



SUSTAINABILITY
REPORT
2015

**Sustainability
report
2015**



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LETTER TO STAKEHOLDERS

Marina Berlusconi

Chairman
Mondadori Group

Great ferment and marked changes made 2015 a watershed year in the evolution of the company.

These months saw the strong consolidation of our economic and financial position, an achievement that made it possible to launch a new development and growth phase during the year focused on our activities in the Group's traditional areas of excellence: books – trade and educational – with the network of physical and online bookshops, and magazines.

The economic strengthening of the company was, and will continue to be, the essential requisite of the company's responsible actions because all of the care and attention we pay our stakeholders is connected with this. With sounder accounts comes a greater ability to meet the expectations of our stakeholders, with the creation of economic but also social and cultural value.

The events and stories described in the 2015 Sustainability Report provide a new, dynamic snapshot of Mondadori that looks towards the future. Without sacrificing tradition - on the contrary, reaffirming and giving it new life - we have laid the basis for the next phase of development with the goal of contributing, through the growth of the company, to the general wellbeing of Italy.



From novels and service websites to art exhibitions, information and entertainment magazines, multi-platform school texts and the products of our physical and online stores: all of our business areas, products and services stand out for their quality. And together with local communities, organisations and institutions we have created a network of initiatives around this content to make it more accessible, with more opportunities for meetings and discussion.

The year of the Expo was undoubtedly an inspiration and offered us the chance to put all of our energy into addressing a very important topic. But the desire to explore our minds, interests and ideas did not end with the conclusion of the International Exposition and continues to shape the way we approach the publishing business: dynamically, proactively and with an openness to innovation and change.

Our reflection on the role and obligations of a media company in today's and tomorrow's society also brought to light implications that are less obvious and predictable, but no less relevant, connected with the virtuous business created by our activities. In this Report we will outline a number of particularly representative case studies, Mondadori initiatives dedicated to the general public, or specific stakeholders, with the aim of encouraging new experiences, spreading ideas, and offering moments of enrichment and entertainment.

We believe this to be another of our roles: alongside the responsible and sustainable management of the company, in full respect of civil society and the environment, we want to contribute to strengthening Italy's intangible yet extremely important heritage in the area of culture and beauty, and broaden the array of opportunities with which it is connected. Because we really feel that we also are a part of this heritage.

Ernesto Mauri

CEO
Mondadori Group



THE SUSTAINABILITY TIMELINE AT MONDADORI

1907

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

1930

Thanks to the contract with Walt Disney in 1935, Mondadori stipulates Italy's first large international agreement in the publishing industry, which will last until 1988.
Launch of *Grazia* in 1938, the first large distribution women's weekly.

1940

Mondadori publishes the Biblioteca Moderna Mondadori (1948), the first series of quality books at budget prices designed to reach a large number of readers, mainly young people.

1980

The Group is floated on the Italian Stock Exchange in Milan (1982).
The Arnoldo Mondadori Editore Pension Fund, a private pension fund, and the FISS, a supplementary health care fund which partially covers healthcare expenses and makes pay-outs in the case of specific events, are set up for employees of the Group companies (1989).

1970

Inauguration of the new Mondadori headquarters at Segrate (1975), designed by one of the most renowned architects of the 20th century, Oscar Niemeyer.
Founding of Fondazione Arnoldo e Alberto Mondadori in 1977, recognised by Presidential Decree in 1979. The Fondazione conserves, promotes and enables the public to access the personal and professional stories of the two publishers and the publishing houses they founded (Mondadori and il Saggiatore). Since the mid-1990s, it has been a centre of research and study on Italy's publishing culture, part of a network of similar organisations in Europe and across the world.

1990

With the launch of Miti (1995), Italy's first series of budget paperbacks, sold in all the key retail channels, Mondadori implements a new mass-market strategy designed to expand the book market in Italy.

2000

The Group drafts and publishes its first Code of Ethics (2002). In 2012 this document, completely redesigned and reformulated, is expanded to all subsidiaries.
Founding of Mediafriends in 2003, a non-profit organisation jointly owned by Mondadori, Mediaset and Medusa. The association organises, holds and promotes events aimed at raising funds for charity and financing various kinds of projects: social welfare and healthcare; teaching and training; the protection, promotion and enhancement of culture, art and things of artistic and historic interest; the protection and promotion of nature and the environment; international cooperation.
The Group participates in aid activities for the people affected by the tsunami of December 2004. In association with NