well as in new product development, thus resulting in the Group’s possibility of more promptly and effectively reacting to market changes.

This change will generate several impacts, mainly financial and social, while no significant changes are expected in the environmental area, since digital products will mainly support paper products, but not replace them.

To date the most significant foreseeable impacts are:

- \_ the development of an organization, whose various business units collaborate instead of working independently, will enable Mondadori to improve process efficiency;

- \_ the launch of new and diversified products will enable the Company to add new processes of value creation to those already in place; this will also be reflected in a diversification of profit sources.



In social terms it is expected that the main impact will refer to the structure and organisational processes oriented towards the establishment of collaborative work relations. This will imply a radical change in the way Mondadori employees operate, while giving the Company the possibility of scouting and promoting the talents that could otherwise remain unexplored in an excessively structured and hierarchical organisation.

Moreover, another objective to strive for is the dissemination of collaboration and sharing also in the management of the relationships with suppliers/partners and customers, putting them at the centre of an ongoing dialogue with all corporate levels (from the salesman to customer care). This will put Mondadori in a position to receive, also from the outside, inputs instrumental for the accomplishment of the innovation progress underway.

Lastly, the relationship of the Company with its customers will also change: in addition to a broader a more diversified product offering, the customer will have more relationships with “several different Mondadoris”, enabling a more direct and comprehensive access to the Group. In line with this objective, it is important to note that Mondadori acquired in 2014 the Anobii social network in 2014, as mentioned in § 01.2 above.



# 01.4

## MONDADORI STAKEHOLDERS

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As anticipated in the Note on Methodology, Mondadori started defining and promoting stakeholder engagement together with the drafting of this Sustainability Report, also with the objective of aligning content of this Report to all types of stakeholders.

Stakeholders were mapped by using a summary scheme of Mondadori activities and its relations with the external world, including:

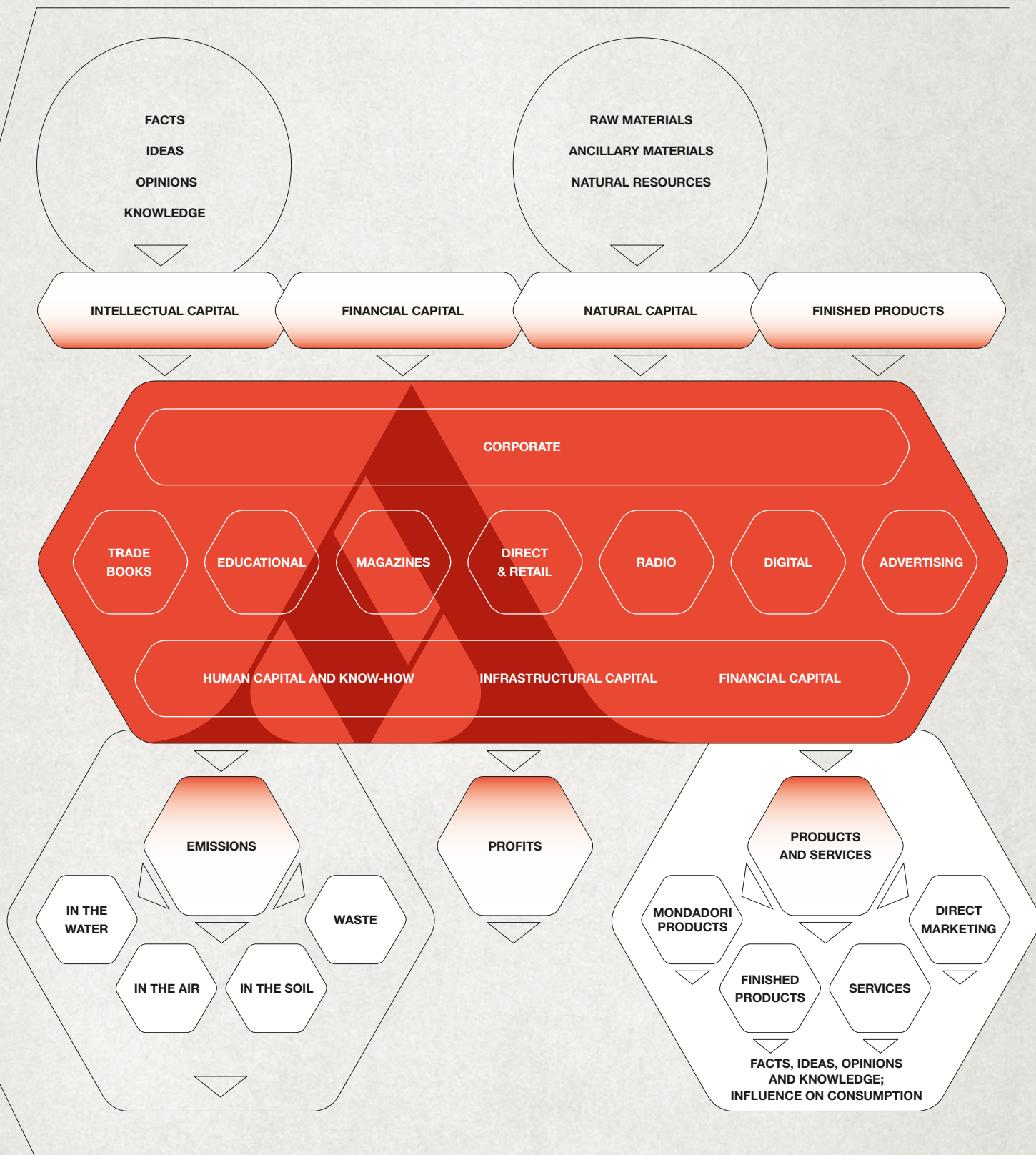
- \_ stakeholders who are affected by / provide inputs to Mondadori;
- \_ stakeholders who are part of Mondadori;
- \_ stakeholders who are affected by / provide outputs to Mondadori.

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

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

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







Stakeholders were grouped into uniform clusters, which were later individually examined to establish the level of interest vis-à-vis the main issues considered relevant by Mondadori in order to 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 all their relations with Mondadori in the next few years. The frequency of engagement activities, which depends on the stakeholders, is at least annually.

## STAKEHOLDER ENGAGEMENT

STAKEHOLDER	CORPORATE FUNCTION	FREQUENCY	EXPECTATION	TOOLS	ANSWER	REFERENCE
FINANCIAL COMMUNITY	_INVESTOR RELATIONS _LEGAL AFFAIRS	_5 (AT THE HEADQUARTERS) _24 (IN ITALY AND ABROAD)	_GROUP'S INCREASED VISIBILITY _VALUE CREATION	_SHAREHOLDERS' MEETING _CONFERENCE CALLS _ROADSHOWS _ANALYST MEETINGS	_PRESENTATIONS _Q&A _SHAREHOLDERS' MEETING MINUTES	P. 36; P. 54
ENVIRONMENT, NGO	_TRADE BOOKS	_1	_INCREASED USE OF CERTIFIED PAPER	_MEETINGS _PRESS RELEASES	_INCREASED USE OF CERTIFIED PAPER	P. 92
SUPPLIERS	_PURCHASING	_SEVERAL MEETINGS	_CONTRACTUAL PROVISIONS	_MEETINGS _DOCUMENTS	_CODE OF ETHICS _CONTRACTS	PP. 56-58

### Stakeholder engagement: the dialogue in the social media

In 2013 stakeholder engagement activities continued on digital channels. In addition to consolidating its presence on Twitter and LinkedIn, used both to communicate Group activities and as spontaneous customer caring platforms, the Group organized a series of events revolving around the dialogue with influencers.

In February 2013 the Mondadori Group was media partner in the Milan social media week, a week of panel discussions and workshops entirely dedicated to the world of social networks. During the event, *Facciamoci avanti*, the book written by Cheryl Sandberg, was presented in preview, supported by a significant campaign on social media and the development of a collective poster on women's leadership.

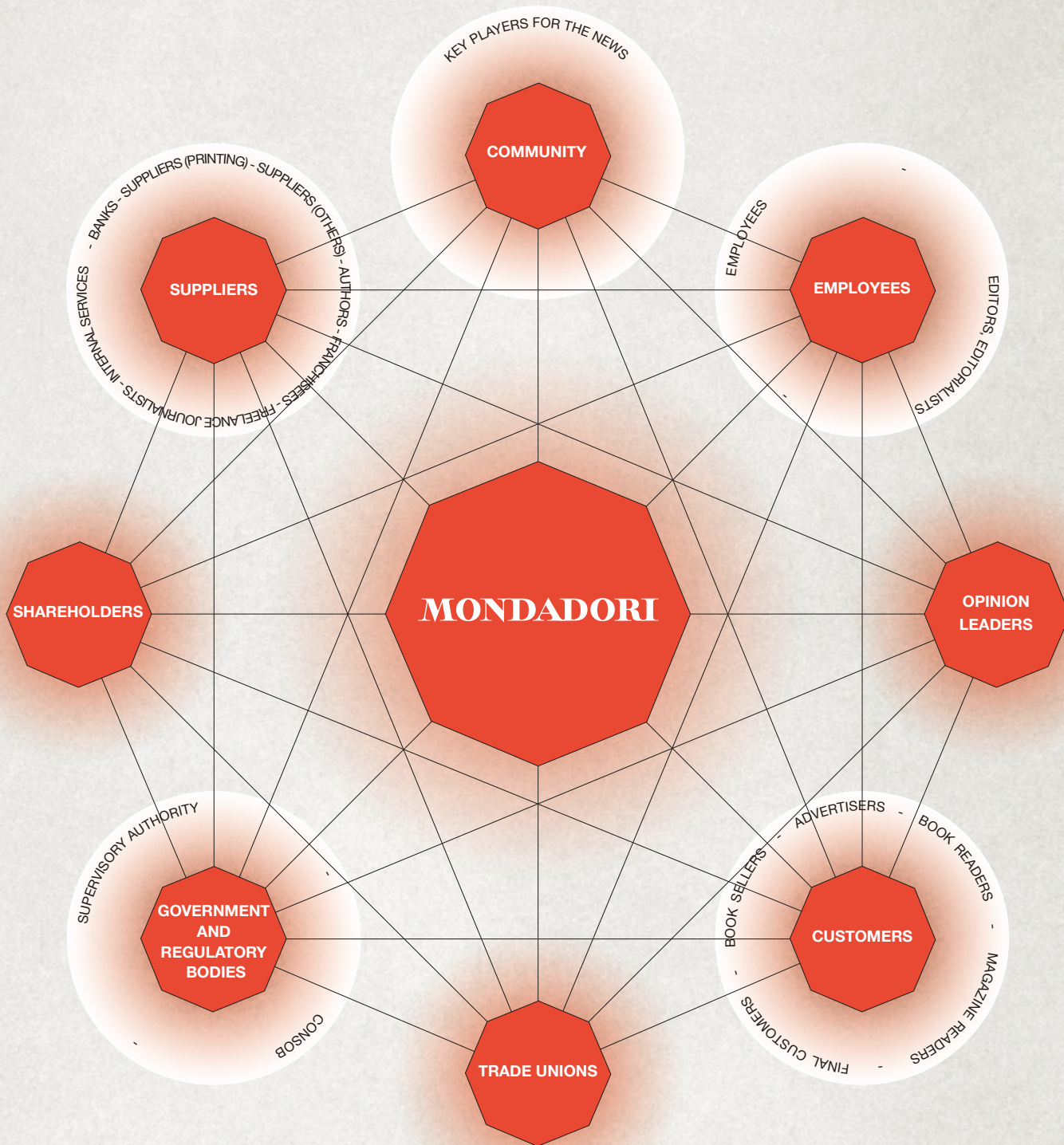
The Shareholders' Meeting, along with all the results approved by the Boards of Directors during the year, were broadcast live and in preview on Twitter, using the hashtag #MNMI.

The event for the re-launch of the three restyled women's magazines published by the Group (*Grazia*, *Donna Moderna* and *TuStyle*) was for the first time attended by both traditional journalists and influencers, testifying to the renewed attention towards all stakeholders.

In June authors and publishers gathered at the Anteprime di Pietrasanta festival for three days, meeting people with ongoing connections between real relationships and virtual contacts on the social networks.

In the second part of the year Scrivo.me, a pop-publishing portal, i.e. a platform for the acquisition and sharing of content regarding the wide universe of writing, was launched. Mondadori deployed its best publishing resources to open an ongoing dialogue with all the people who, by profession or pleasure, wish to improve their writing skills. The entire activity of Scrivo.me is open to ongoing comments posted by readers on the social networks.







# 015

## THE 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	2011	2012	2013
No. OF MEMBERS OF 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	5
No. OF WOMEN IN THE BOARD OF DIRECTORS	2	3	3
No. OF MEETINGS OF THE BOARD OF DIRECTORS	7	6	6
No. OF MEETINGS OF THE CONTROL AND RISKS COMMITTEE <sup>1</sup>	7	6	6
No. OF MEETINGS OF THE REMUNERATION AND APPOINTMENTS COMMITTEE	2	2	4
No. OF MEETINGS OF THE BOARD OF STATUTORY AUDITORS	11	11	10

<sup>1</sup> before 2012: Internal Control Committee



## 01.5.1 THE BOARD OF DIRECTORS

The Board of Directors was appointed by the Shareholders' Meeting on 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 fourteen directors.

NAME	POSITION	STATUS		
		EXECUTIVE	NON EXECUTIVE	INDEPENDENT
MARINA BERLUSCONI	CHAIRMAN			
ERNESTO MAURI	CEO			
PIER SILVIO BERLUSCONI	DIRECTOR			
PASQUALE CANNATELLI	DIRECTOR			
BRUNO ERMOLLI	DIRECTOR			
MARTINA MONDADORI	DIRECTOR			
DANILO PELLEGRINO	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 at 31 December 2013. For changes occurred during the year, see page 17.



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

The current Board of Directors does not include any director appointed by minority shareholders, since no alternative slate was submitted to 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 Bylaws, 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 competence of the Shareholders' Meeting – including the functions and responsibilities for determining the strategic and organisational direction of the Company and the Group.

In particular, 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, with the support of the Control and Risks Committee, 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 strategically relevant 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;



SEX	AGE	2013
MEN	< 30	0
	30 - 50	1
	> 50	10
TOTAL MEN		11
WOMEN	< 30	0
	30 - 50	2
	> 50	1
TOTAL WOMEN		3
TOTAL		14

\_ approves in advance company transactions with a significant economic and financial impact;

\_ 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 amount exceeding euro 20 million;

\_ enters into loan agreements for amounts exceeding euro 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 euro 5 million.

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

In 2013 the Board of Directors met 6 times, with meetings regularly attended by the Board of Statutory Auditors.



# THE TOP MANAGEMENT

ORGANISATIONAL CHART AS OF 31 DECEMBER 2013





## 01.5.2 THE BOARD OF STATUTORY AUDITORS

The Board of Auditors, composed, in accordance with the relevant provision set out in the Company Bylaws, by three Standing Statutory Auditors and two Substitute Statutory 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	CHIEF STATUTORY AUDITOR
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 3 years and can be re-elected.

In 2013 The Board of Statutory 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 Bylaws, with the sole exception of the requirement regarding duration in office for more than nine years of the past twelve years;

\_ 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 2013 the Board of Statutory Auditors met 10 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.



### 01.5.3 THE REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee is composed of 3 non-executive directors, the majority of whom 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 2013 the Committee held 4 meetings, which were attended by the Chief Statutory Auditor.

The percentage of attendance at the meetings was 100% for all Committee members.

The meetings concerned:

- \_ release of a favourable opinion in relation to the treatment regarding the termination of the employment contract of the resigning Deputy Chairman and CEO Maurizio Costa;
- \_ assessment and definition of the proposal to the Board of Directors regarding the remuneration of the CEO Ernesto Mauri;
- \_ definition of the proposal to the Board of Directors regarding the adoption of a Remuneration Report;
- \_ approval of the report, prepared by the Head of Human Resources and Group Organisation, regarding the implementation of the remuneration policy in 2013.

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

- \_ consultative and advisory functions vis-à-vis the Board of Directors in relation to the definition of the remuneration policies for directors and executive managers with strategic responsibilities and periodic review, in cooperation with Human Resources and Group Organisation, of the congruence of executive activities with the principles defined in the policies, giving reports to the Board of Directors;
- \_ advisory functions vis-à-vis the Board of Directors in relation to the remuneration of directors holding special offices (i.e. Chairman, CEO, directors with special powers and directors appointed to committees);
- \_ submission to the Board of Directors of initiatives undertaken by the Committee in relation to the identification and definition of corporate guidelines relating 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 professional whose presence on the Board is deemed appropriate, as well as any limits on the number of other offices 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	INDIPENDENT
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.

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Members of the Control and Risks 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.

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The Control and Risks Committee has consultative and advisory functions vis-à-vis 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 co-ordinates 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.

In particular, pursuant to the Code of Conduct, the Board of Directors vested the Committee with the following functions:

- \_ 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 relevance prepared by the Internal Audit function;
- \_ assessing, together with the Corporate Reporting Officer, after consultation with independent auditors and the Board of Statutory Auditors, the correct application of the accounting standards adopted and their standardization in relation to preparing the consolidated financial statements;
- \_ monitoring the autonomy, adequacy, efficiency and effectiveness of the Internal Audit function;
- \_ asking Internal Audit to carry out audits on specific areas of operation, while concurrently providing reports to the Board Chairman;
- \_ reporting periodically 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;
- \_ giving opinions on specific aspects regarding the identification of the main corporate risks and contributing to the preparation, development and management of the internal control and risk management system;
- \_ giving 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;
- \_ giving 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 2013 the Control and Risks Committee held 6 meetings with the periodic attendance of members of the Board of Statutory Auditors, the Head of Internal Audit and the Supervisory Body, and also held meetings 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			
CRISTINA ROSSELLO*	DIRECTOR			

\* replacing Mario Resca during the year, as the latter no longer fulfilled the independence requirements following the appointment to Chairman of Mondadori Direct S.p.A.

In 2013 the Control and Risks Committee:

- \_ approved the 2013 Internal Audit work plan for the Company and its subsidiaries prepared by the Head of Internal Audit and monitored its implementation;
- \_ examined the activities carried out by Internal Audit in 2013, adopting the recommendations made and making them their own;
- \_ acknowledged the operating guidelines implemented by the Company over the year;
- \_ examined the preliminary analysis illustrated by the Company's top management and approved the impairment test criteria adopted for the financial statements at 31 December 2012;
- \_ examined the annual report of the Control and Risks Committee, for which no irregularities were reported;
- \_ analysed the results of activities conducted by Risk Assessment;
- \_ acknowledged the report drafted by the Head of Internal Audit;
- \_ after consultation with the Board of Statutory Auditors, confirmed the appointment of the Head of Internal Audit and approved the latter's operation as indicated in the new edition of the Code of Ethics;
- \_ analysed the results from independent auditing in relation to the key matters arisen (it should be noted that no flaws were found in the internal control system connected with financial reporting and that there are no significant uncertainties about business continuity).

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 or in the changes applied to the organisation. As a result, the Board of Directors considers the Group's internal control and risk management system to be adequate.



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

With regard to the calling, operation and right to attend and vote at the Shareholders' Meeting, the following articles of the Company's Bylaws apply:

- \_ article 9: calling the Shareholders' Meeting;
- \_ article 11: right to attend and vote at the Shareholders' Meeting;
- \_ article 12: power of attorney and notification of voting power of attorney, also by electronic means;
- \_ article 16: Shareholders' Meeting's quorum and resolutions.

The Shareholders' Meeting of 2001 resolved upon the adoption of a regulation that establishes, among others, 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 the totality of the shareholders.

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



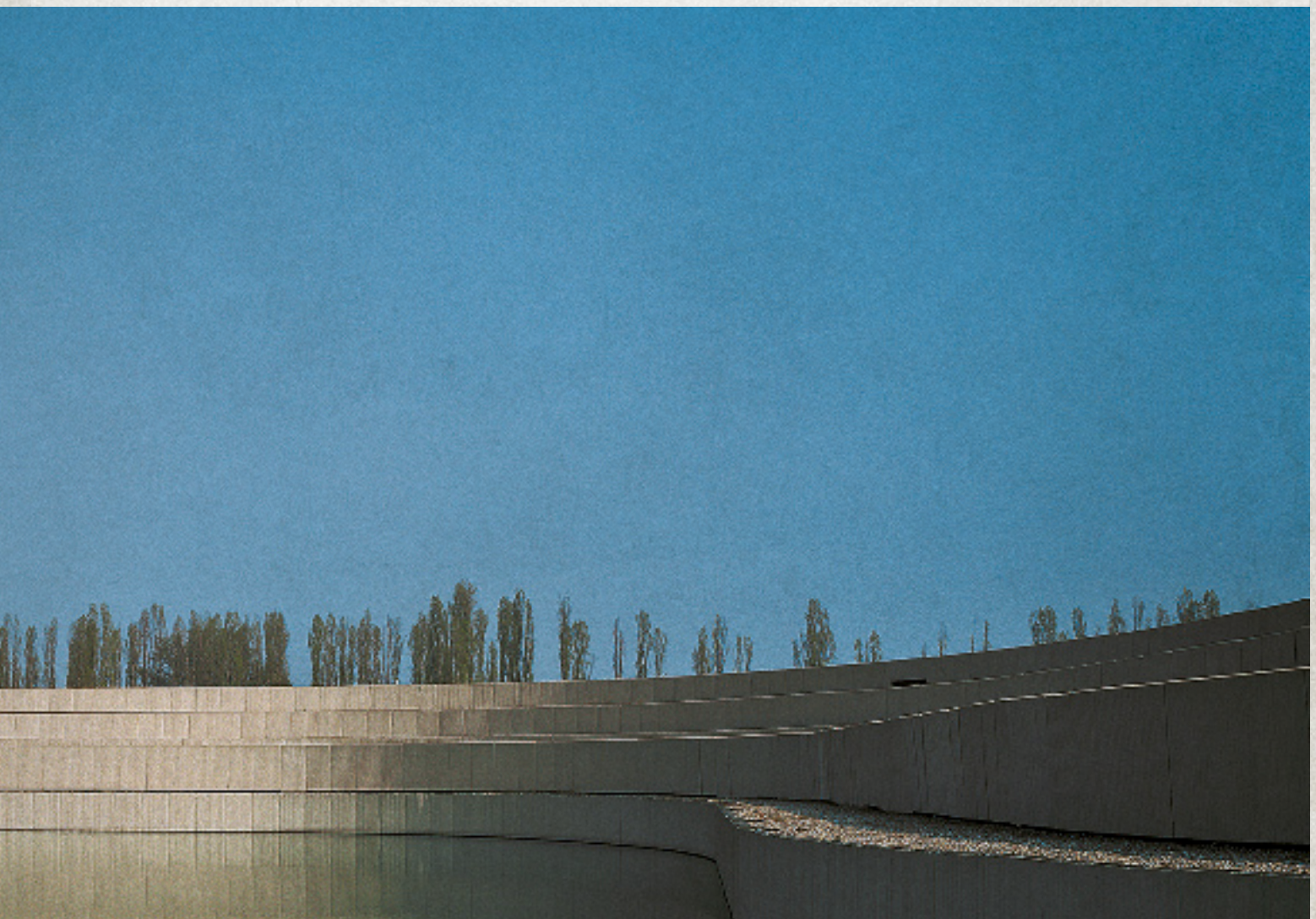


## 01.5.6 THE SUSTAINABILITY GOVERNANCE SYSTEM

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The sustainability governance system involves various company functions:

- \_ 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, meets regularly, assesses the strategic and operational proposals relating to sustainability, examines and approves the Sustainability Report and Plan;
- \_ Head of Sustainability: calls for meetings, submits proposals and reports to the Sustainability Committee on CSR-related matters.





# 016

## THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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The internal control and risk management system of 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.

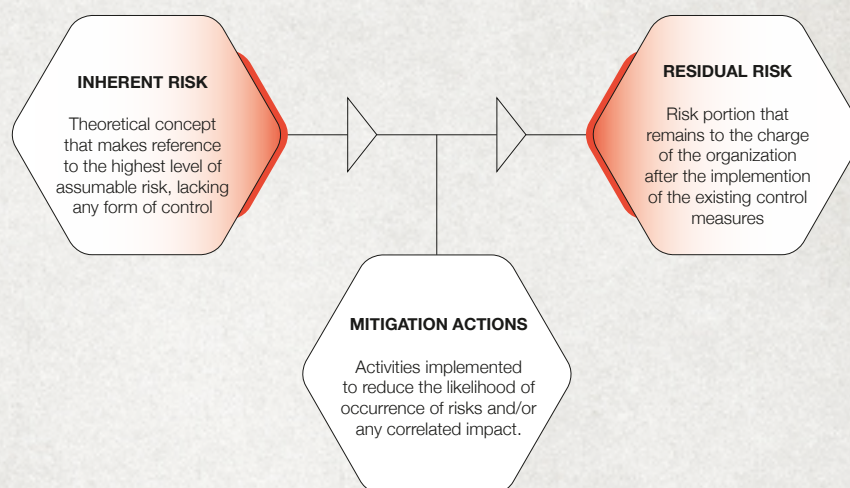
The guidelines and orientation of the internal control and risk management system make reference to the principles envisaged in the Enterprise Risk Management (ERM) standard, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).

In 2008, within the framework of guideline definition, the Mondadori Group implemented a process aimed at identifying, assessing and managing the main risks and uncertainties to which it is exposed in 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 shares, competitive advantage and reputation. Through the process of self-assessment, company management identifies the risks attributable to its own competence and assesses the effects on the objectives that were previously defined by the business and staff general managers. The assessment is accomplished both inherently - that is, without any mitigation action - and residually, thus taking into account the actions implemented to reduce the probability of occurrence of the risk event and/or limit its damaging impact.



The outcomes, collected and processed by Risk Management, are subject to targeted disclosure to the 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.



In 2013 64 risk elements were identified and attributed to the following categories: risks linked to the economic scenario, financial and credit risks, strategic risks, regulatory and legislative risks and risks linked to brand protection.

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 related to changes in the regulatory and legislative framework, the selection and evaluation of suppliers, the relationship with customers in terms of attention to satisfaction and responsiveness, the environmental impact of the company activities and decisions and the allocation of resources for sustainability projects and initiatives.

The elements identified were subject to adequate mitigation actions.

The Risk Assessment system maps also transparency and measures to combat corruption across the Company. In this regard, in 2013, no episodes of corruption were either identified or reported.



# 01.7

## PROMOTING SUSTAINABILITY

40

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

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

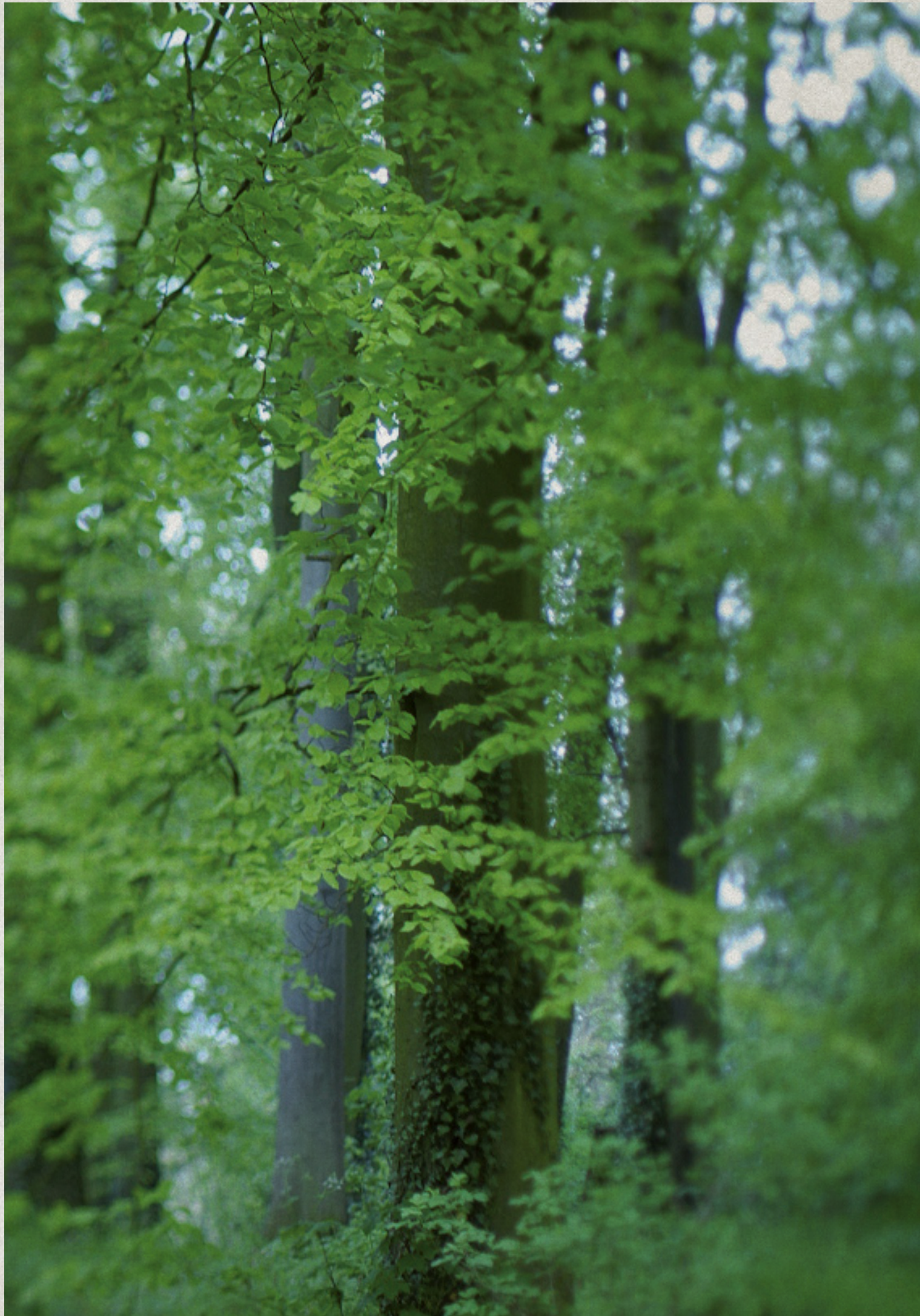
At 31 December 2013 Sodalitas had 90 member companies, which undertake company sustainability initiatives with the Foundation, and managers who operate as volunteers, donating their time and skills.

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 equal 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 2011 Mondadori also adhered to 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 organizes workshops focused on sustainability issues, open to the public or reserved for members, and also carries out research on topics of interest to its members.











# 02

## ECONOMIC RESPONSIBILITY

44 52 56 60  
• • • •

ECONOMIC PERFORMANCE

SHAREHOLDER STRUCTURE

GENERATING ECONOMIC SUSTAINABILITY FOR OUR CUSTOMERS

RELATIONS WITH SUPPLIERS



# 02.1

## ECONOMIC PERFORMANCE

4 4

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

### 02.1.1 ADDED VALUE

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The added value generated and distributed by Mondadori Group for Italy only, was calculated based on the consolidated income statement with 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 to the shareholders.

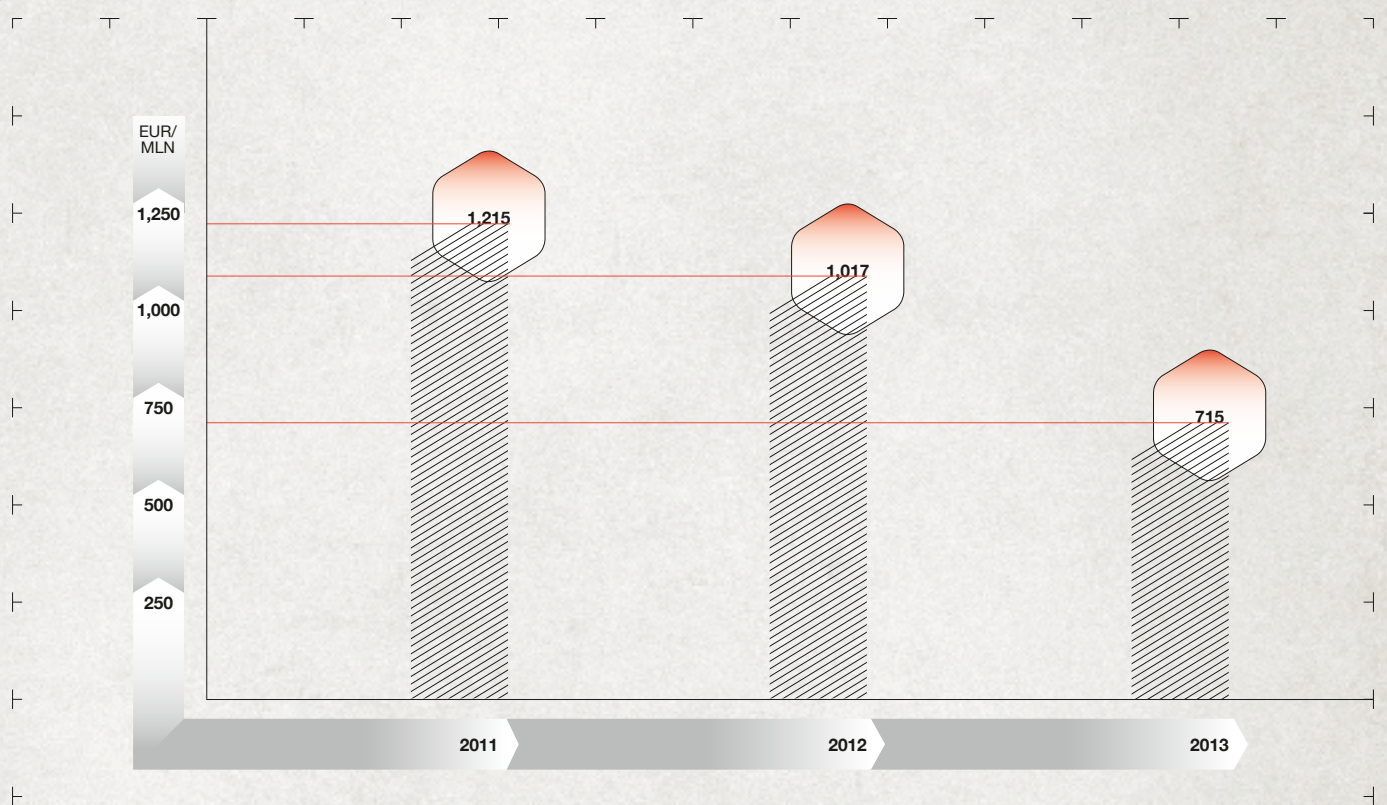
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In 2013 the economic value distributed by Mondadori (limited to Italy, unless otherwise indicated) was euro 973 million, higher than the economic value generated (euro 715 million) as a consequence of impairments resulting in the alignment of assets and equity investments to the current market scenario. The economic value retained is therefore negative (euro -258.4 million).

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## ECONOMIC VALUE GENERATED

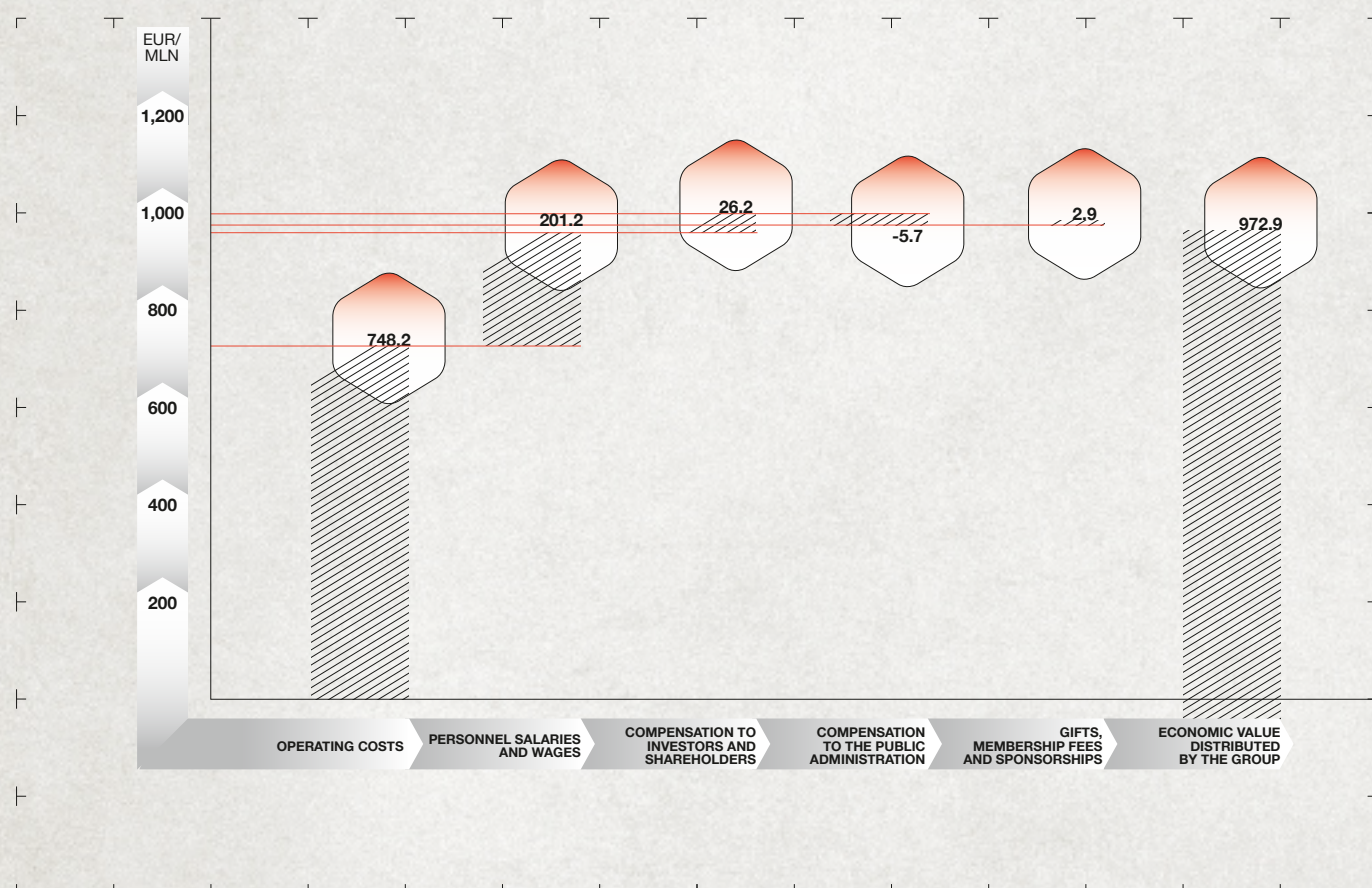




The economic value generated, shown in the table below, is broken down as follows:

- \_ operating costs totalled euro 748 million (-9% vs 2012), of which 94% related to trade payables (euro 705 million, -9.3% vs 2012);
- \_ employee salaries and wages accounted for euro 201 million, up 0.5% against the previous year;
- \_ payments to financial institutions totalled euro 26.2 million, while shareholder remuneration was zero, because no dividends were paid out;
- \_ payments to the public administration were negative for euro -5.7 million; the item, adjusted for the value distributed by the Group, shows the tax charge for the year in progress, which was positive as a result of the persisting reduction in financial results;
- \_ gifts, membership fees and sponsorships totalled euro 2.9 million, down 6.5% against 2012 (for more details see § 04.3 and 04.3.1).

## DISTRIBUTION OF THE ECONOMIC VALUE





The economic value generated by the Group in 2013 dropped by 29.7%, from euro 1,017 million in 2012 to euro 715 million in 2013. Also the economic value distributed decreased (-7.3%, from euro 1,050 million to euro 973 million).

	ITALY		
EUR/000	2011	2012	2013
<b>ECONOMIC VALUE GENERATED BY THE GROUP</b>	<b>1,214,815</b>	<b>1,017,236</b>	<b>714,528</b>
<b>ECONOMIC VALUE DISTRIBUTED BY THE GROUP</b>	<b>1,147,348</b>	<b>1,049,685</b>	<b>972,879</b>
OPERATING COSTS	898,242	822,164	748,208
PERSONNEL SALARIES AND WAGES	188,051	199,662	201,242
COMPENSATION TO INVESTORS AND SHAREHOLDERS	26,804	25,701	26,152
COMPENSATION TO THE PUBLIC ADMINISTRATION	30,984	(933)	(5,670)
GIFTS, MEMBERSHIP FEES AND SPONSORSHIPS	3,267	3,091	2,947
<b>ECONOMIC VALUE WITHHELD BY THE GROUP</b>	<b>67,467</b>	<b>(32,449)</b>	<b>(258,351)</b>

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 the economic value and also shows the Group values reported in the consolidated financial statements at 31 December 2013.

	ITALY			GROUP CONSOLIDATED		
EUR/000	2011	2012	2013	2011	2012	2013
<b>ECONOMIC VALUE GENERATED BY THE GROUP</b>	<b>1,214,815</b>	<b>1,017,236</b>	<b>714,528</b>	<b>1,553,185</b>	<b>1,254,284</b>	<b>1,150,963</b>
REVENUES	1,163,310	1,036,152	923,381	1,509,843	1,416,093	1,275,791
OTHER REVENUES	30,579	26,293	22,469	35,604	29,214	28,018
FINANCIAL REVENUES AND INTEREST ACCRUED	15,590	12,656	14,112	6,882	4,165	3,815
REV./COSTS FROM DISPOSAL OF TANGIBLE AND INTANG. ASSETS	3,424	43	(12)	3,420	48	(218)
VALUE ADJUSTM. OF TANGIBLE AND INTANG. ASSETS	(1,130)	(52,959)	(33,785)	(3,330)	(192,993)	(117,080)
LOSSES ON RECEIVABLES	(12,283)	(9,079)	(8,342)	(13,621)	(10,092)	(9,195)
CURRENCY DIFFERENCES	19	(67)	(470)	35	(91)	(517)
INCOME/LOSS FROM EQUITY INVESTMENTS	15,306	4,197	(202,825)	14,352	7,940	(29,651)
<b>ECONOMIC VALUE DISTRIBUTED BY THE GROUP</b>	<b>1,147,348</b>	<b>1,049,685</b>	<b>972,879</b>	<b>1,476,696</b>	<b>1,404,065</b>	<b>1,309,600</b>
TRADE PAYABLES	852,520	776,772	704,880	1,078,820	1,017,950	932,324
COSTS FOR THIRD PARTS ASSETS USE	38,199	37,220	35,044	44,100	43,388	42,300
PERSONNEL SALARIES AND WAGES	188,051	199,662	201,242	270,748	290,415	290,468
COMPENSATION TO INVESTORS	26,804	25,701	26,152	27,421	26,334	27,507
COMPENSATION TO SHAREHOLDERS	0	0	0	0	0	0
COMPENSATION TO PUBLIC ADMINISTRATION <sup>1</sup>	30,984	(933)	(5,670)	41,782	11,195	2,344
OTHER OPERATING COSTS	7,523	8,172	8,284	10,558	11,692	11,710
GIFTS, MEMBERSHIP FEES AND SPONSORSHIPS <sup>2</sup>	3,267	3,091	2,947	3,267	3,091	2,497
<b>ECONOMIC VALUE WITHHELD BY THE GROUP</b>	<b>67,467</b>	<b>(32,449)</b>	<b>(258,351)</b>	<b>76,489</b>	<b>(149,781)</b>	<b>(158,637)</b>
AMORTIZ. OF PROPERTIES, PLANTS AND MACHINERY	10,336	9,613	9,491	12,117	11,511	11,869
AMORTIZATION OF INTANGIBLE ASSETS	3,024	3,500	3,439	11,134	13,547	13,388
FUND PROVISION	28,905	20,635	34,996	30,704	22,788	37,332
FUND UTILIZATION	(20,379)	(16,907)	(14,551)	(24,169)	(19,025)	(16,892)
DEFERRED/PRE-PAID TAXES	2,220	(9,648)	(10,374)	(2,773)	(13,511)	(20,846)
UTILISATIONS OF RESERVES <sup>3</sup>	43,361	(39,642)	(281,352)	49,476	(165,091)	(183,488)

<sup>1</sup> compensation to public administration is negative (as commented above)

<sup>2</sup> gifts and membership fees for 2011 and 2012 were adjusted as a result of the re-classification of other operating costs in the same years

<sup>3</sup> utilisation of reserves to cover year's losses in 2012 and 2013



## 02.1.2 SUBSIDIES FROM THE PUBLIC ADMINISTRATION

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in 2013 Mondadori received government grants totalling approximately euro 120,000, mainly as subsidies to training and publishing reimbursements.

## 02.1.3 PENALTIES

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Penalties paid in 2013 increased compared to the previous year, though remaining lower than 40% against 2011 amounts.

Economic penalties mainly consisted of amicable settlements with counterparties, which did not result in any liability by Mondadori; amounts grew by 22% on a year-on-year basis.

In 2013 the Group did not pay any penalties deemed due by authorities or any fines relating to the environment.

Tax fines mainly refer to Arnoldo Mondadori Editore S.p.A. for the 2004 and 2005 fiscal years.

### MONETARY PENALTIES

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In order to provide greater transparency to stakeholders, Mondadori developed an archive relating to non-monetary penalties at the beginning of 2012. Examples of non-monetary penalties include the publication of corrections or rulings. In 2013 only 3 cases were identified.

### NON-MONETARY PENALTIES

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EUR/MLN

TYPE	2011	2012	2013
TAX FINES	4.29	0.20	2.65
ECONOMIC PENALTIES	1.26	0.55	0.67
<b>TOTAL</b>	<b>5.55</b>	<b>0.75</b>	<b>3.32</b>

TYPE	2011	2012	2013
NON-MONETARY PENALTIES	NA	5	3
<b>TOTAL</b>	<b>NA</b>	<b>5</b>	<b>3</b>

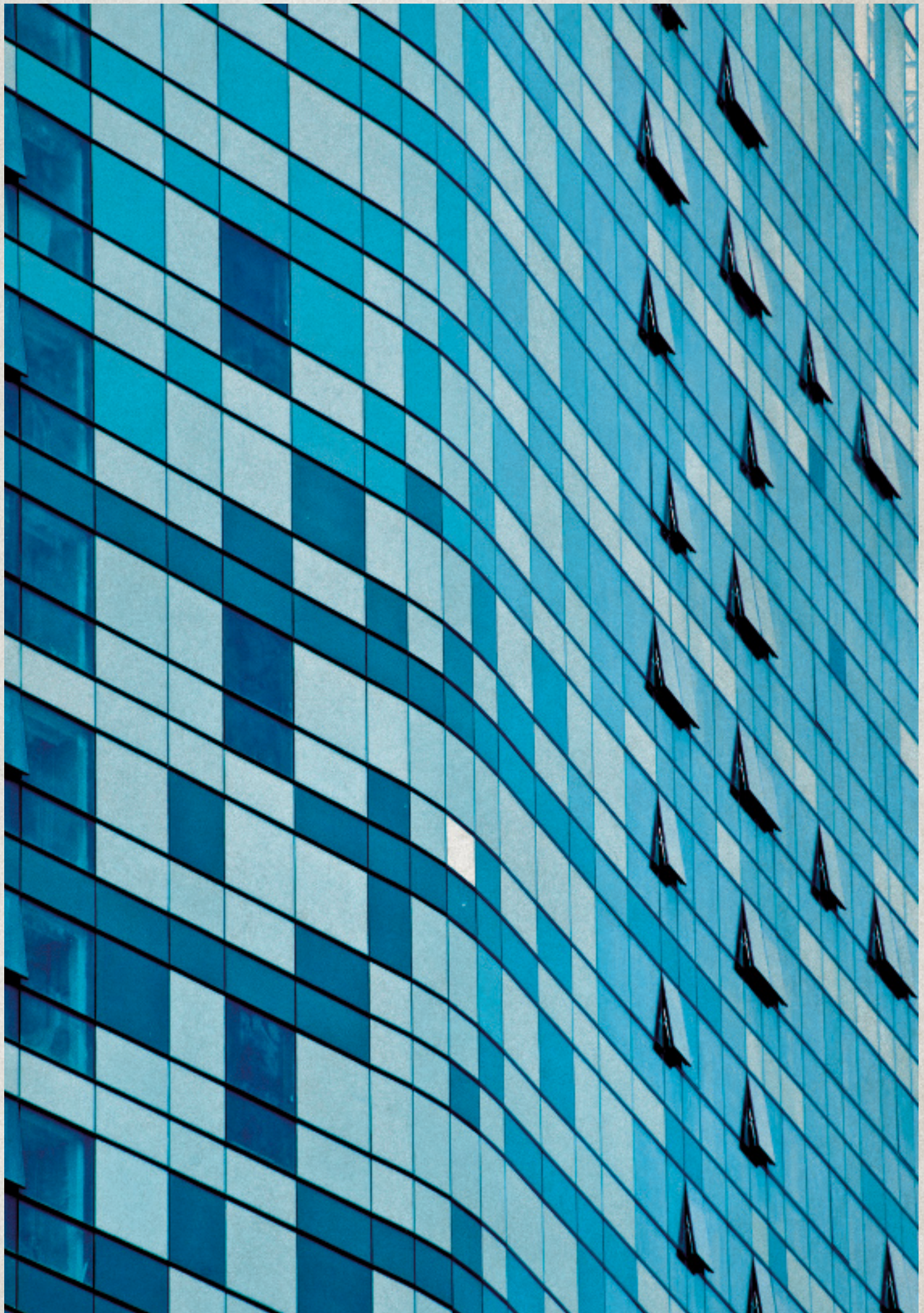


On 2 April 2013 the preliminary investigation filed on 15 December 2010 by the Italian Competition Authority was definitively closed, relating to the partnership established in September 2010 between Mondadori Electa S.p.A. and the French partner Réunion des Musées Nationaux (the latter through Société Editions d'Art LYS) resulting in a new company, Electa RMN S.r.l., owned by Electa at 75% and by RMN at 25%, in order to bid jointly in the tenders launched by the Italian Ministry of National Heritage and Cultural Activities for the management of ancillary services in the main museum and archeological sites in Italy.

Following the result of the preliminary investigation, aimed at verifying whether the two companies by establishing a newco to participate in tenders, had limited competition in the tender market, the parties, though fully convinced of having acted in full compliance with competition laws, terminated the agreement stipulated in 2010 by mutual consent.

The proceeding also confirmed that there are no indications for challenging limitation of competition in the Italian market of museum bookshop management.







# 02.2

## SHAREHOLDER STRUCTURE

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### Structure of share capital

The share capital of Mondadori, fully paid up and subscribed, totals euro 64,079,168.40, divided in 246,458,340 ordinary shares with a par value of euro 0.26 each. The shares are centrally administered and dematerialised and are traded on the Mercato Telematico Azionario (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 Bylaws 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 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%

\* at 31 December 2013

It should be noted that on 4 and 5 February 2014 River and Mercantile Asset Management LLP acquired and provided disclosure about the purchase of 5,243,621 shares as "discretionary assets under management": the shareholding amounts to 2.13% of the share capital, thus qualifying as relevant.



### **Share buyback authorisation**

The Shareholders' Meeting of 23 April 2013 resolved upon the renewal of the authorisation to purchase and sell Treasury Shares, following the expiry of the preceding authorisation resolved upon on 19 April 2012, with the aim of retaining the applicability of law provisions in the matter of any additional re-purchase plans and, consequently, of picking up any investment and operational opportunities involving Treasury Shares. The same Shareholders' Meeting also concurrently provided the authorisation to sell Treasury Shares purchased or already in the Company portfolio. Considering the shares already either directly or indirectly owned, the authorisation enables the Company to purchase maximum no. 9,692,334 ordinary shares with a nominal unit value equal to euro 0.26, reaching a cap of 10% of the Company's capital.

In 2013, Arnoldo Mondadori Editore S.p.A. did not purchase or sell Treasury Shares either directly or indirectly through its subsidiaries.

Arnoldo Mondadori Editore S.p.A. holds 14,953,500 shares (6.07% of the Company's share capital), of which no. 10,436,014 directly and no. 4,517,486 through its subsidiary Mondadori International S.p.A. As a result of the transaction regarding the merger by incorporation of the aforementioned subsidiary in the parent company, completed on 28 November 2013, the shares owned by the incorporated company were transferred to the parent company and are therefore considered as directly owned by Arnoldo Mondadori Editore S.p.A.



## 02.2.1 INVESTOR RELATIONS

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

Mondadori has an Investor Relations function, which manages relations with institutional investors and shareholders in general. Investor Relations may be contacted at the following email address [invrel@mondadori.it](mailto:invrel@mondadori.it).

Mondadori developed a specific section on its website where it publishes all information regarding the Company, that is important to shareholders and investors in general ([www.mondadori.it/Investor-relations](http://www.mondadori.it/Investor-relations)). In particular, 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 analysts' reports.

Mondadori management holds regular meetings with the financial community, which may be re-classified according to the following categories:

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





## 02.2.2 RELATIONS WITH THE MEDIA

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Mondadori Group Communication and Media Relations function controls all aspects relative to the Company's relations with the media, ranging from corporate communication (information strictly related to corporate aspects and the Group's financial and economic issues) to the promotion of the Company's image vis-à-vis the business community, entities and institutions, and the media. The Communication and Media Relations function also monitors business unit communication, social media and digital communication, corporate image and initiatives, from sustainability to internal communication.

The main communication channels are press releases (sent to press agencies, dailies, radio, TV, web and social media) and the Group's institutional website ([www.mondadori.it](http://www.mondadori.it)), which is updated almost daily both in the Media section, which groups the corporate press releases and a selection of product press releases, and in the Investor Relations (see § 02.2.1) and Governance sections. The documents are available in Italian and English ([www.mondadori.com](http://www.mondadori.com)).

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





# 02.3

## RELATIONS WITH SUPPLIERS

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The Group's Procurement function was re-organised in 2013 and incorporated into the centralised Finance, Procurement and IT function. It supervises all procurement processes regarding any type of product or service (except for consulting services, retail purchases and barter transactions) for the parent company and the Italian subsidiaries. It governs the following four areas: real estate, facilities and ICT; outsourcing and raw materials, marketing and promotions.

Procurement is responsible for monitoring the Group's procurement process with direct and co-ordinated action with respect to all companies, monitoring all steps, from market research on suppliers, products and services to the analysis of requirements; from the launch of periodic and specific tenders on different products and services to the negotiations of the best conditions and from price monitoring to quality improvement for all products and services. The Group's Procurement function is also responsible for ensuring formal and material correctness and completeness of orders and contracts, by also relying on Legal Affairs and the competent technical departments in compliance with the organisation, management and control model adopted by the Group.

Procurement applies the fundamental principles previously identified for a correct and effective management of the Group's expenditure and, thanks also to the extension of the sustainability project, it facilitates a more consistent approach to the adoption of ethical behaviour in line with the principles contained in the Company's Code of Ethics.

As to suppliers, the trend will be to move closer to ethical standards of conduct, by also fostering the obtaining of certifications, respect of human rights and safety compliance in the workplace, the prohibition of child labour and the pursuit of sustainability policies.



Within the aforementioned four areas covered by the Procurement function, 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

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

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

95% of the products sold as side products (except for publishing products, music and films) by Mondadori come from China. Mondadori does not import them directly, but relies on one or more intermediaries, who are responsible for plant scouting and for all the 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 Code of Ethics;
- \_ European regulations;
- \_ minimum worker age: 14 years.

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

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

After the enforcement (in July 2011) of the new EU toy safety directive (EC/48/2009, which replaced the old directive EC/378/1988), Mondadori stipulated a contract with the consulting company TÜV Rheinland in order to improve the implementation of legal requirements and ensure that the products defined as "toys" comply with the relevant safety standards. TÜV Rheinland is worldwide leader in third party certification and inspection services.

In 2013 no non-compliance events were reported in breach of regulations and voluntary codes relating to the labelling of the products sold by Mondadori.



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

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

- \_ quality: ISO 9001:2008 certification issued to Mondadori Printing in April 2013 and valid until March 2016;

- \_ environment: ISO 14001:2004 certification issued in April 2013 and valid until March 2016;  
PEFC ST 2002:2010 certification issued in February 2013 and valid until February 2018;  
FSC STD 50-001, FSC STD 40-003, FSC STD 40-004 and FSC STD 40-005 certifications issued in February 2013 and valid until February 2018;

- \_ health and safety: internal health and safety management system (not as yet compliant with the requirements set out in article 30 of Italian Legislative Decree 81/08 or with international standards such as OHSAS 18001).







# 02.4

## 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 organisations (ONLUS) and NGOs: the Group takes pride in delivering good performance for these customers, in the knowledge that the benefits are directly enjoyed by the beneficiaries of the services made available by the same associations, thus generating an overall benefit for the Company.

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

In 2013 Mondadori Pubblicità provided services to associations operating in the following segments:

- \_ remote adoptions in developing countries;
- \_ support to needy children;
- \_ care and assistance to the sick in developing countries;
- \_ scientific and medical research;
- \_ promotion of children's rights;
- \_ assistance to terminally ill patients.

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



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

In 2013 Cemit sponsored three fundraising events: the fundraising Festival, sponsored since 2009; the fundraising project in favour of Christian Blind Mission Italia Onlus, *Blind Date - Concerto al buio*, organised at the Teatro dal Verme, in Milan on the occasion of the 14th World Sight Day; the fundraising event organized in December by OXFAM Italia within *Women's Circle – Le donne motore del cambiamento* (Women driving change).







# 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, like the consumption of natural, non-renewable resources, the dispersion of polluting substances and the alteration of the ecosystem.

The main environmental aspects associated with Mondadori's activities are broken down as follows:

- \_ **direct** (under Mondadori's direct control; see § 03.2);
- \_ **indirect** (associated with activities that are not under Mondadori's direct control, but that are clearly correlated to it and its activities, such as supplier activities; see § 03.3).

Notable direct aspects include resource consumption (see § 03.2.1) and climate change (see § 03.2.2), better commented in the sections below.

Indirect aspects are also important. In this respect, the sections below provide a detailed analysis of the activities that may have a great impact on the environment, i.e. the production of paper and print media (see § 03.3.1) and the logistics of publishing product (see § 03.3.2).



# 03.2

## DIRECT ASPECTS.

Mondadori outsourced all printing operations long ago. For this reason, the direct environmental aspects are limited to energy and water consumption and the consumption of materials (mainly from packaging) and the associated environmental impacts.



### Fossil fuels

The majority of the buildings and stores considered in the scope of the Sustainability Report are heated through the use of natural gas and diesel oil. A few buildings represent an exception because they are heated by electrically fed heat pumps.

The table shows the consumption of natural 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 natural gas consumption figures were accurately measured; when this was not possible, estimates based on conservative assumptions were used.

Despite the fluctuations due to climatic conditions in the past three years and the balance amounts calculated upon billing by utility companies, consumption of fossil fuels decreased in the 2011-2013 three year period, mainly as a result of office re-organisation. This re-organisation, now almost completed, generated a reduction by 8% in the consumption of natural gas in 2013 against 2012 and by 18% against 2011. Specifically, the move of the Cemit Interactive Media S.p.A. offices and the Mondadori Education space re-organisation are worth noting.

### Electricity

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

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

Energy consumption for Italy in 2013 was approximately 31,000 MWh, corresponding to the production of a photovoltaic plant of approximately 250,000 m<sup>2</sup>. The details are illustrated in the table below.

The decreased energy consumption in 2013 compared to 2012 is mainly attributable to two factors:

- \_ office re-organisation, including shutdown or reduction in operations;
- \_ decreased consumption by Monradio S.r.l., as a result of reduced power used in the radio frequencies.



TYPE OF ENERGY	UNIT OF MEASUREMENT	CONS. 2011	CONS. 2012	CONS. 2013	CONSUMPTION 2013 IN GJ
NATURAL GAS	M <sup>3</sup>	942,229	846,043	774,999	27,280
DIESEL OIL	L	151,000	150,000	150,000	5,434
<b>TOTAL</b>					<b>32,714</b>

	UNIT OF MEASUREMENT	2011	2012 <sup>3</sup>	2013
ELECTRIC ENERGY PURCHASE FROM NATIONAL GRID	MWH	31,491	36,873	30,903
TOTAL ELECTRIC ENERGY PURCHASE FROM NATIONAL GRID	GJ	113,368	132,742	111,249
OF WHICH FROM NUCLEAR AND RENEWABLE SOURCES <sup>1</sup>	GJ	43,647	45,929	38,492
OF WHICH FROM NON-RENEWABLE SOURCES <sup>1</sup>	GJ	69,721	86,813	72,757
PRIMARY ENERGY CONSUMED FROM NON-RENEWABLE SOURCES <sup>2</sup>	GJ	178,388	222,120	186,156

<sup>1</sup> Share from nuclear and renewable sources and from non-renewable sources was calculated considering the Italian energy mix (source: 2011 data: "Sustainability Report 2011" Gestore Servizi Energetici – GSE; source: 2012 and 2013 data: "Sustainability Report 2012" Gestore Servizi Energetici – GSE).

<sup>2</sup> The amount of primary energy equivalent to energy purchased from non-renewable sources was calculated considering the conversion coefficient published in Terna statistics updated to 2012 (Terna – Historical Data).

<sup>3</sup> 2012 data differ from the data published in the previous Report as a result of inclusion of data that became available after the Report was published.



## 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 value was used, equal to 100 l/person/day, based on the number of employees operating in the different offices (this consumption was included in the table under “Water consumption from municipal waterworks”).

DETAIL	UNIT OF MEASUREMENT	CONS. 2011	CONS. 2012	CONS. 2013
CONSUMPTION OF WATER FROM PUBLIC WATERWORKS	M <sup>3</sup>	122,587 <sup>a</sup>	123,779	130,996
CONSUMPTION OF WATER FROM OWNED WELLS	M <sup>3</sup>	2,166,339	2,134,891	2,239,331
<b>TOTAL</b>	<b>M<sup>3</sup></b>	<b>2,288,926</b>	<b>2,258,670</b>	<b>2,370,327</b>

<sup>a</sup>2011 figures of water consumption from public waterworks were re-calculated in order to guarantee valid data comparability with 2012 figures.

Water consumption from both the grid and proprietary wells slightly increased last year as a result of more effective data collection.

Water is not recycled or re-used in the Group offices. For air conditioning, the Segrate headquarters draw water from proprietary wells, re-cycling a portion (approximately 30%) for the watering of the surrounding park and for the fire-fighting system. 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 makes much use of packaging materials. The table below shows consumption of the main materials used by Mondadori (according to conservative assumptions, these materials are considered as direct consumption also in the case of outsourcing). They include materials used by Mondadori in the shipment of books from Verona, Brescia (Mondolibri) and the dailies and magazines (Press-di). As of 2013, data regarding shipment of books from the Verona warehouse also include the management of returns from franchised bookshops and part of Mondadori Education shipments, in addition to Trade Books. The significant increase in the consumption of boxes and packaging materials is mainly due to an increased extension of the area covered.

### CONSUMPTION OF OTHER MATERIALS (IN TONS)

In addition, Mondadori also began surveying consumption of office materials. The table below shows data relating to the consumption of printer cartridges (environmentally high impacting material), which was measured for the first time in 2012, and consumption of paper for printouts, already measured in the previous year. In 2013, the consumption of paper and cartridges was measured for all Italian consolidated companies. Also in this case, the significant increase in consumption derives from more effective data collection.



## 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 (CO<sub>2</sub>), responsible for approximately 80% of global warming. The other key gases are methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), halogenated compounds (PFC), hydrofluorocarbons (HFC) and sulfur hexafluoride (SF<sub>6</sub>). 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 CO<sub>2</sub> equivalent: the quantities of the other gases are converted according to this unit of measurement by applying specifically developed conversion algorithms.

RAW MATERIAL	DETAIL	2011		2012		2013	
		TRADE BOOKS AND MONDOLIBRI	PRESS-DI	TRADE BOOKS AND MONDOLIBRI	PRESS-DI	VERONA LOGISTICS CENTRE AND MONDOLIBRI	PRESS-DI
WOOD	PALLET	343	611	294	633	331	536
CARDBOARD	BOXES AND PACKAGING MATERIAL <sup>1</sup>	345	-	254	-	742	-
POLYETHYLENE	FILM	49	780	45	672	68	471
	PACK FILLING <sup>2</sup>	11	-	11	-	13	-
	PALLET COVERAGE AND COVERS <sup>2</sup>	3	NA	3	NA	4	NA
POLYPROPYLENE	TAPES	3	NA	2	NA	3	NA
	STRAPPINGS <sup>2</sup>	4	NA	3	NA	7	NA

<sup>1</sup> 2011 and 2012 figures relates to cardboard boxes used exclusively by Mondolibri.

<sup>2</sup> Figures relate to pack filling, covers and pallet coverage and strappings exclusively used by Trade Books; figures for Mondolibri are not available.

RAW MATERIAL (TONS)	DETAIL	2011	2012	2013
		SEGRATE HEADQUARTERS	SEGRATE HEADQUARTERS	ITALY
PAPER	PRINTOUTS	7	6	113
CARTRIDGES <sup>1</sup>	PRINTER CARTRIDGES	NA	1.5	6

<sup>1</sup> 2012 data also includes the offices of Cernusco sul Naviglio and Rome.



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.

Mondadori has estimated its greenhouse gas emissions since the publication of the 2010 Sustainability Report and has been reporting a complete survey of its greenhouse gas emissions since 2013 (2012 data) according to the ISO 14064:2006 international standard.

The updating of the materiality analysis conducted in 2013 (see Note on Methodology) and the participation in the Investor Carbon Disclosure Project (CDP) questionnaire for the third consecutive year, confirm that Mondadori and its reference stakeholders focus a great deal of attention on climate change issues. In its first year of participation 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).

In 2013 Mondadori confirmed its performance, posting a score of 86/100, well above the national average of 66/100. The high score obtained testifies to the attention paid by Mondadori to the risks and opportunities for its business linked to climate change, as well the adequacy of the internal systems for the management and reporting of data relative to greenhouse gas emissions.

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

- \_ communicate transparently to stakeholders its greenhouse gas emissions 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 2014 questionnaire. The Company's objective for the next editions of the CDP questionnaire is two-fold: to confirm the excellent result achieved in terms of disclosure in the past years; and to improve its performance score, which in 2012 placed Mondadori in D-band and in 2013 in the C-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 natural 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 Ferrovie dello Stato Italiane), company and hire cars; paper production (emissions factor taken from the Confederation of European Paper Industries [CEPI] Sustainability Report 2011) required for the printing activities carried out by Mondadori suppliers (Elcograf and other minor suppliers).

Other significant scope 3 emissions were 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](http://cdproject.net) website

The Carbon Disclosure Project (CDP) is an independent non-profit group formed for the purpose of promoting and incentivizing business transformation worldwide in order to fight climate change and protect natural resources. Thanks to its influence in the market through the involvement of shareholders, customers and governments, the CDP has persuaded thousands of companies and municipalities to measure and communicate their greenhouse gas emissions, the relevant risk associated with climate change and their water management plans. The key elements underlying this strategy are the increased awareness of companies vis-à-vis the measurement and disclosure of their emissions and transparency. In this sense, the CDP collects information on climate-related risks and opportunities from the world's largest companies, communicates it to its 767 investors and disseminates it through the global market in order to funnel investments towards a low carbon economy. In 2013 81% of companies on the Global 500 list responded to the annual CDP questionnaire.



EMISSIONS OF GREENHOUSE GASES (TONS OF CO <sub>2</sub> EQUIVALENT)	2011	2012 <sup>3</sup>	2013
DIRECT (SCOPE 1)	2,255	2,064	1,930
INDIRECT ENERGY (SCOPE 2) <sup>1</sup>	12,817	15,007	12,577
OTHER INDIRECT ENERGY (SCOPE 3) <sup>2</sup>	50,530	44,357	38,376
<b>TOTAL EMISSIONS</b>	<b>65,601</b>	<b>61,428</b>	<b>52,883</b>

<sup>1</sup> 2011 and 2012 indirect energy emissions (scope 2) were re-calculated from the 2012 Sustainability Report, following the updating of national emissions factors (source: Terna international comparisons on Enerdata figures – 2011 data), subsequent to the publication of the 2012 Report.

<sup>2</sup> 2011 and 2012 other indirect emissions (scope 3) were re-calculated from the 2012 Sustainability Report, following the updating of emissions factors available for calculation.

<sup>3</sup> 2012 data differ from the data published in the previous Report as a result of inclusion of data that became available after the Report was published.

Direct emissions show a slight downtrend, mainly due to the re-organisation of company offices in 2012, which also continued in 2013.

In 2013 indirect energy emissions dropped against the previous year as a result of lower energy consumption, in particular with reference to the offices of Mondadori S.p.A. and Monradio S.r.l. (see § 03.2.1).

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 110,699 tons in 2011 to 83,767 tons in 2013). Emissions from employee travel for business reasons were slightly down, mainly as a result of lower use of cars (both company cars and leased cars) and air travel. In particular, initiatives are being implemented for company cars aimed at reducing their use in favour of low impact alternatives (see § 03.2.3).

## GREENHOUSE GAS EMISSIONS IN 2013 (TONS OF CO<sub>2</sub> EQUIVALENT)

Mondadori's overall emissions in 2013, equal to approximately 53,000 tons of CO<sub>2</sub> equivalent, correspond to the emissions generated by about 39,300 medium-sized vehicles, each driven 10,000 km.

The emission measurement process, implemented in the past years, enabled the Company to establish the calculation criteria and was used as a baseline for raising awareness within Mondadori about possible 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.

It this regard the Group has already launched some projects to mitigate its emissions, both in 2013 and in the past, such as, for instance, the implementation of energy efficiency measures in buildings and the replacement of the car fleet with low emission models (see § 03.2.3).



INDIRECT  
ENERGY  
EMISSIONS

12,577

24%

72%

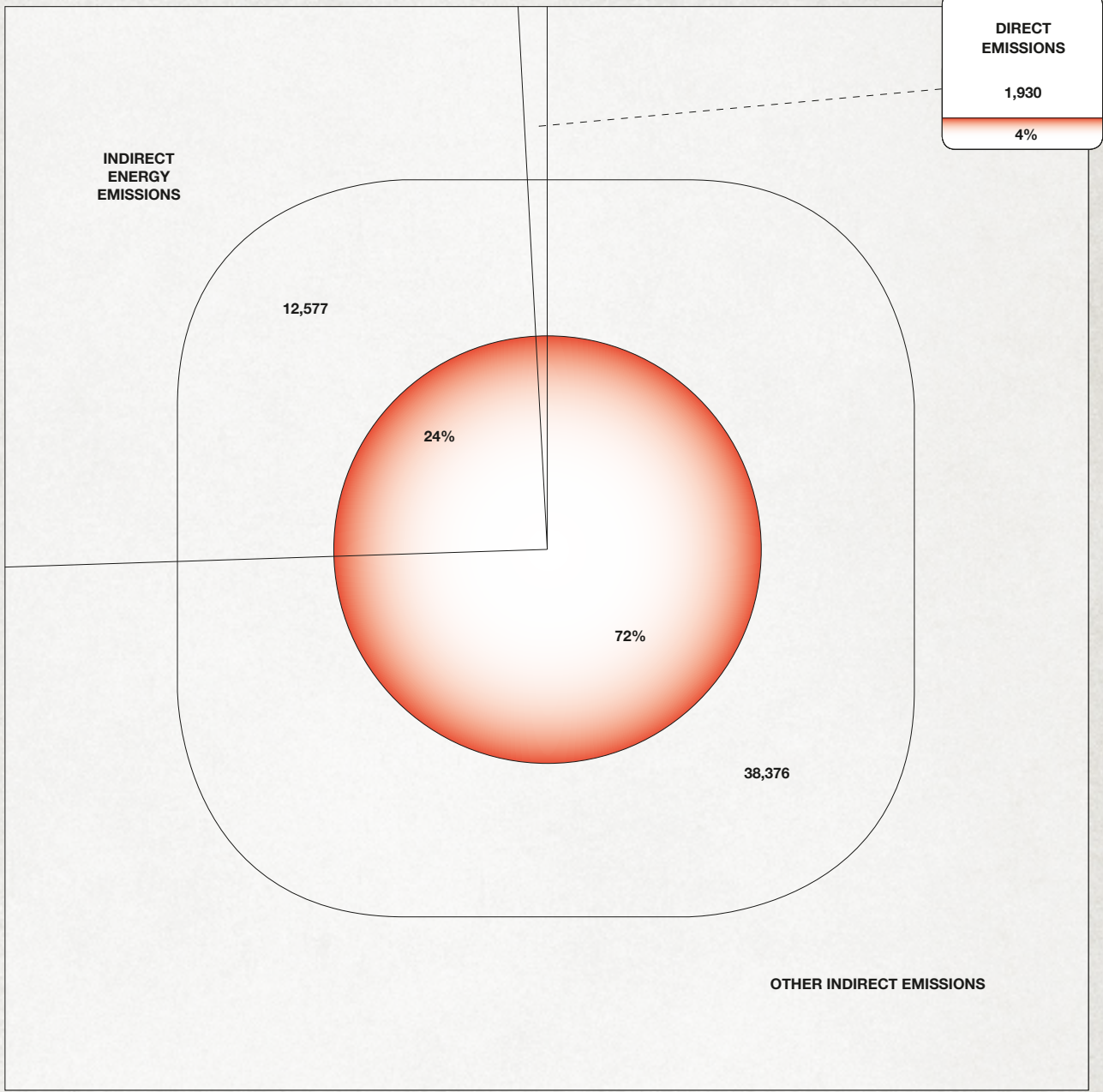
38,376

OTHER INDIRECT EMISSIONS

DIRECT  
EMISSIONS

1,930

4%





#### **Actions on the air ventilation systems and LED lighting**

In 2013 Mondadori focused a great deal of attention on energy efficiency. This is testified by a series of actions implemented on the air ventilation systems, which were approved and launched during the year, especially with reference to the Segrate and Verona offices.

The analyses and the projects covered all the existing operating systems and included the implementation of actions compatible with both the costs to be borne and the return on the investment expected in terms of savings.

Below is a description of the measures approved and started in 2013. Some of these actions have already been completed, while others are still in progress. Therefore, it is expected that the benefits deriving from the actions envisaged will become visible starting from the second half of 2014.

In order to pursue its energy efficiency objectives and reduce its footprint, Mondadori is also carrying out feasibility studies for the implementation of other initiatives.

\_ Arnoldo Mondadori Editore S.p.A. Segrate headquarters: installation of two new geothermal multi-functional systems to replace the current two R22 gas (powerful ozone damaging gas) fuelled air ventilation systems. These new systems will also control heating and air cooling also simultaneously, thus resulting in improved equipment flexibility and considerable savings in terms of energy consumption and management. In fact, the new machines will considerably reduce consumption of power from the currently existing thermal power station (in operation also during the summer). Measured annually, energy and management savings are expected to amount to approximately 110,000 m<sup>3</sup> of gas and 40,000 kWh of energy saved.

\_ Arnoldo Mondadori Editore S.p.A. Segrate headquarters: a second important inverter installation phase was begun for the management of the main ventilators in the building and secondary fluid distribution pumps. Expected savings amount to approximately 150,000 kWh of energy on an annual basis.

\_ Arnoldo Mondadori Editore S.p.A. Segrate headquarters: an important upgrading of the control and management system software is currently in progress, aimed at reducing the significant amounts of external air treated when employees are not present in the office and at accelerating full operation in the rooms. These changes will enable the Company to simultaneously manage heating requirements, external conditions and the number of employees present in the building. Expected savings amount to approximately 40,000 m<sup>3</sup> of gas and 20,000 kWh of energy annually.

\_ Sede Arnoldo Mondadori Editore S.p.A. Verona offices: all supplementary air ventilation systems are being replaced. Two new high-efficiency air ventilation units were installed, featuring a centralised management system also integrating remote control. This measure enabled the Company to eliminate its R22 gas fuelled plants entirely. Expected savings amount to approximately 60,000 kWh of energy on an annual basis.

In addition to the above, a series of energy efficiency projects were also completed in 2013 involving some stores. In particular:

- \_ installation of LED lighting systems both indoors and for store signs;
- \_ replacement of videowall technology screens with new ledwall technology screens.



## Company car fleet

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








### MONDADORI CAR FLEET

TYPE	2011	2012	2013
PROPRIETARY VEHICLES	48	28	20
LEASED VEHICLES	193	202	171
<b>TOTAL</b>	<b>241</b>	<b>230</b>	<b>191</b>

In the past few years, the number of vehicles comprising in the Company car fleet has been falling steadily: from 241 vehicles in 2011 to 191 in 2013. In particular, proprietary vehicles were more than halved in two years, dropping from 48 units in 2011 to 20 units in 2013.

The renewal of the car fleet and the choice of a supplier sensitive to sustainability enabled the Company to achieve excellent results in terms of environmental performance.

With reference to the classification of vehicles in “emission classes” according to the eco-label developed by Adéme (Agence de l’Environnement et de la Maitrise 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 downtrend for vehicles in all classes, except for class A vehicles, which have remained steady over the years.

TYPE		2011	2012	2013
CLASS A – LOWER THAN OR EQUAL TO 100 GCO <sub>2</sub> /KM	<b>A</b> 	10	10	10
CLASS B - FROM 101 TO 120 GCO <sub>2</sub> /KM	<b>B</b> 	54	59	40
CLASS C - FROM 121 TO 140 GCO <sub>2</sub> /KM	<b>C</b> 	67	71	60
CLASS D - FROM 141 TO 160 GCO <sub>2</sub> /KM	<b>D</b> 	60	52	48
CLASS E - FROM 161 TO 200 GCO <sub>2</sub> /KM	<b>E</b> 	34	31	27
CLASS F - FROM 201 TO 250 GCO <sub>2</sub> /KM	<b>F</b> 	8	5	5
CLASS G – HIGHER THAN 250 GCO <sub>2</sub> /KM	<b>G</b> 	8	2	1
<b>TOTAL</b>		<b>241</b>	<b>230</b>	<b>191</b>

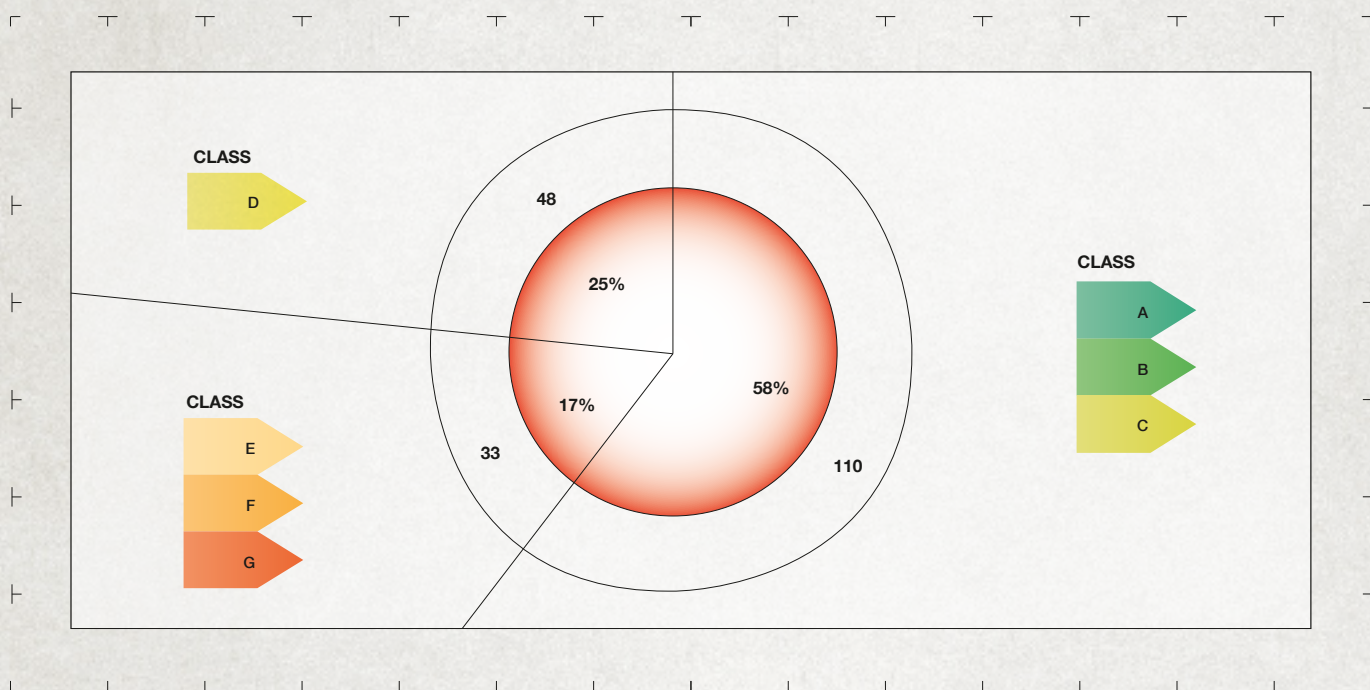


The renewal of the car fleet brought about an improvement in the average class of emissions of the entire fleet (from D to C in 2011 and 2012). The average emissions value decreased from 140 gCO<sub>2</sub>/km in 2012 to 137 gCO<sub>2</sub>/km in 2013.

#### AVERAGE CO<sub>2</sub> EMISSIONS BY KM (GRAMS OF CO<sub>2</sub> EQUIVALENT)

The improvement targeted with Mondadori medium-sized vehicles is also the result of the updating of its car policy in 2012, pursued in partnership with its vehicle supplier. The updated car policy aims at improving emissions parameters through specific measures, including: the introduction of hybrid vehicles, reduced engine sizes of the cars available and an increase in leasing times, from a standard 48 months to 60 months, where possible, and compatibly with user safety, which remains the primary concern of fleet management.

#### BREAKDOWN OF VEHICLES BY ENERGY CLASS

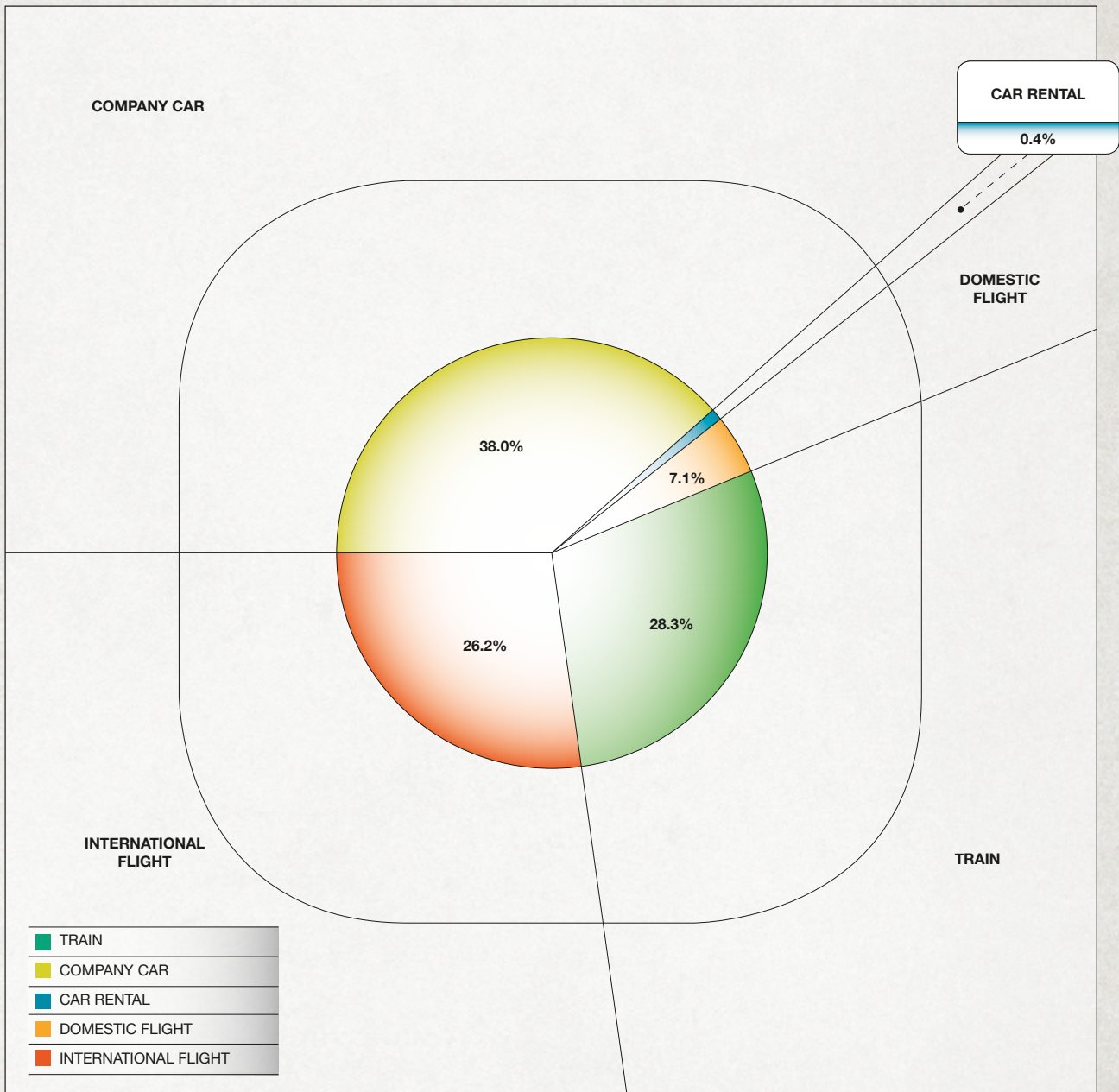
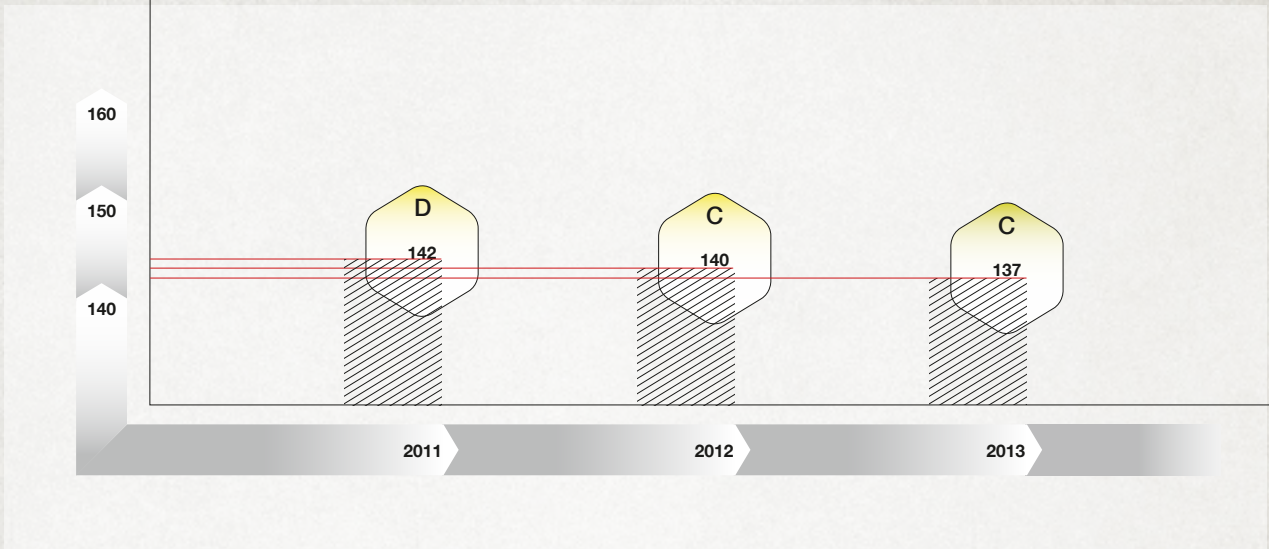


Business trips taken by Mondadori employees are mainly for the following purposes:

- \_ meetings with customers;
- \_ travel for journalistic services;
- \_ meetings with suppliers;
- \_ meetings at other company offices;
- \_ participation in events.

#### KM TRAVELLED BY MEANS OF TRANSPORT USED

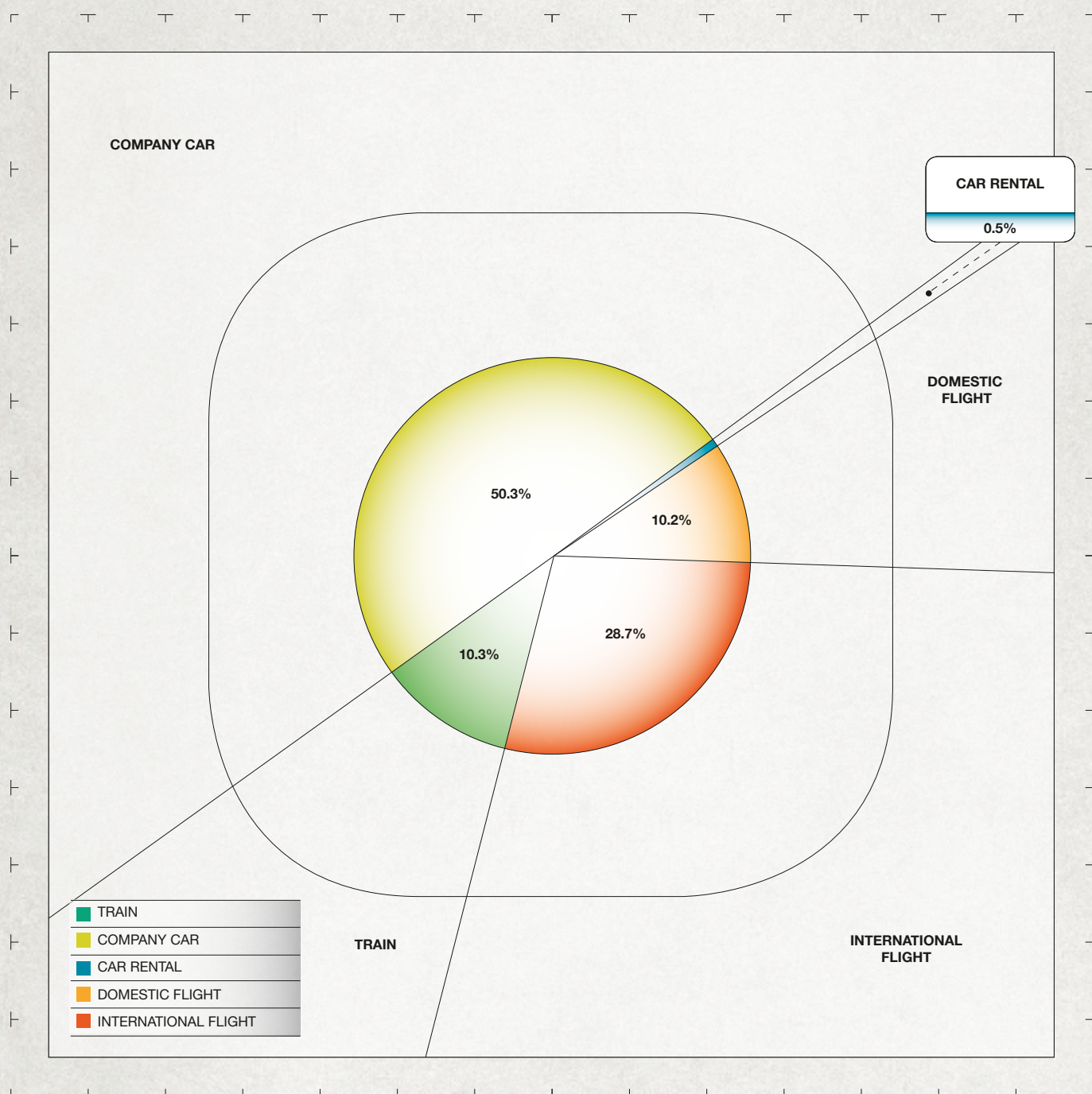






Based on distance travelled, in line with last year's data, company cars remain the most frequent means of transport for business trips, immediately followed by aircraft and trains. Compared to 2012 data, air travel decreased in terms of distance covered in km (from 39.1% in 2012 to 33.3% in 2013), while trains grew from 21.8% in 2012 to 28.3% in 2013. The increase is attributable to changes applied to the company travel policy in 2012, promoting railways as the preferred means of transport, especially on the Milan-Rome route, where the number of trips increased by approximately 13%.

## EMISSIONS BY MEANS OF TRANSPORT



Confirming the trend recorded in the past two years, also in 2013 company cars and aircraft are mainly responsible for CO<sub>2</sub> emissions from business trips (50.3% and 38.9%, respectively). Railway travel is more in line with the Group's objectives of reducing climate changing gas emissions. In fact, though accounting for 28.3% of the kilometers traveled, emissions due to travel by rail amount to only 10.3% of the total.



## Company shuttle

Mondadori operates a shuttle service, operated by an outsourced partner, for employees, contract workers, suppliers or guests of the Company to and from the offices of Segrate, Cernusco and Milano Oltre. Since July 2013, due to road construction works for the BRE.BE.MI motorway, the service was modified and reduced in terms of number of lines and trips. In 2013, 58,652 passengers used the service to go to the offices, down from 2012 figures (74,160).

## 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 examined this issue more closely and identified an initial small set of values. The figures below relate solely to the Segrate headquarters.

TIPOLOGIA	UNIT OF MEASUREMENT	2011	2012 <sup>1</sup>	2013
NON-TOXIC WASTE	KG	404,937	339,592	291,059
TOXIC WASTE	KG	851	1,117	2,020
<b>TOTAL</b>	<b>KG</b>	<b>405,788</b>	<b>340,709</b>	<b>293,079</b>

<sup>1</sup> 2012 data differ from the data published in the previous Report as a result of inclusion of data that became available after the Report was published.

Non-toxic waste mainly refers to paper and cardboard, mixed-material packaging, iron and steel. Toxic waste includes equipment containing HCFC, batteries, cartridges and fluorescent bulbs. The reduction in non-toxic waste reflects a trend which has been consolidating in past years, thanks to a significant drop in paper consumption.

A targeted policy addressing preservation and recycling of office and store furniture enabled the Company to also limit its production of bulk waste.



# 03

## INDIRECT ASPECTS.3

80

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

Particularly, this section analyzes the details relative to the use of paper (both as raw material, § 03.3.1 and as pulp material § 03.3.2) and product transportation: two activities with profound and diversified environmental impacts that are increasingly attracting the attention of customers and stakeholders in general.

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### FROM WOOD TO PAPER

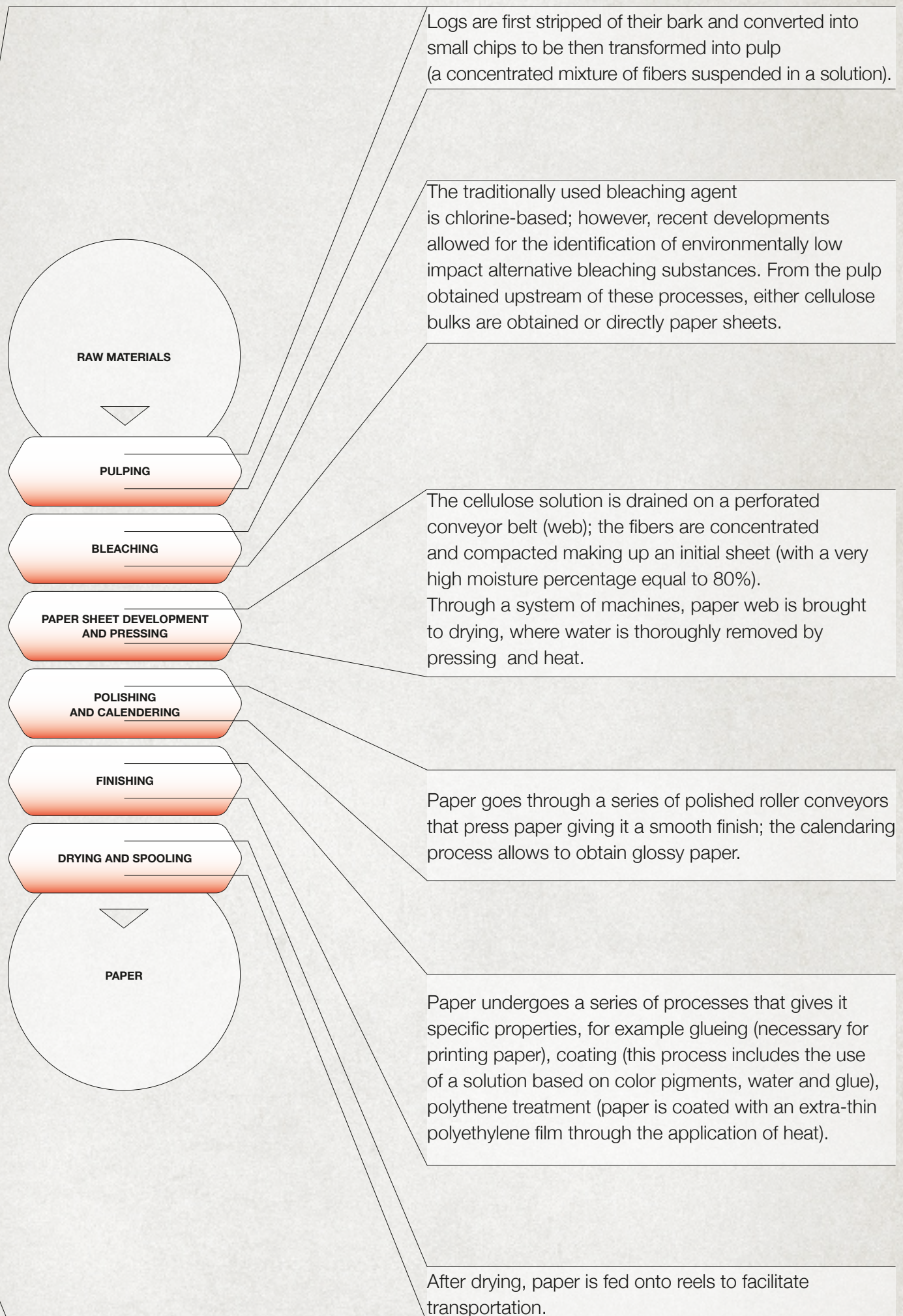
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#### 03.3.1 PRODUCTION OF PAPER AND THE PRINTING PROCESS

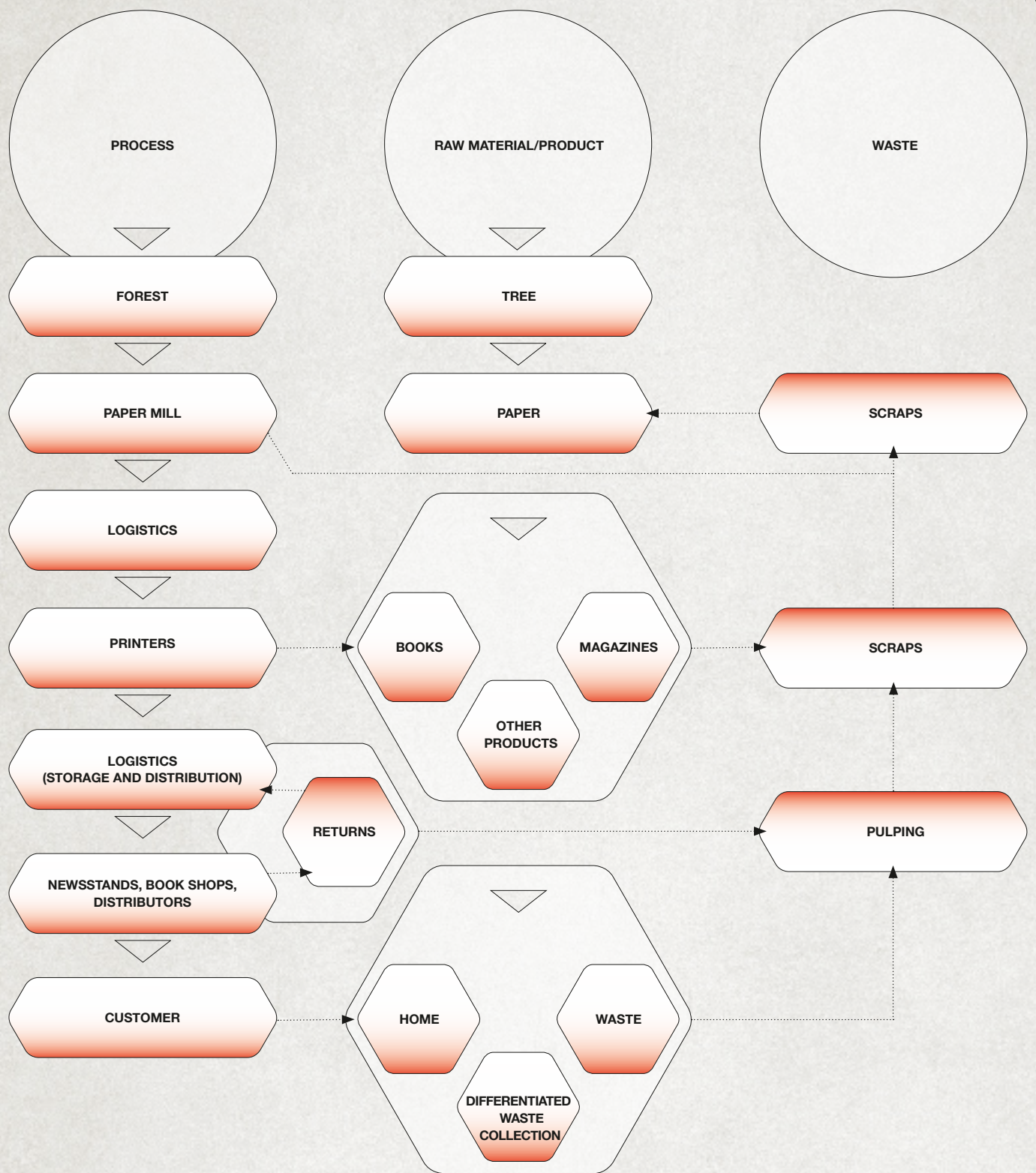
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Despite the increasing importance of digital printing, paper still is the core material for a publisher like Mondadori: consumption volumes and the different types of printing paper still carry significant weight on the overall evaluation of the Group's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











## The paper supply chain

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

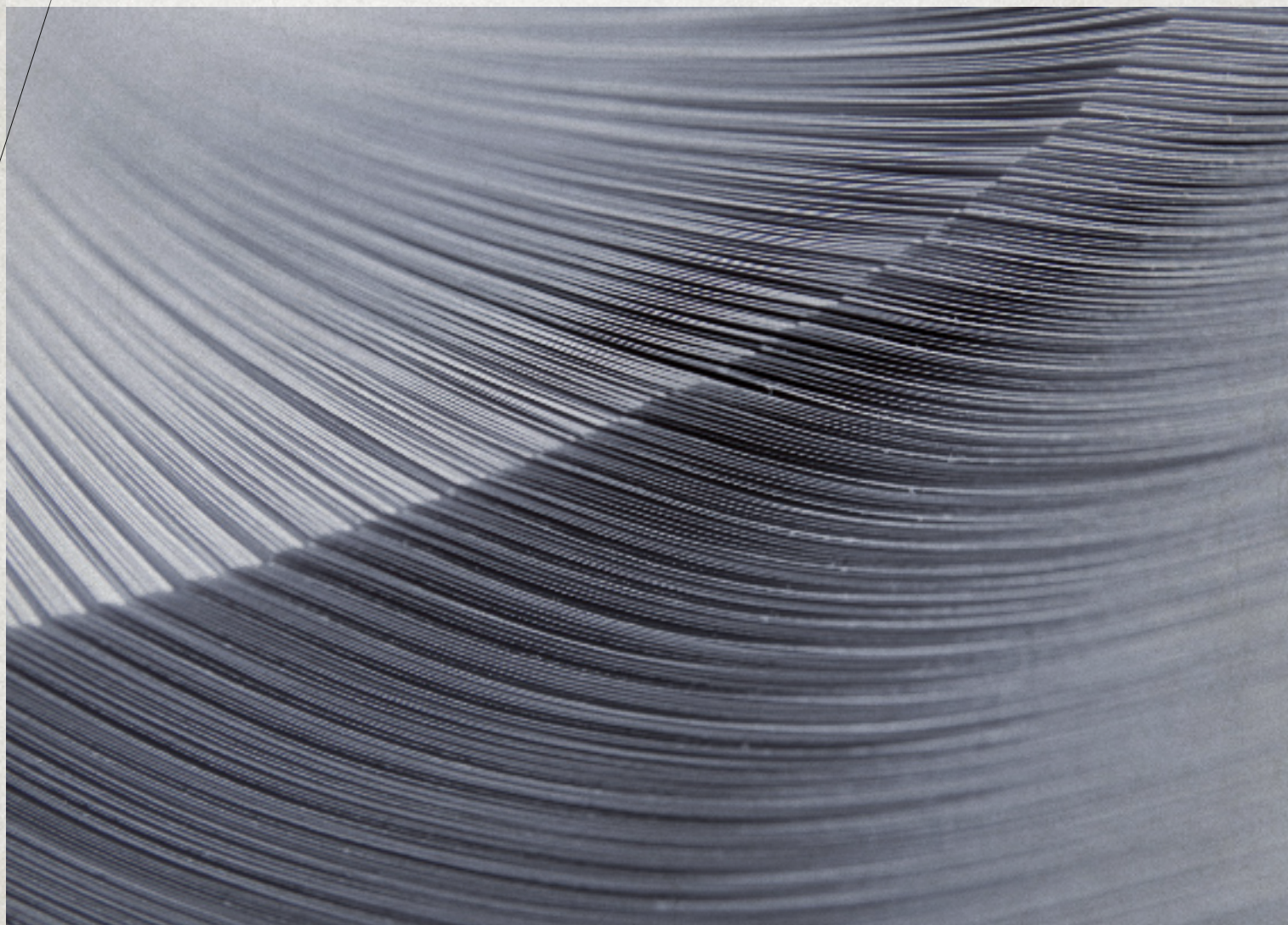
Similarly to the distribution of books and magazines through retail channels, the opposite process is also worth analysing, that is the process of return (see below).

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 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 indifferentiated way.

Pulp paper, i.e. the result of the 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 summarized in the diagram.





## Paper mills

Until the end of 2013 Mondadori purchased paper through the printing companies, i.e. Elcograf (third party company, see § 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 of the populations living in wood cutting regions;
- \_ 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.

It should be noted that as of 2014 paper procurement will be directly managed by Mondadori.

## Paper used to print Mondadori publishing products

In 2013 the overall consumption of printing paper for the Mondadori Group in Italy totalled approximately 83,700 tons, down 13% against the previous year.

### TOTAL PRINTING PAPER – MONDADORI GROUP (TONS)

TYPE	2011	%	2012	%	2013	%
FSC OR PEFC CERTIFIED PAPER	5,916	5.3%	17,271	17.9%	19,306	23.1%
RECYCLED PAPER	437	0.4%	22	0.02%	0	0.0%
TRADITIONAL PAPER	104,347	94.3%	79,090	82.1%	64,461	76.9%
<b>TOTAL</b>	<b>110,699</b>		<b>96,383</b>		<b>83,767</b>	

The consumption of FSC/PEFC certified paper grew significantly reaching 23.1% of the total in 2013, against 5.3% in 2011.

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 and direct marketing.

Elcograf meets approximately 90% of Mondadori's printing needs.



## PRINTING CARRIED OUT BY ELCOGRAF (TONS)

TYPE	2012					2013				
	MAGAZINES	BOOKS	OTHER	TOTAL	%	MAGAZINES	BOOKS	OTHER	TOTAL	%
FSC MIXED	216	6,123	343	6,681	7.7%	207	5,901	563	6,671	8.8%
FSC RECYCLED	295	892	67	1,254	1.4%	112	884	104	1,100	1.4%
PEFC MIXED	69	0	858	928	1.1%	35	3,907	534	4,476	5.9%
PEFC PURE	0	0.27	0	0,27	0.0%	2,8	0,4	0	3,2	0.0%
<b>CERTIFIED PAPER</b>	<b>580</b>	<b>7,014</b>	<b>1,267</b>	<b>8,862</b>	<b>10.2%</b>	<b>357</b>	<b>10,692</b>	<b>1,201</b>	<b>12,250</b>	<b>16.1%</b>
RECYCLED PAPER	0	0	0	0	0.0%	0	0	0	0	0.0%
TRADITIONAL PAPER	60,819	16,197	1,281	78,297	89.8%	52,184	10,531	916	63,631	83.9%
<b>TOTAL</b>	<b>61,400</b>	<b>23,211</b>	<b>2,548</b>	<b>87,159</b>	<b>100.0%</b>	<b>52,541</b>	<b>21,223</b>	<b>2,117</b>	<b>75,881</b>	<b>100.0%</b>

The consumption of FSC and PEFC certified paper by Elcograf increased significantly against the previous year, in particular for Trade Books (87% on total consumption of FSC certified paper), testifying to the Company's engagement since 2010.

### PEFC E 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 the national and regional levels. The representatives of the owners of woods and poplar plantations, final consumers, users, professionals, as well as the representatives of the lumber and woodworking industry contribute to the development of PEFC. Its objective is to improve the image of forestry and the forest-wood supply chain, providing a tool that permits the marketing of wood and products deriving from forests and plantations managed in a sustainable way. In Italy, PEFC Italia is the Italian non-profit association that represents the national governance body of the PEFC certification system. The PEFC system allows the verification of:

- \_ the sustainability of the forestry management;
- \_ the traceability of sold and processed 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 recognized forest certification system.

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



Mondadori Group also uses other printing suppliers, particularly for school textbooks. The table below shows figures for the main minor suppliers.

#### PRINTING CARRIED OUT BY OTHER SUPPLIERS (TONS)

	2012				2013			
TYPE	EDUCATION	CEMIT	TOTAL	%	EDUCATION	CEMIT	TOTAL	%
CERTIFIED PAPER	7,483	926	8,409	91.2%	6,675	381	7,056	89.5%
RECYCLED PAPER	22	0	22	0.2%	0	0	0	0.0%
TRADITIONAL PAPER	83	710	793	8.6%	110	720	830	10.5%
<b>TOTAL</b>	<b>7,588</b>	<b>1,636</b>	<b>9,224</b>		<b>6,785</b>	<b>1,101</b>	<b>7,886</b>	

To meet Mondadori Education's printing requirements, all types of paper purchased are manufactured in ISO 14001 certified paper mills; 80% of these companies 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).

Approximately 90% of printing carried out by other suppliers is certified.









Mondadori Group's management of logistics covers different layers that extend over the entire country and differ by type of products managed and transported.

The following channels are identified: magazines (newsstands and subscriptions), books (trade and educational), book clubs (Mondolibri products) and e-commerce.

Many logistics processes include both direct shipping to the destination points of the reference channel and shipping of returned unsold products. Unsold products, based on the channel, may be destined to storage, re-processing for paper recycling and pulp (in case of paper products) or destruction and disposal.

#### Magazines

Magazine logistics is managed by Press-di Distribuzione Stampa e Multimedia Srl, a fully 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 to a network of qualified suppliers.

Considering the two retail channels, represented by newsstands (83%) and subscriptions (17%), in 2013 the overall weight transported slightly exceeded 82,000 tons, entirely on the road (and by sea with the roll-on/roll-off modality for ferrying to islands).

The logistics process of magazines includes three main steps:

\_ film wrapping and shipment preparation: in 2013 this process was applied to approximately 108 million copies for a total of about 414 tons of film. Figures show a downtrend against the previous year as a result of reduced operations;

\_ primary transport: the primary transport network from logistics centres (Melzo, Verona and Rome) to local distributors (approx 100 private enterprises in 2013);

\_ last mile (delivery to the point of sale): local distributors carry out dispatching services broken down by newsstands and the "last mile" transport service to the point of sale. Local distributors are responsible for collecting unsold products at newsstands every day and process returns for shipment to Press-Di national collection centre or to paper mills/local landfills;

\_ collection of unsold products: unsold products subject to return to publisher are returned to the national collection centre of San Pietro Mosezzo (Novara) through Press-Di primary transport network.

The daily newspapers produced by third-party publishers (including il Giornale, Libero, Avvenire) are distributed by a different network than the one used for magazines. This network includes a number of printing centres located throughout Italy, delivering to local distributors.

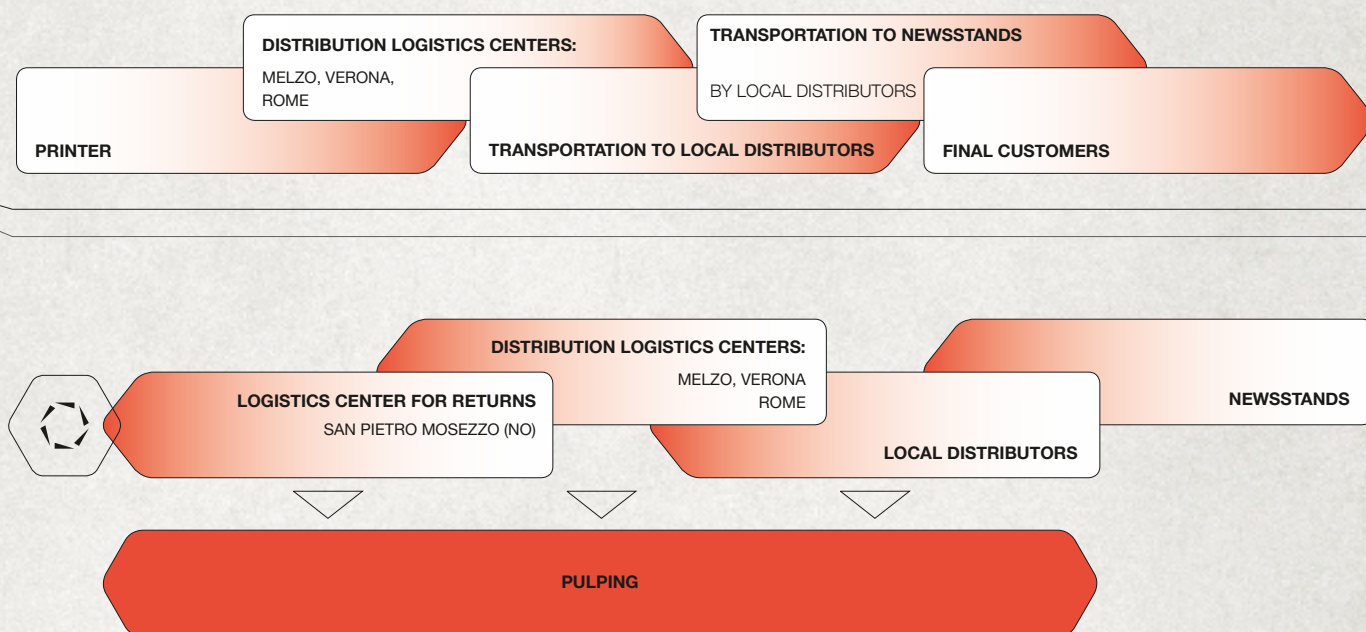
This network, designed to ensure fast delivery times, is shared with other distributors to guarantee higher volume efficiency.



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





## Pulping

Mondadori has an extremely high pulping rate: Press-Di (in agreement with the Group and third publishers) has, in fact, decided to favour the largest possible distribution of certified return processes from local distributors in order to reach the critical mass necessary to concretely target the considerable savings that can be achieved through the use of these criteria.

In 2013 local pulping reached 19,852 tons for magazines and 10,267 tons for dailies.

Currently, out of the 100 local distributors used by Press-Di, 90 guarantee certified returns.

The steady increase in the number of certified returns translates into a progressive reduction in transport volumes to the national collection centre, with consequent reductions in both consumption and costs.

It should be noted that since 2010 Mondadori has been carrying out surveys in different fields with a view to optimising the environmental performance of its magazines and the relevant economic costs through format standardisation, reduced paper weight and reduced page counts.

Lower operating costs (deriving from the progressive reduction in transported weight) resulted in proportionally reduced emissions for the transport means used. This result adds up to the effect of certified returns (local pulping).

## Trade Books

The logistics of trade books involves four warehouses located in Verona. The Mondadori proprietary central warehouse is responsible for the management of new product and re-printing shipping and restocking. Outsourcing agreements are in place with a number of satellite warehouses located not far from Mondadori central warehouse for the performance of activities relating to new book launches, return counting and selection and storage.

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 the latter towards increased sustainability in the performance of their activities.

In this connection, the return process (see the corresponding table for data relating to shipping volumes, pallets and copies handled) is worthy of attention: returns are registered, classified based on 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.

TYPE	2011	2012	2013
COPIES	13,240,000	13,380,000	12,530,000
PACKS	440,000	431,000	410,000
SHIPMENTS	46,000	46,000	43,500

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 national pulp companies.



## **Mondadori Education**

In 2013 Mondadori Education produced more than 5.7 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 second language).

Starting from January the Mondadori Group concentrated school textbooks logistics (relative to lower and upper secondary school) in the Verona logistics centre, completing the space and transport rationalisation process (reduced number of transport means used through aggregation of shipments with those of the trade channel).

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 are in charge of delivering or shipping the sample books to teachers;

- \_ starting in May and, with varying intensity, throughout 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 trials;

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

Though returns are less frequent for school texts, total returns in this segment reached approximately 590,000 copies in 2013.

## **Book Clubs (Mondolibri products)**

In 2013, Mondolibri logistics included a warehouse in the province of Brescia and order shipments by mail.

The cardboard boxes used for shipments are the same type as used for trade books. The material returned is subject to recovery.

## **E-commerce ([www.inmondadori.it](http://www.inmondadori.it))**

B2C logistics includes product management activities (both regarding Mondadori and third publishers) from the Verona central logistics centre. Products are prepared based on customer orders and shipments are made by express courier directly to the final customer address. In this channel there are no returns.

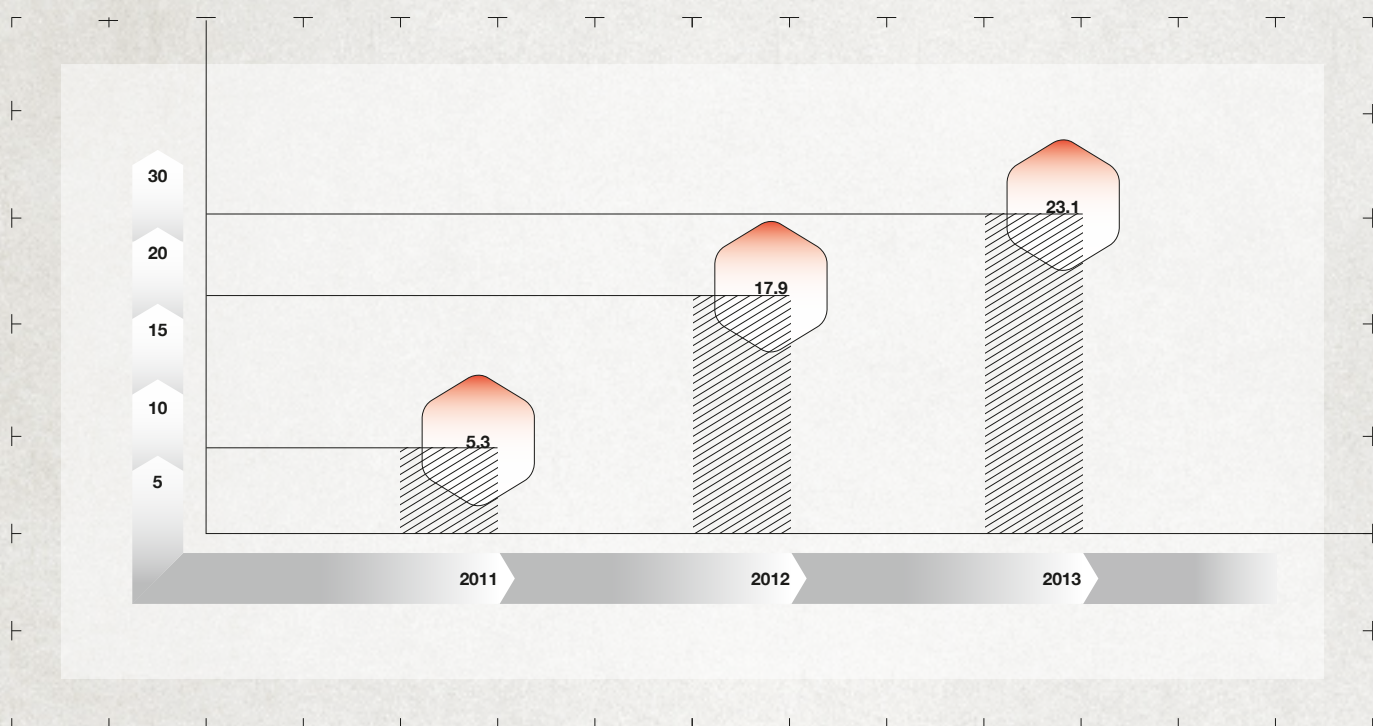


#### Paper and sustainability

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

In this respect, 2011-2013 data testify to the Group’s commitment to progressively increasing sustainability of all publishers belonging to the Group.

% OF CERTIFIED PAPER ON TOTAL PRINTING PAPER





## Awareness-raising initiatives

As a member of the European Federation of Magazine Publishers (EFMP), a partner of Print Power Italy, the Mondadori Group contributes to the “TwoSides” 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 participating.

“Two Sides” is a European communication 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 it: paper manufacturers, paper distributors, printing companies, ink manufacturers and publishers.



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• Fonte EFMP 2013  
• Associazione Two Sides su dati EFMP 2013.  
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il lato  
verde  
della  
carta

In Italy, the “Two Sides – the green side of paper” initiative is centered on the renewability of wood and recyclability of paper.

In 2013 Mondadori reserved 10 free pages on its magazines to support this campaign.

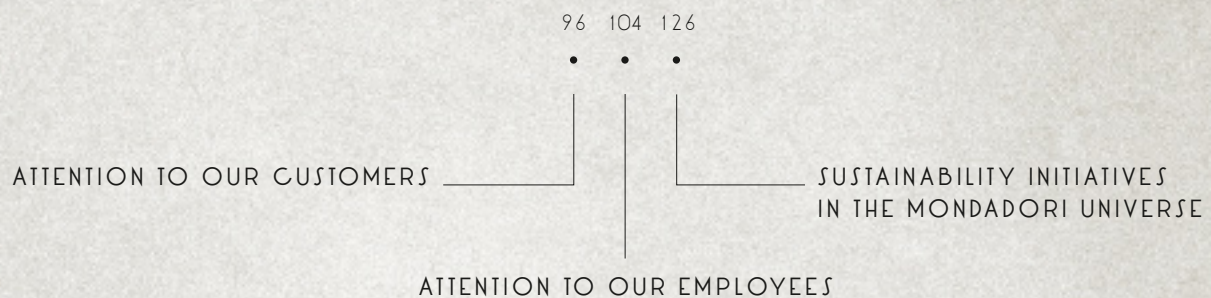






# 04

## SOCIAL RESPONSIBILITY





# 04.1

## ATTENTION TO OUR CUSTOMERS

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The reputation that the Group has built up over its hundred years of doing business is also based on compliance with ethical standards defined by laws, regulations and governance codes in the daily 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 translates the centrality of customers into practice by placing a strong emphasis on product quality and compliance with its governance codes to disseminate a culture of responsibility, protect privacy and continuously monitor customer satisfaction and loyalty.



#### 04.1.1 THE RESPONSIBILITY OF THE PUBLISHING PRODUCT AND OUTPUT DIVERSITY

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



##### **Mission**

The Mondadori Group's mission has always been to promote the dissemination of culture and ideas through products, activities and services that satisfy the needs and styles of the public at large. In pursuing this mission, Mondadori combines a dedication to 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.

##### **Information integrity**

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, websites and digital products, books and the radio, while respecting the attitudes and sensitivity of the general public. The results of this orientation 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 until 2013 managed the sale of the advertising spaces for the Group and also for third party publishers, adheres to the Governance Code of the commercial communication of IAP (Istituto di autodisciplina pubblicitaria; advertising governance agency). The Company is therefore committed to promoting honest, truthful and correct commercial advertising, which does not offend consumer sensitivity and is respectful of individuals' moral, civil and religious orientations.

Mondadori is very strict about conforming to "special standards" concerning sale 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 consulting and a manual and operating instructions. In special cases, an informal consultation with other advertising agencies is also arranged.

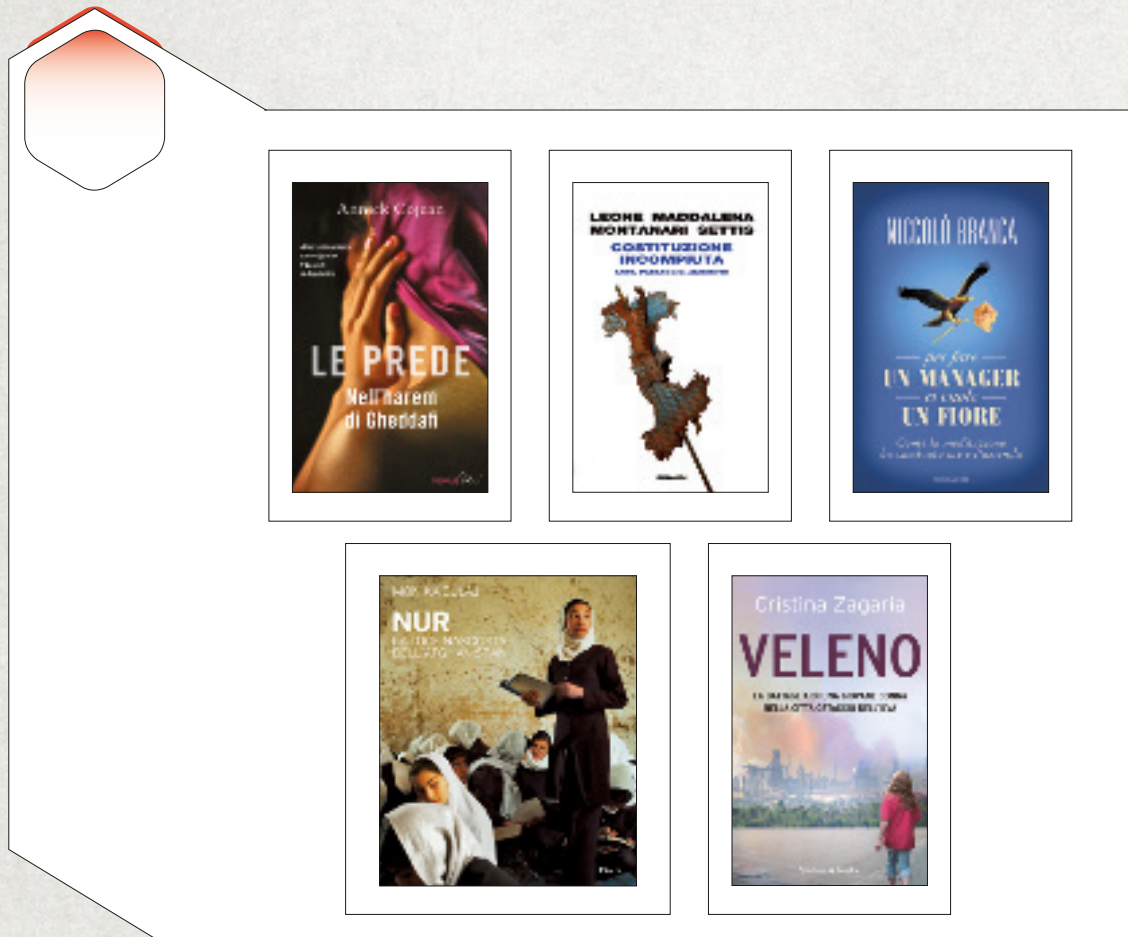


## Output diversity

One of the primary responsibilities of a media company is to protect and defend freedom of expression and the right to information, considering the influence that communication media exert on society at large. This is accomplished by reducing or extending departments, giving or limiting room to minorities and by intervening in or contributing to conflict resolution.

Mondadori guarantees the freedom of expression of its authors and promotes the expression of different opinions through a broad spectrum of topics and points of view. A few examples among the new titles published last year are; Niccolò Branca's *Per fare un manager ci vuole un fiore* (Edizioni Mondadori), in which the author challenges the Western precept of infinite profit making by suggesting, as an alternative, a responsible concept of sustainable economy aimed at improving the lifestyles and conditions of the people involved in manufacturing processes; *Nur* (Electa), a photographic reportage by Monika Bulaj, showing a surprising side of Afghanistan, far from stereotypes; *Le prede* (Piemme), a report on the condition of women in Lybia during Gheddafi's dictatorship, by Annie Cojea; Cristina Zagaria's social novel *Veleno* (Sperling & Kupfer) about the citizens of Taranto and their struggle to protect their health and the environment; and *Costituzione incompiuta* (Einaudi), a collection of essays by Alice Leone, Paolo Maddalena, Tomaso Montanari and Salvatore Settis on article 9 of the Italian constitution – establishing the indivisible union of the historic and artistic heritage with the landscape which together form the environment, the first and essential common asset, and its revolutionary impact.

Finally, in addition to being a channel for sustainability projects (see § 04.3.3), every week Mondadori magazines and websites express the opinion of different people in terms of ethnic groups, genders, disability, sexual orientation, religion, age and income.





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 used a series of tools, both at the Group level and at the level of the individual companies that entail specific procedures according to the nature of the business, targeted to applying the laws and regulations and the recommendations provided by the competent Communications Authority.

### Privacy at Group level

At the 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. To this end, one single piece of infrastructure was developed, in which customers of all business units are grouped together and IT processes were developed 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, while concurrently ensuring compliance with the indications provided by single users upon registration (or subsequent changes). The customer database at the end of 2013 included over 11.6 million names, of which approximately 5.6 million also gave an e-mail address and over 9 million mail addresses. On average, 14.6% 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. 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.

CLAIM ORIGIN	2011	2012	2013
CONTROL BODIES	0	1	0
EXTERNAL ENTITIES (OTHERS)	10	10	7
<b>TOTAL</b>	<b>10</b>	<b>11</b>	<b>7</b>

Claims, which were registered by the competent Communications Authority for the first time in 2009, showed a downtrend compared to the previous year.

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 release of a privacy memo with 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, and 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 or controversies over privacy violations.

### 04.1.3 ACCESSIBILITY OF OUTPUT

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

In particular, the Company is also focusing (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, tablets and smartphones (see § 01.3 on the evolution of digital production).

#### **ME•book**

Mondadori Education, the Group's publisher in the education and training sector, is specifically focused on making its products more accessible, also in consideration of the newly enforced regulations, which envisage, starting from the 2014-2015 school year, that school textbooks be either entirely adopted in the digital format or in their combined version (paper and supplementary digital content) for all school levels.

In 2013 Mondadori Education launched the new ME•book, the digital textbook that combines teachers' and students' needs, with 140 new titles and more than 1,000 titles in the catalogue. Any ME•book can be accessed from PCs, smartphones and tablets through a dedicated app (with free download from Mondadori Education website and from the main app stores) and includes three main tools: the multidevice e-book, a content and digital service platform and digital teaching training and workshops.

E-books supplement content with videos, audio files, exercises and tools. They can be used on or offline from any device and are targeted to suit both teachers' and students' needs. They can also be customised (including options for taking notes, highlighting, underlining, advanced note taking and audio files) and enable teachers to prepare lessons on their computer, customising content according to their teaching practices and using the material in class on the interactive multimedia whiteboard. At the same time, students can access content, process it and adapt it to their needs, doing homework on their tablet and sending it to the teacher.

Flexibility is the key characteristic of e-books, which can be downloaded entirely or by chapter, as is the case with supplementary digital content.

The second tool provided by the ME•book system is Libro+Web, Mondadori Education's cloud platform, integrating resources, tools, training and sharing. This is the learning environment from which supplementary digital content can be accessed: images, audio files, video files, texts and exercises. Thanks to the "virtual class" tool, teachers and students can share exercises, materials and evaluations in a safe and protected environment.

To improve the user experience, the libro+web digital material is organised in "campuses". These are subject portals where users can search for content by period, type and key word.



Finally, the LinkYou project – workshops, courses, events and theme meetings – supports teachers in using digital content in teaching. In 2013 Mondadori Education held more than 450 workshops in Italy. In addition to digital material designed for multimedia use by the general public, Mondadori Education is also sensitive to the needs of differently able students.

In compliance with the Governance Code of the educational publishing industry of AIE (Italian Association of Publishers), Mondadori Education has entered into agreements with the Italian national associations involved in the reproduction of school texts for sightless or partially-sighted individuals (“Regina Margherita” Italian Library for the Blind, a non-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.

Similarly, Mondadori Education organises meetings and webinars on learning disabilities and special educational needs dedicated to teachers.



#### 04.1.4 CUSTOMER SATISFACTION

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

#### 04.1.5 MONDADORI LOYALTY PROGRAMME

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Mondadori 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 Group's online stores or upon the registration with Mondolibri, the purchase of subscriptions for some Mondadori magazines and the free registration with Mondadori online communities. The online and offline stores, the websites and services that issue and accept Mondadori Cards can be recognised by the promotional material on display. The list of the stores, websites and services is also available at [www.mondadoricard.com](http://www.mondadoricard.com).

By presenting the card at the cashier's desk before each purchase or with online purchases, customers accumulate points that can be used to obtain discounts at participating Mondadori stores or on online book stores, for subscriptions or other Group products. Points can also be accumulated by visiting certain Group websites, logging in to one of Mondolibri book clubs or subscribing to magazines.

The list of websites and magazines is available at [www.mondadoricard.com](http://www.mondadoricard.com).

Mondadori Card holders enjoy dedicated services and special initiatives, as well as targeted promotions in over 2,000 licensed stores in Italy. They can also access the [www.mondadoricard.com](http://www.mondadoricard.com) portal by logging in through a password to check their data, the number of points accumulated and the prizes available.

In 2013 customers subscriptions exceeded 1.2 million.



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. To this end, the corporate website [www.mondadori.it](http://www.mondadori.it) ([www.mondadori.com](http://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](mailto: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, a company within Mondadori Direct dealing with the sale of editorial products through the book club formula.

##### **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 projects 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.



# 04.2

## ATTENTION TO OUR EMPLOYEES

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The current national and international scenario and the rapid change in the competitive scenario of the media industry make the Group's ability to renew itself and innovate quickly and effectively increasingly strategic. In this context, Human Resources play a vital role, because they have an opportunity to steer, rather than submit to, change (see also § 04.2.3).

The Group's 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 key tools to motivate staff and strengthen internal capabilities and expertise. To this end, Human Resources is committed to updating and innovating content, training criteria and internal growth plans on a daily basis.



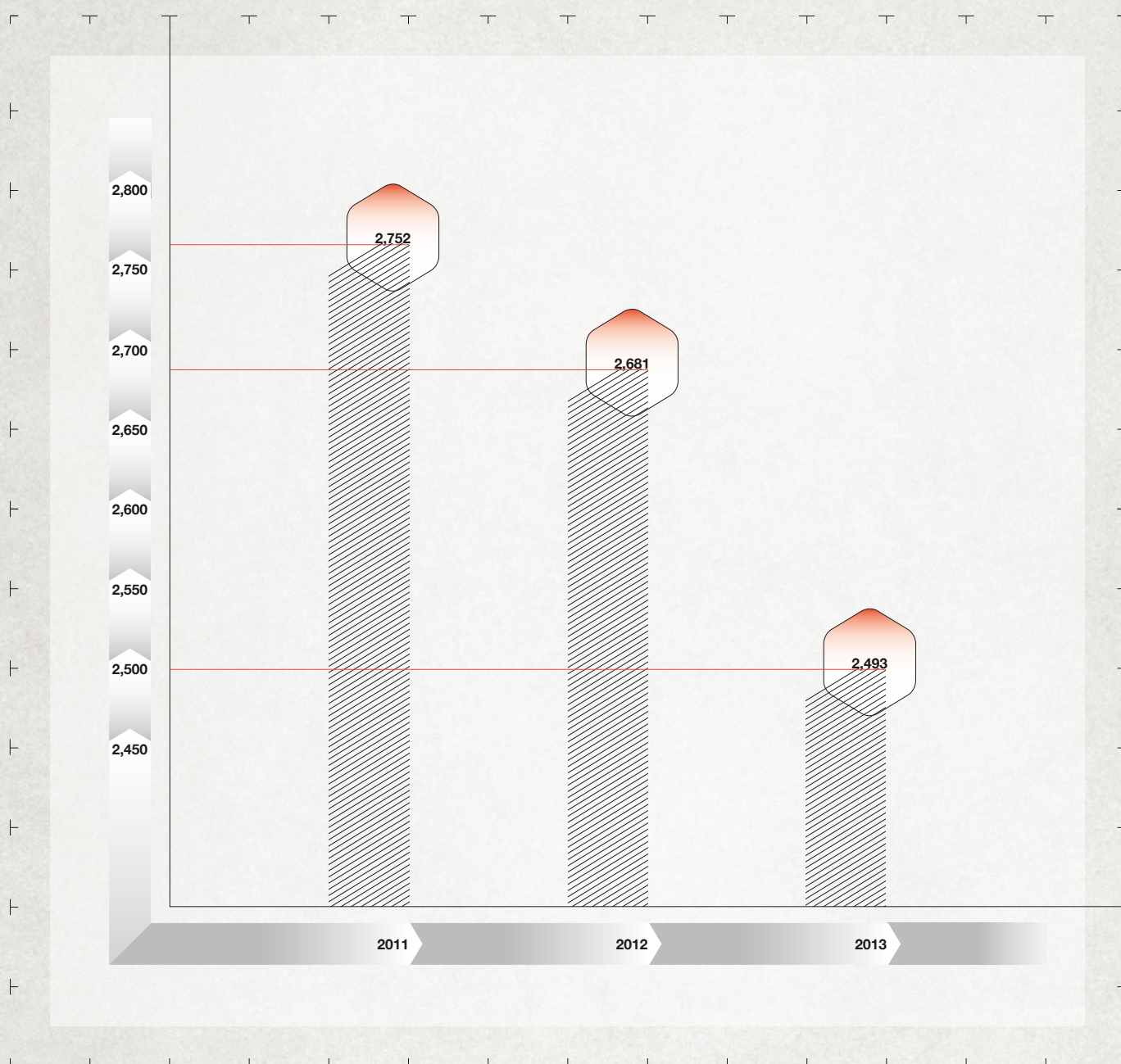




## 04.2.1 COMPOSITION OF WORKFORCE

Mondadori headcount in Italy at 31 December 2013 totalled 2,493 employees.

HEADCOUNT 2011 - 2013



Headcount decreased by 7%, due to both Group re-organisation and continuation of the restructuring plan, started in 2012, mostly including early retirement schemes authorised by the Ministry and expected to be completed by April 2014.

The table below details both new entries and dismissals in the reference period, again shown net of incorporations.



		2011		2012		2013	
GENDER	AGE	NUMBER	%	NUMBER	%	NUMBER	%
HIRINGS							
MEN	< 30	26	11%	18	16%	9	17%
	30 - 50	56	23%	29	26%	10	19%
	> 50	15	6%	3	3%	7	13%
		97	40%	50	45%	26	48%
WOMEN	< 30	41	17%	25	22%	19	35%
	30 - 50	95	39%	33	29%	8	15%
	> 50	11	5%	4	4%	1	2%
		147	60%	62	55%	28	52%
		244	100%	112	100%	54	100%
DISMISSALS							
MEN	< 30	17	7%	13	7%	11	5%
	30 - 50	43	17%	39	21%	40	17%
	> 50	39	15%	29	16%	62	26%
TOTAL MEN		99	39%	81	44%	113	47%
WOMEN	< 30	29	12%	9	5%	19	8%
	30 - 50	71	28%	51	28%	59	24%
	> 50	53	21%	42	23%	51	21%
TOTAL WOMEN		153	61%	102	56%	129	53%
TOTAL		252	100%	183	100%	242	100%

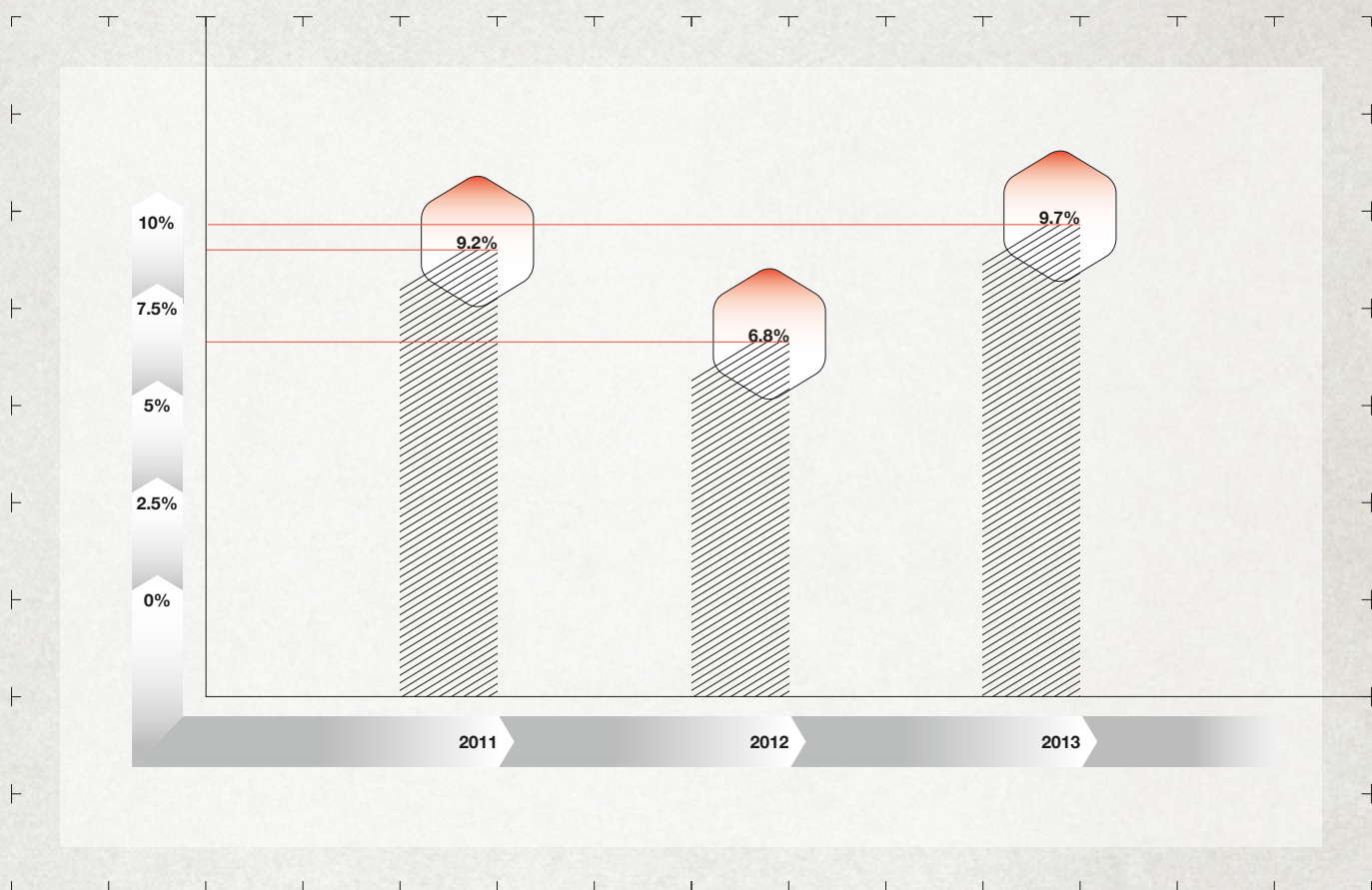






The turnover rate of leaving employees in 2013 (equal to 9.7%) increased against 2011, despite the decrease in the number of dismissals. This is mainly due to the overall considerable headcount reduction registered in the three years.

#### TURNOVER RATE<sup>1</sup> (LEAVING EMPLOYEES)



<sup>1</sup> 2011 and 2012 were recalculated on the basis of a greater quantity of information available compared to the previous Sustainability Report.

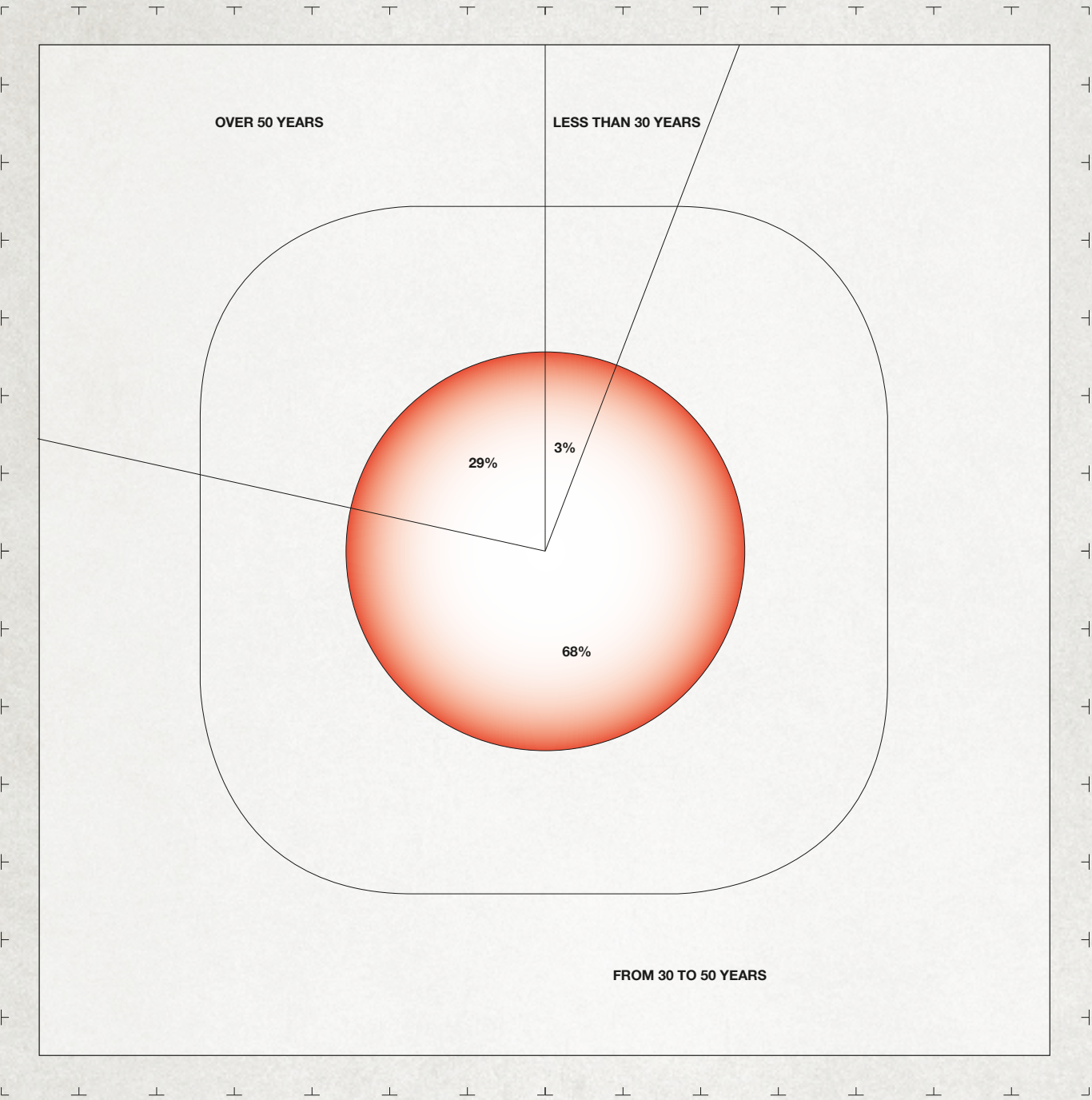
More than half of the labour force is composed of office workers (65%). Journalists represent 13% of the total. The breakdown of staff in the three-year period has remained essentially unchanged.

#### BREAKDOWN OF PERSONNEL BY LEVEL

	2013		
	% WOMEN	% MEN	% ON TOTAL
EXECUTIVE MANAGERS	21%	79%	5%
MIDDLE MANAGERS	53%	47%	12%
OFFICE WORKERS	64%	36%	65%
JOURNALISTS	66%	34%	13%
WORKERS	30%	70%	5%
<b>TOTAL</b>	<b>59%</b>	<b>41%</b>	



BREAKDOWN OF PERSONNEL BY AGE



68% of the employees are aged 30-50; the average age is approximately 45; seniority is 15 years on average.

EMPLOYEE CONTRACT TYPE

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



## PARENTAL LEAVE

In 2013, over 5% of employees enjoyed parental leave (a right granted to all employees, regardless of the type of contract). Of these, approximately 98% were women.

TIPOLOGIA	MEN	WOMEN	TOTAL
EMPLOYEES WITH RIGHT TO PARENTAL LEAVE	1,014	1,479	2,493
EMPLOYEES WHO HAVE ENJOYED PARENTAL LEAVE	3	130	133
EMPLOYEES GONE BACK TO WORK AFTER PARENTAL LEAVE	3	126	129
% OF EMPLOYEES GONE BACK TO WORK AND RETENTION AFTER PARENTAL LEAVE	100%	97%	97%

Lastly, it should be noted that, as envisaged by national legislation, all Group employees in Italy are covered by collective labour agreements.

	2011	2012	2013		
			% WOMEN	% MEN	
PERMANENT	2,712	2,645	59%	41%	2,472
TEMPORARY	40	36	71%	29%	21
<b>TOTAL</b>	<b>2,752</b>	<b>2,681</b>			<b>2,493</b>



## 04.2.2 HEALTH AND SAFETY IN THE WORKPLACE

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

At the Group level a new profile was established – the RSPP Coordinator (prevention and protection service manager)- which is not required by law, but useful for managing all related activities efficiently.

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.

During the year, inspections by company doctors and the usual fire and evacuation drills were held according to the schedule and procedures established by the applicable legislation, with the objective of testing and improving safety procedures to be implemented in case of emergency. The reports collected at the end of the evacuation drills are analysed by the prevention and protection service function with a view to both supplementing/changing the emergency plan and defining and introducing targeted measures and activities.

TYPE	2011	2012	2013		
			WOMEN	MEN	TOTAL
WORK-RELATED ACCIDENTS	18	10	7	3	10
COMMUTING ACCIDENTS	19	25	15	8	23
<b>TOTAL ACCIDENTS</b>	<b>37</b>	<b>35</b>	<b>22</b>	<b>11</b>	<b>33</b>
<b>INJURY RATE (TI)</b>	<b>1.76</b>	<b>1.65</b>			<b>1.71</b>



In 2013 Mondadori purchased an IT software system to manage health and safety in the workplace, which can be used by all Group companies in Italy to comply with the provisions set out in the matter of health and safety in the workplace. The software will enable the Development function to manage aspects linked to personnel training and, when fully installed, will also be used by company doctors to schedule visits for employees subject to health surveillance and accessed by the internal supervisory body to monitor compliance.

In 2013 an e-learning activity for compulsory employee training was launched, specifically focusing on health and safety, extended to all Group employees, whose risk was considered low as a result of the performance of mainly office activities.

A similar risk level was identified in the updating of the risk analysis for work-related aspects for stress carried out through targeted meetings with worker safety representatives, company doctors, RSPPs and the company, analysing and comparing the data of the last two-year period with the data resulting from the previous evaluation.

A listening post for work issues (PADL Mondadori) is available, set up by the company after the first evaluation of the risk from work-related stress.

## Accidents in the workplace

In 2013 accidents decreased against the previous year (33 vs 35 of 2012).

### NUMBER OF ACCIDENTS

Commuting accidents decreased, while work-related accidents remained steady (for details on the calculation of the injury rate, see Note on Methodology).

SEVERITY	2011	2012	2013		
			WOMEN	MEN	TOTAL
TOTAL NUMBER OF DAYS LOST	519	907	503	101	604
OCCUPATIONAL DISEASES RATE (ODR)	24.86	42.75			31.35

In the 2011 – 2013 three-year period no occupational diseases or fatal accidents were reported.

## Absenteeism

The table below shows the rate of absenteeism (see Note on Methodology) and the days of absence by employee: in accordance with the GRI criteria, absence related to incapacity of any type (including accidents and illness) is considered, but not leave relating to holidays, study, maternity or family reasons.

	2011	2012	2013
LOST DAYS	23,650	20,855	20,285
ABSENTEE RATE	3.40%	3.05%	3.28%



The structural reorganisation process that the company set under way last year (see pp. 17-18) is part of the extraordinary restructuring transactions initiated in 2012 in response to the continuing recession and the evolution of Mondadori's key markets, also with regard to the changes affecting digital books and magazines.

In 2013 industrial relations, covering all Group companies, focused on the further reorganisation of structures capable of reaching adequate efficiency and cost levels for coping with the changed environment.

For journalists of Mondadori Magazines an important agreement was added in 2013 to the early retirement plan for staff covered by the graphic-editorial agreement (central bodies and magazines of Arnoldo Mondadori Editore S.p.A., Mondadori Pubblicità and Press-di), approved by the Ministry in October 2012, which will lapse at the end of April 2014. Said agreement, whose effects apply until May 2015, envisages 87 redundancies (also in view of the shutting down of 5 titles, started in early 2013) and redundancy schemes for journalists working in the magazines area.

With regard to the retail sector, in February and March Mondadori Direct entered into a number of contracts for implementing "redundancy schemes" in the Milan, Rimini and Brescia offices: the overall headcount impacted is 254 employees.

Last June, the direct marketing service company Cemit signed another agreement (the first dates back to 2012) to include 15 employees in the special unemployment benefit scheme.

Lastly, in the month of December, the structural re-organisation of the Brescia logistics centre was announced, which, through the agreed management of excess staff, will feature the move of procurement activities to the Verona warehouse.



#### 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 increasingly important role is also played by resources specialising in the new universe of the web, digital media and multimedia.

##### 2013: EDUCATION LEVEL OF NEW HIRES

TYPE	% OF TOTAL	OF WHICH WOMEN	OF WHICH MEN
MIDDLE SCHOOL DIPLOMA	6%	0%	100%
HIGH SCHOOL DIPLOMA	44%	38%	62%
DEGREE	50%	70%	30%
<b>TOTAL</b>		<b>52%</b>	<b>48%</b>

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 early 2013, a survey was carried out to better know and enhance human resources which, on the wake of the previous experience, enabled the further optimisation of the Performance Management process and tools, as well as the extension of the system to new areas of the Group (Electa, Mondadori Direct and Cemit).

Performance Management 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 make and implement difficult decisions or respond to changing markets.

The process involved 351 employees in 2013, and this number is expected to grow further in 2014.



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.

	2011		2012		2013	
	NUMBER	%	NUMBER	%	NUMBER	%
EXECUTIVES	38	21%	40	23%	70	58%
MIDDLE MANAGERS	71	24%	87	29%	136	47%
OFFICE WORKERS	124	7%	135	8%	145	9%
<b>TOTAL</b>	<b>233</b>	<b>9%</b>	<b>262</b>	<b>10%</b>	<b>351</b>	<b>14%</b>

TOTAL 2013: WOMEN 15% - MEN 21%

Performance Management is supported by the MBO system, which is intended for human resources (not only executives and middle managers, but also office workers in the sales area), based on individual and corporate objectives; in 2013 it involved 399 employees.

	2011		2012		2013	
	NUMBER	%	NUMBER	%	NUMBER	%
EXECUTIVES	120	66%	116	66%	97	81%
MIDDLE MANAGERS	137	46%	146	49%	146	51%
OFFICE WORKERS	141	8%	138	8%	134	8%
JOURNALISTS	28	8%	29	9%	22	7%
<b>TOTAL</b>	<b>426</b>	<b>15%</b>	<b>429</b>	<b>16%</b>	<b>399</b>	<b>16%</b>

TYPE	2011	2012	2013
AD HOC TRAINING HOURS	7,788	6,348	3,791
LANGUAGE TRAINING HOURS	13,951	11,688	7,495
SAFETY TRAINING HOURS	2,094	2,532	9,430
<b>TOTAL HOURS OF TRAINING PROVIDED</b>	<b>23,833</b>	<b>20,568</b>	<b>20,716</b>

NOTE: FIGURES COULD INCLUDE ESTIMATES



#### 04.2.5 REMUNERATION AND INCENTIVE SYSTEM

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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 executives and employees covered by 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 Incentives) comprising a special cash bonus that can only be drawn after a multi-year period of reference and subject to the achievement of certain financial and economic objectives, both at a group level and in the individual business areas and functions; in compliance with the opinion given by the Compensation and Appointments Committee and in view of the difficult market situation experienced by the company, it was deemed appropriate to temporarily cancel its allocation for 2013;

- \_ remuneration plans based on financial instruments through the awarding of stock options, approved by the Shareholders' Meeting for the three-year periods 2006-08 and 2009-11, which run until expiry of the vesting periods of 36 months after the grant date; this excludes the stock options relating to 2008, which expired and can 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

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In light of the continuously changing national and international outlook and the rapid transformation of the competitive scenario 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. The Human Resources function is entrusted with the important role of acting as drivers of change and innovation.

As its starting point for the creation of the 2013 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.

Training is organised around four key concepts (guiding, supporting, promoting and pooling), and two types of training (ad hoc-corporate and language), in addition to worker health and safety training. Figures relating to these areas are shown in the sections below.



## Ad hoc training

To confirm the trend seen in recent years, the Group's training programme is progressively moving from off-the-shelf training (a training offer focusing on specific professional competencies, defined in the past few years) to ad hoc training, a system of specific initiatives capable of supporting the new internal requirements of the company, in line with individual targets and specific strategic objectives.

In 2013, off-the-shelf training focused on courses aimed at developing technical and IT skills. Ad hoc projects in 2013 overall involved 447 participants totalling 3,599 training hours.

This trend is closely connected with the need to continuously enhance management and business skills, in addition to supporting the integration of the various areas in the Group through a crosswise approach.

Ad hoc training included training connected with the Performance Management System and a Project Management course. The former, ad hoc training involving assessors and assessed staff from different areas of the Group, is intended to introduce the adjustments to be made to the internal assessment process, as well as to stimulate involvement and a sense of responsibility in the new users regarding the aims of the tool. The latter, an approach devised to support the company's change process (see Letter to Stakeholders), is intended to enable people to work on a project basis, by interacting and cooperating with a matrix style approach (i.e. Digital Properties and IT Systems).

AD HOC TRAINING 2013	HOURS	PARTICIPANTS
TRAINING TO EXECUTIVES	472	72
TRAINING TO MIDDLE MANAGERS	986	161
TRAINING TO OFFICE WORKERS	2,333	228
<b>TOTAL AD HOC TRAINING</b>	<b>3,791</b>	<b>461</b>

HOURS: WOMEN 45% - MEN 55%; PARTICIPANTS: WOMEN 19% - MEN 29%

Journalists and 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 workers is not shown because this type of training is not centrally coordinated by the Group Development office.

AD HOC TRAINING	2013 (HOURS/EMPLOYEE)
TRAINING TO EXECUTIVES	3.93
TRAINING TO MIDDLE MANAGERS	3.42
TRAINING TO OFFICE WORKERS	1.43
WOMEN	1.39
MEN	2.57



## Language courses

Mondadori provides foreign language courses for its employees; the number of hours provided for this type of training, which was down slightly in the three year period also due to the progressive headcount reduction, also includes language courses for journalists.

LANGUAGE TRAINING 2013	HOURS	PARTICIPANTS
TRAINING TO EXECUTIVES	1,380	43
TRAINING TO MIDDLE MANAGERS	1,130	26
TRAINING TO JOURNALISTS	1,290	29
TRAINING TO OFFICE WORKERS	3,695	82
<b>TOTAL LANGUAGE TRAINING</b>	<b>7,495</b>	<b>180</b>

HOURS: WOMEN 60% - MEN 40%; PARTICIPANTS: WOMEN 7% - MEN 8%

## Training on safety in the workplace

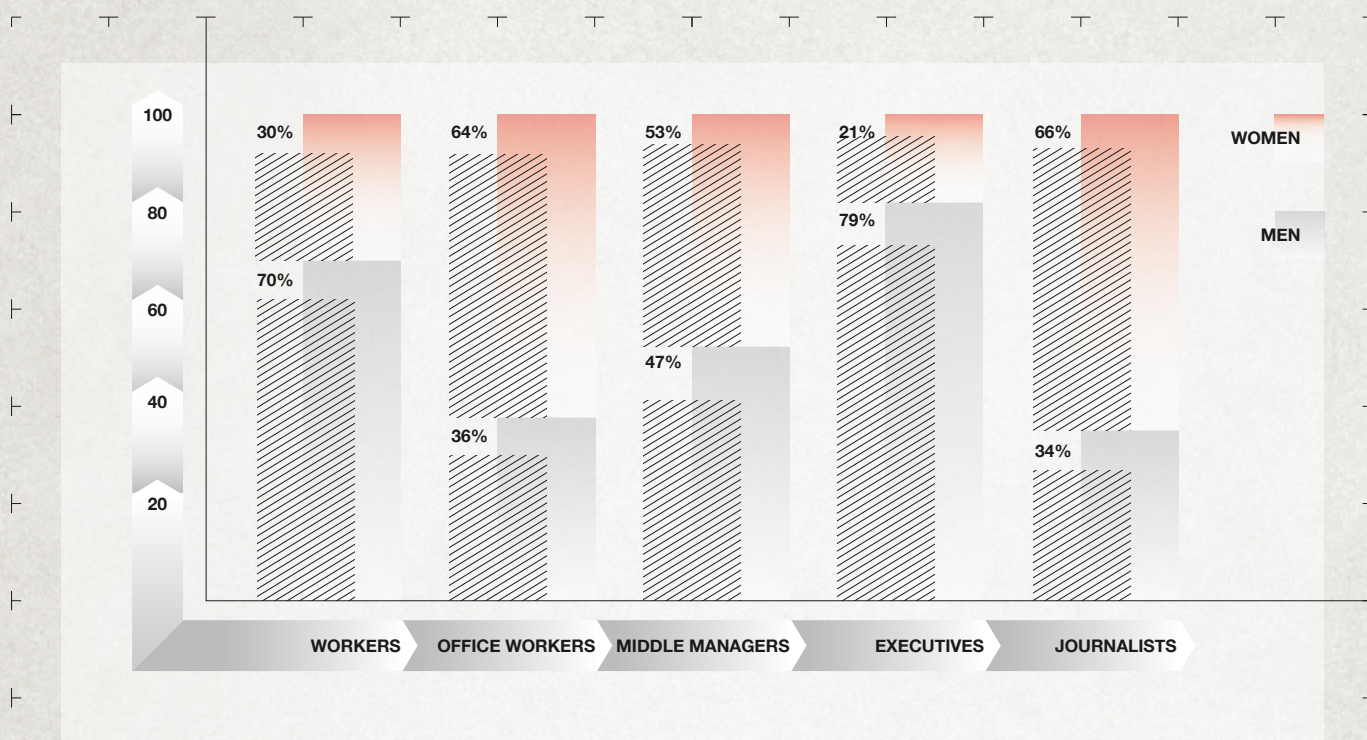
Every year, Mondadori runs a specific course for its employees on issues relating to worker health and safety. In 2013 Mondadori started a mandatory e-learning training for all of its staff (see § 04.2.2), to which in room training was added with regard to RSPP and RLS roles, with a resulting increase in the number of hours as compared with the previous 2-year period.

TRAINING ON SAFETY IN THE WORKPLACE (HOURS)	2011	2012	2013	
			E-LEARNING	IN ROOM
TRAINING TO EXECUTIVES	6	16	324	-
TRAINING TO MIDDLE MANAGERS	44	88	1,108	36
TRAINING TO OFFICE WORKERS	1,886	2,376	5,366	1,660
TRAINING TO JOURNALISTS	20	24	736	72
TRAINING TO WORKERS	138	28	32	96
<b>TOTAL TRAINING HOURS ON SAFETY &amp; SECURITY</b>	<b>2,094</b>	<b>2,532</b>	<b>9,430</b>	
<b>% OF TOTAL TRAINING HOURS PROVIDED</b>	<b>9%</b>	<b>12%</b>	<b>46%</b>	

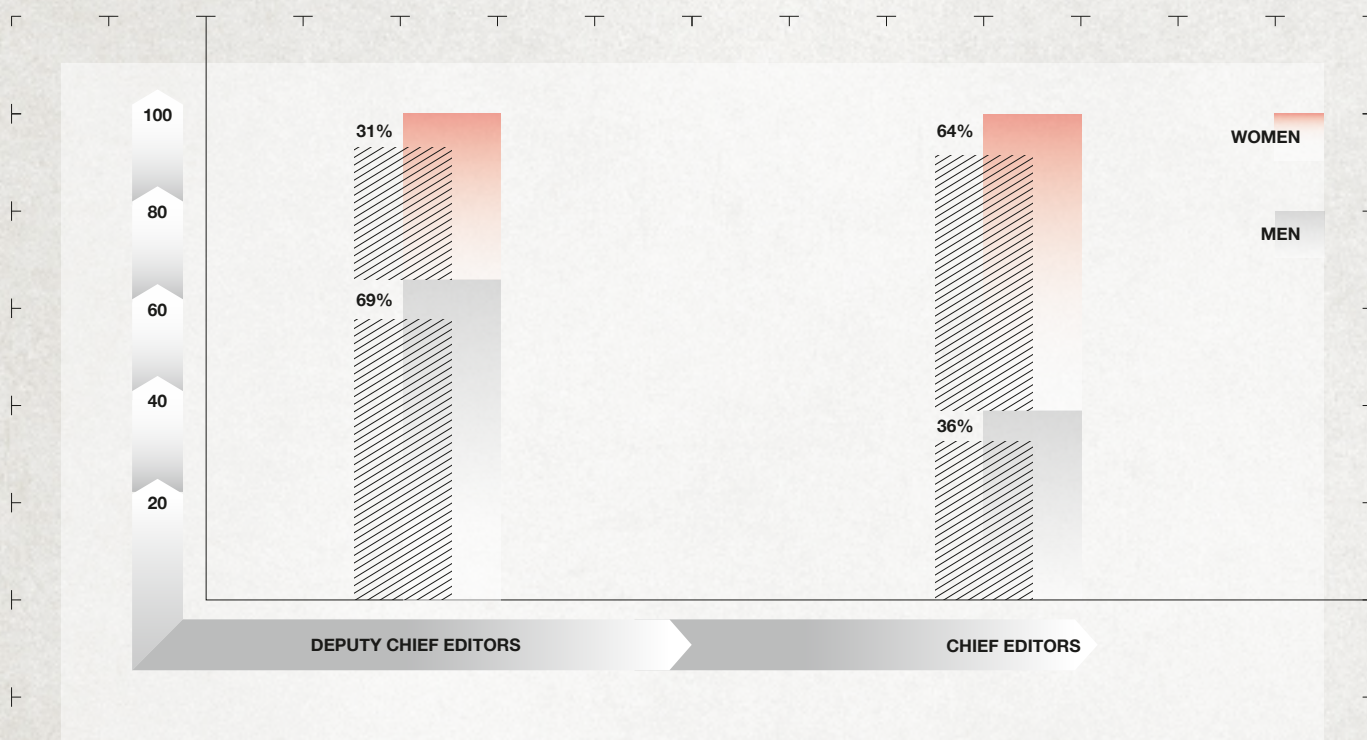
TOTAL 2013: (HOURS) WOMEN 58% - MEN 42%; (PARTICIPANTS) WOMEN 82% - MEN 82%



## MEN – WOMEN: BREAKDOWN BY EMPLOYMENT LEVEL



## PRESENCE OF WOMEN AMONG CHIEF EDITORS



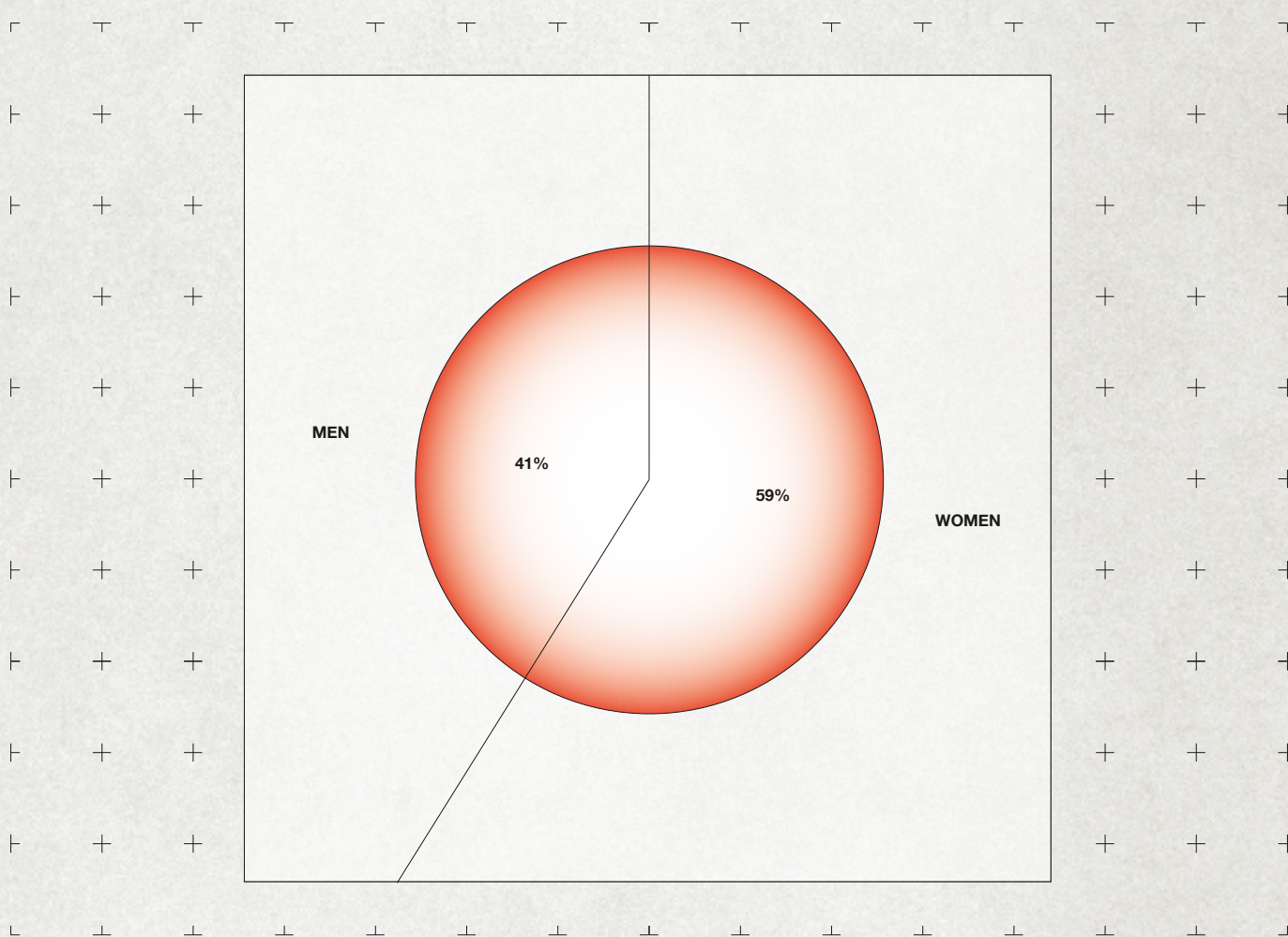


## 04.2.7 EQUAL OPPORTUNITY

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, nationality, personal and social status, religion or political convictions.

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 dignity and professionalism of each member of staff and intends to foster a working environment based on respect, correctness and cooperation, drawing on the experience accrued in various areas of expertise in order to enable the involvement and empowerment of all employees and members of staff, in view of the specific objectives to be reached and the ways in which they are pursued.

### 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 employment level.

2013	
EXECUTIVES	64%
MIDDLE MANAGERS	90%
OFFICE WORKERS	89%
JOURNALISTS	76%
WORKERS	87%

## Employees with disabilities

Mondadori sees to including in its personnel employees belonging to protected categories in compliance with the provision concerning the protection of the individual and the respect of individual conditions set forth in its Code of Ethics. The table below shows 2013 data regarding employees with disabilities, broken down by gender, employment level and percentage on the total.

EMPLOYMENT LEVEL	% WOMEN	% MEN	% TOTAL
MIDDLE MANAGERS	1%	1%	1%
OFFICE WORKERS	4%	9%	6%
WORKERS	18%	15%	16%
<b>TOTAL</b>	<b>4%</b>	<b>7%</b>	<b>5%</b>

### AN INCLUSIVE COMPANY CULTURE

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



## 04.2.8 BENEFITS 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; they can be used by each and every staff member, independently of their contract type, with the sole exception of supplementary healthcare benefits (see 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 2013, 305 employees worked part time.

	% OF TOTAL	OF WHICH WOMEN	OF WHICH MEN
FULL TIME	88%	56%	44%
PART TIME	12%	86%	14%
<b>TOTAL</b>		<b>59%</b>	<b>41%</b>

### Shuttle service

Il servizio di navetta, che collega la sede di Segrate a punti strategici di Milano per poter raccogliere  
The shuttle service that connects the Segrate 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) was changed in July due to the construction work for the BRE.BE.MI. motorway. The shuttle buses have been reduced to three, with a one way connection to Lambrate station, the introduction of a return run from San Donato MM3 station and a more frequent connection with the Segrate station (light railway train).

For this reason, in addition to the discount plan that Mondadori signed with ATM for the purchase of annual tickets at reduced prices for its employees and contract workers to be used on the urban and suburban transport network of the entire SITAM (Sistema Integrato Tariffario dell'Area Milanese; Integrated Tariff System of the Milan Metropolitan Area ) area, the company also signed an agreement with Trenord to offer discounted yearly railway ticket subscriptions (Passante - light train - regional railway lines).

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

### 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 their trial period, and against payment of a monthly contribution. The supplementary health and social fund (FISS) partially covers some expenses and also makes other contributions in particular situations. Coverage can also be extended to family members.

As at 31 December 2013, the number of employees covered by the supplementary health insurance fund plan totalled 739.



## 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 and, last year, screening for type 2 diabetes. 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 offices: the following table shows the data concerning the healthcare service (excluding those of the two Avis blood donor days).

TYPE	2011	2012	2013
BLOOD TESTS	280	319	290
MEDICAL VISITS	249	351	431
EYE TESTS	31	38	37
PAP-TEST	206	175	207
SCREENING FOR DIABETES	-	-	88

## 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 sharply 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.

## Staff engagement

The company intranet is designed 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 funds for scientific research associations.

In 2013, the new Intranet of the Mondadori Group, called Network, was put online. It is a platform which, in addition to the aforementioned functions, is designed to meet three primary needs:

- \_ disseminate information among employees in relation to the longer times of the new publishing format;
- \_ describe the progressive transformation of the company, from a publishing house to a media company;
- \_ foster dialogue, the exchange of information, knowledge of people and of the areas in which the Group operates.







# 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 divided into four main areas:

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

In selecting social assistance 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 cooperates with Fondazione Sodalitas and other non-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 promoting 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 non-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 non-profit organisation founded 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, digital, 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 involving social assistance and healthcare, children, women and the differently able (see section 04.3.1). The 3-year period 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. For this reason, a policy is being put together to channel the available funds towards selected projects based on a yearly plan;

#### EURO/000

TYPE	2011	2012	2013
GIFTS	935.9	740.0	552.4
MEMBERSHIP FEES	2,122.5	1,694.9	1,953.8
<b>TOTAL</b>	<b>3,058.4</b>	<b>2,434.9</b>	<b>2,506.2</b>

The amounts of gifts and membership fees for 2011 and 2012 have been recalculated due to the reclassification of other operating costs (see p. 47).

- \_ 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 the Stramilano marathon since 2006, is the official radio partner of the Giro d'Italia bicycle race, and supports other events that promote sport (see section 04.3.1);

#### EURO

TYPE	2011	2012	2013
SPORTS SPONSORSHIPS	209,335	655,790	441,499

- \_ initiatives at the headquarters: Mondadori organises various charity and social initiatives at its headquarters (fund raising for non-profit organisations, blood donor days, meal collection and delivery to charities, see sections 04.2.8 and 04.3.4);
- \_ activities to promote sustainability: through its membership in associations such as Sodalitas, CSR Network, 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 2013.



To define contributions to the community, as from 2012 Mondadori is following the formulation of the London Benchmarking Group, in order to clarify the forms of support provided and their impact.



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;
- \_ geographic 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 volunteer work done 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 2013, resources allocated by the Group to local communities were estimated at more than euro 500 thousand.

By contribution type, charitable cash donations make up 82%, while contributions in kind account for the remaining 18% (the "management of initiatives" category has not yet been estimated, and there were no employee volunteer initiatives conducted in 2013).

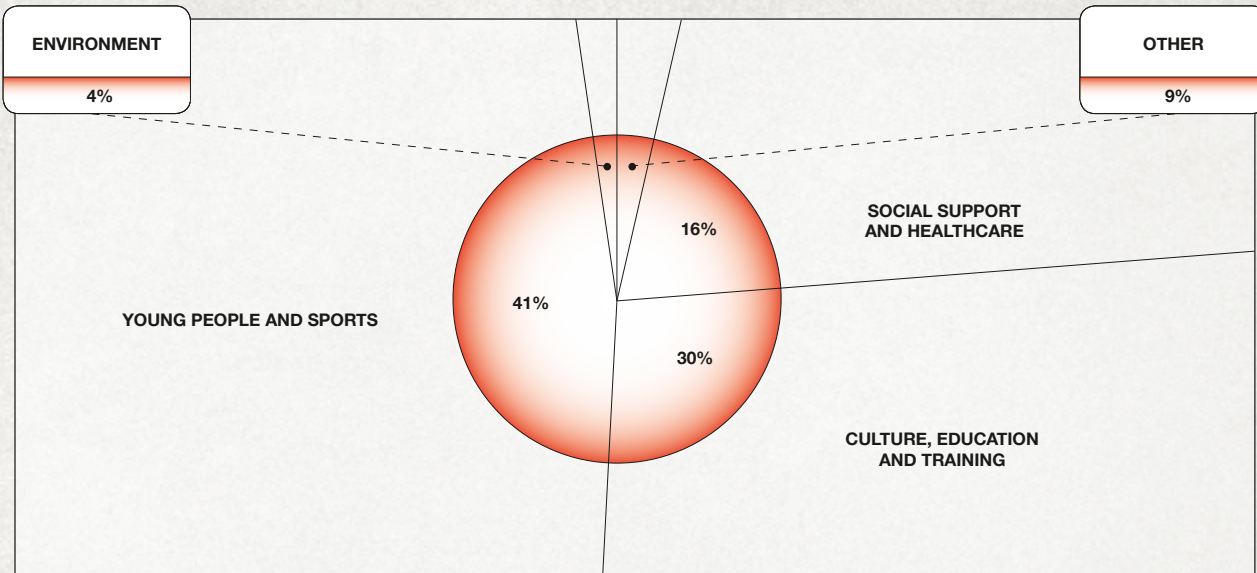
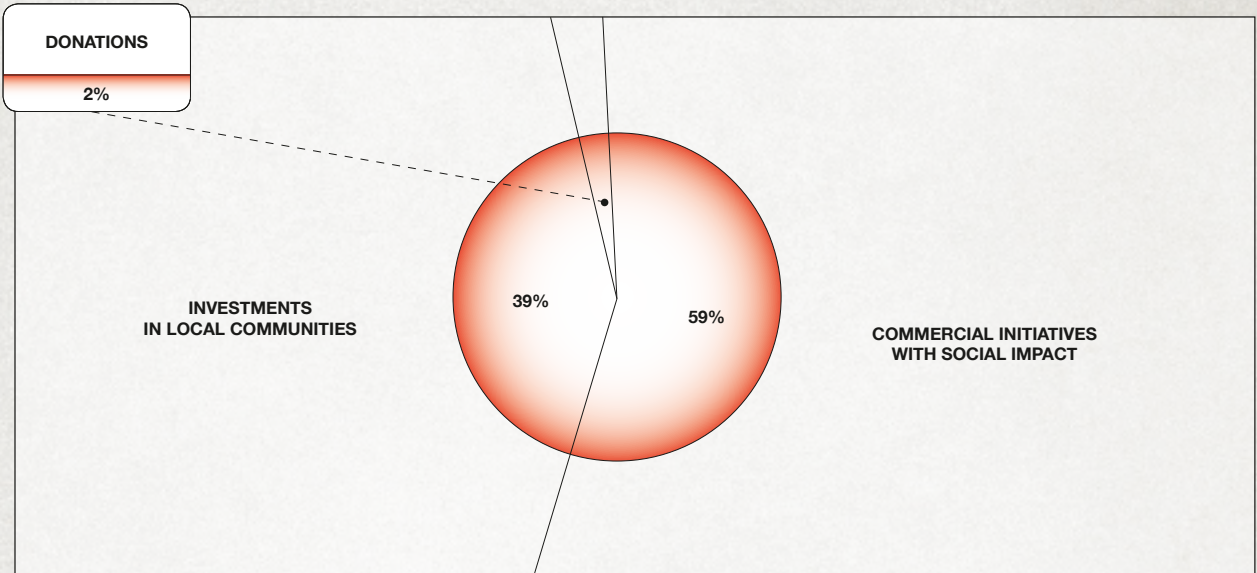
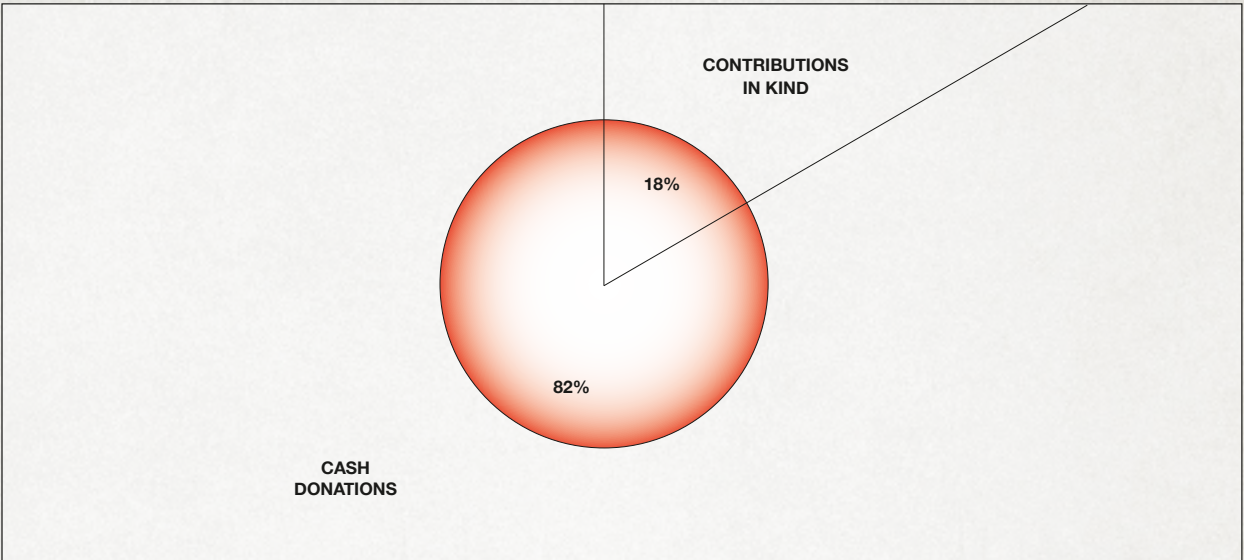
Regarding type of initiative, 39% comprise investments in local communities, while 59% are business initiatives. Donations account for 2% of the total amount.

Business initiatives with a social impact include the sponsorship of sports events, such as the Stramilano marathon and the Giro d'Italia bicycle race.

In 2013, the Company was involved in various areas of intervention, as shown in the chart below.

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







Established in 2003 by Mediaset, Mondadori and Medusa, in 2013 Mediafriends, a non-profit association, celebrated its 10th anniversary. The association devises, designs, develops and promotes events to raise funds for charity and to finance social promotion projects.

In its ten years of activity, Mediafriends has promoted and supported a large range of charity events, raising and distributing euro 58 million that have enabled more 138 associations to implement 241 socially beneficial 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.

Also, Mondadori's participation in the making of a book of fairy tales should also be mentioned: the book has been issued at Christmas for the past 8 years, with the proceeds from sales going to support projects for the children of the world. In December 2013, to celebrate Mediafriends' ten year in activity, a volume entitled *Le più belle storie del sorriso*, including the 10 most beautiful fairy tales from the previous editions, was published. The stories are narrated by Gerry Scotti and the R101 radio disc jockeys, the illustrations are by Paolo D'Altan. 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 CAF non-profit Association– Center for the support of abused children and families in need.



#### **CasaFacile**

During **Abilmente**, the trade fair devoted to creative handiwork, held in March 2013 in Vicenza, the decor magazine launched the charity initiative *Fatto a mano con il cuore*, asking readers to make one or more objects to be sold during the event.

Thanks to the enthusiastic participation of DIYers (over 3,000 works were received) and trade fair visitors, *CasaFacile* donated all the proceeds from the sales to the parents and friends of paediatric leukaemia non-profit association (Agal), to fund the renovation of a guest house for 10 small patients and their parents during their treatment at the specialised oncology facility of the San Matteo hospital in Pavia.

#### **Edizioni Piemme**

With the book *Lo strano caso dei brufoli blu* featuring the famous teen character Geronimo Stilton, Edizioni Piemme and the Umberto Veronesi Foundation shared a project of great ethical and educational importance, aimed at raising children's awareness about the importance of scientific research for all of us.

The book brings young readers' attention to the importance of safety rules for our health, how a team of researchers is made up and the meaning of research protocols, with the help of explicative boxes added to the narrative. All this in view of disseminating science by using words and formats that are appropriate to the readers' age, and to make them aware from a very young age of the fundamentals in the training of informed, conscientious adults.

Part of the proceeds from the sale of the book was donated to the Umberto Veronesi Foundation as a contribution to the grants provided by the Institute.

#### **Tv Sorrisi e Canzoni**

In 2013 the magazine involved TV, music and cinema personalities in a socially significant initiative by inviting them to make a drawing, a dedication, a cartoon, a collage or another original contribution to provide an interpretation of Christmas with a personal twist.

From the works received *Tv Sorrisi e Canzoni* produced 26 exclusive greeting cards, that could be purchased individually at a newsstand bundled with the weekly or as a complete collection from the site [www.shopforyou.it](http://www.shopforyou.it). The original drawings were then auctioned on [www.charitystars.com](http://www.charitystars.com), a platform helping not-for-profit organisations in raising funds to devote to charities with the support of celebrities.

The proceeds from the initiative were allocated to AMS (a non-profit blood diseases association), which works alongside doctors and research workers in Haematology at the Niguarda Ca' Granda Hospital in Milan. More specifically, the funds raised were devoted to the Sorrisi in corsia project, intended for the support of nursing care.



In 2013, Mondadori's women's portal organised two charity initiatives involving its own large community. The first project, called *Un'azione coi fiocchi*, donated the proceeds from the online charity to support the research carried out at the European Oncology Institute in cooperation with Pro-Fert, the Italian fertility preservation society, supporting couples experiencing difficulties in conceiving.

The second initiative, called *Una sciarpa per la vita*, involved users in a project put together by Gomitolo Rosa, an awareness raising and fundraising body supporting patients' associations that operate in the field of women's health, in cooperation with the IEO, European Oncology Institute. The community was asked to click on the project's page, and when the preset number of shares was reached *Donnamoderna.com* made a donation to support the IEO project to study and treat genital and reproductive disorders subsequent to gynaecological cancer treatment.





##### **Siticibo**

From 2009, Mondadori has participated in the Siticibo program, an initiative that collects uneaten food from the Company canteen and distributes it to various non-profit groups operating in different areas (assistance to the poor, shelters, 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 National Food Collection Day;
- \_ re-distribution to entities dealing with assistance to the poor, marginalised individuals and in general, everyone in need.

In 2013, 9,257 first courses, 1,983 second courses, 3,534 vegetable and dessert portions and 80 kg of bakery products were recovered, making a total of 14,774 portions

In order to make the work carried out by Siticibo better known and to raise employee awareness, in the month of May a desk presenting the association was put up in the portico in front of the canteen premises at the Segrate offices.

During the year, also at the Segrate offices, focus was put on a number of charity associations, mainly supporting scientific research in the field of rare and disabling diseases, to disseminate informative materials and to raise funds. These included the Italian Neuroblastoma non-profit Association.

Moreover, a day devoted to AIDO (Italian Organ Donor Association) was organised to probe the association's aims and initiatives (April); a type 2 diabetes awareness raising and prevention campaign was also put together.

During the World Diabetes Day (14 November), 764 Group employees aged over 40 received information by e-mail concerning the disease and were invited to fill out an online questionnaire to calculate their risk of developing this type of diabetes.

Based on the answers given to the questionnaire, those who turned out to be at greater risk were invited for a checkup at the Segrate offices with specialized doctors selected by Diabete Italia and Mondadori healthcare professionals.

During the visit, after checking blood sugar levels, ad hoc advice was given with regard to diabetes prevention and management. AstraZeneca offered its unconditional support to the initiative.







# 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	PP. 4-5
1.2	Description of key impacts, risks, and opportunities	YES	PP. 16-18; 34-35; 38-39; 70-71
2_ ORGANIZATIONAL PROFILE			
2.1	Name of the organization	YES	P. 8
2.2	Primary brands, products, and/or services	YES	PP. 16-18
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	YES	PP. 16-18
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. 16-17
2.6	Nature of ownership and legal form	YES	PP. 8; 52
2.7	Markets served	YES	PP. 16-17
2.8	Scale of the reporting organization	YES	PP. 16-18; 52; 106
2.9	Significant changes during the reporting period regarding size, structure, or ownership	YES	PP. 8; 16-18
2.10	Awards received in the reporting period	YES	PP. 70-71
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	PP. 6-7; 22-25
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; 44; 68; 118
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; 47; 68-69; 72; 109; 127
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. 135-143
ASSURANCE			
3.13	Policy and current practice with regard to seeking external assurance for the report	YES	PP. 8; 144-145
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; 124
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; 117; CORPORATE GOVERNANCE REPORT: PP. 16-18; 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. 2-10
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	P. 97; CODE OF ETHICS
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	YES	PP. 4-5; 28-29; 37; 38-39
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	YES	PP. 115-117; CORPORATE GOVERNANCE REPORT: P. 14



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. 16-18; 34-35; 38-39; 70-71
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	YES	PP. 97; 101
4.13		Memberships in associations and/or national/international advocacy organizations	YES	PP. 40; 101
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; 54; 124
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. 38-39; 44-47; 70-71; 126-127
ECONOMIC PERFORMANCE				
EC1	CORE	Direct economic value generated and distributed	YES	PP. 44-47
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change	YES	PP. 38-39; 70-71
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. 48
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. 128-129
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. 48; 64-69; 74-79; 80-86; 88-92
MATERIALS				
EN1	CORE	Materials used by weight or volume	YES	PP. 84-86; 88
EN2	CORE	Percentage of materials used that are recycled input materials	YES	PP. 84-86; 89; 92-93
ENERGY				
EN3	CORE	Direct energy consumption by primary energy source	YES	PP. 66-67
EN4	CORE	Indirect energy consumption by primary source	YES	PP. 66-67
EN5	ADD.	Energy saved due to conservation and efficiency improvements	YES	P. 74
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. 74
WATER				
EN8	CORE	Total water withdrawal by source	YES	P. 68
EN9	ADD.	Water sources significantly affected by withdrawal of water	YES	P. 68
EN10	ADD.	Percentage and total volume of water recycled and reused	YES	P. 68
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. 72-73; 78
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight	YES	PP. 72-73; 78
EN18	ADD.	Initiatives to reduce greenhouse gas emissions and reductions achieved	YES	PP. 72-78
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	P. 68
EN22	CORE	Total weight of waste by type and disposal method	PARTIAL	P. 79
EN23	CORE	Total number and volume of significant spills	NO	
EN24	ADD.	Weight of transported, imported, exported, or treated waste deemed hazardous	NO	
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. 74-79; 80-93
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category	YES	PP. 82-86; 89
COMPLIANCE				
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	YES	PP. 48-49
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. 70-73; 75-78
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; 106-111; 114-122



INDICATOR		DESCRIPTION	COVERAGE	REFERENCES
EMPLOYMENT				
LA1	CORE	Total workforce by employment type, employment contract, and region, broken down by gender	PARTIAL	PP. 106-111; 123
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region	YES	PP. 106-109
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. 111; 123-124
LA15	CORE	Return to work and retention rates after parental leave, by gender	YES	P. 111
LABOR/MANAGEMENT RELATIONS				
LA4	CORE	Percentage of employees covered by collective bargaining agreements	YES	P. 114
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	P. 112
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	YES	P. 112-113
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. 113; 119; 123-124; 133
LA9	ADD.	Health and safety topics covered in formal agreements with trade unions	YES	PP. 112-113
TRAINING AND EDUCATION				
LA10	CORE	Average hours of training per year per employee by gender, and by employee category	YES	PP. 118-119
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. 115-116; 118
LA12	ADD.	Percentage of employees receiving regular performance and career development reviews, by gender	YES	PP. 115-116
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	YES	PP. 28-29; 109-110; 120-122
LA14	CORE	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	YES	P. 122
HUMAN RIGHTS PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 56-58; CODE OF ETHICS



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. 56-58; 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	NO	
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 2013
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. 56-58; 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. 56-58; 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 2013
SOCIETY PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 38-39; 48-49; 127



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. 38-39
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures	YES	TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES DID NOT TAKE PLACE IN 2013
SO4	CORE	Actions taken in response to incidents of corruption	YES	PP. 38-39
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. 127
ANTI-COMPETITIVE BEHAVIOR				
SO7	ADD.	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	YES	P. 50
COMPLIANCE				
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	YES	PP. 48-49
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS				
	CORE	Disclosure on Management Approach	YES	PP. 56-58; 96-102
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 2013
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. 56-58
PR4	ADD.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	YES	P. 57
PR5	ADD.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	PARTIAL	P. 102



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. 97-99
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 2013
CUSTOMER PRIVACY				
PR8	ADD.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	YES	P. 99
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. 48-49; NO SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES HAVE BEEN REPORTED IN 2013



## 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 31<sup>st</sup> December 2013. The Directors of Arnoldo Mondadori Editore S.p.A. are responsible for the preparation of the Sustainability Report 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". The Directors are also responsible for the definition of Mondadori Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors of Arnoldo Mondadori Editore S.p.A. 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 Standard on Assurance Engagements 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 for Professional Accountants*" issued by the *International Federation of Accountants*, "*IFAC*"), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on the Sustainability Report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the Sustainability Report, analysing the Sustainability Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
  - comparing the economic and financial information and data included in the paragraph "Economic performance" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of 31<sup>st</sup> December 2013, on which we issued the auditor's report dated 7<sup>th</sup> April 2014 pursuant to articles 14 and 16 of Legislative Decree no. 39 of January 27<sup>th</sup>, 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 sustainability 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 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 May 16<sup>th</sup>, 2013.

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 31<sup>st</sup> December 2013 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”.

Milan, May 14<sup>th</sup> 2014

DELOITTE & TOUCHE S.p.A.

Patrizia Arienti  
Socio

*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 "2013 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](http://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, 23 May 2014

A handwritten signature in dark ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir  
Director Services  
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](http://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 8 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



## CREDITS

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Arnoldo Mondadori Editore S.p.A.

Registered office: via Bianca di Savoia 12 – 20122 Milan

Administrative offices: via Mondadori 1 – 20090 Segrate (Milan)

Share capital: EUR 64,079,168.40 fully paid-up

Milan Company Register and Tax Code No. 07012130584

R.E.A. No. 1192794

VAT No. 08386600152

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### EDITED BY

Sustainability Committee

tel. +39 02 7542 3562

progetto.sostenibilita@mondadori.it

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

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### IN COLLABORATION WITH

Ernst & Young - *Climate Change & Sustainability Services*

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### GRAPHICS AND ART DIRECTION

Franz Degano

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### IMAGES BY

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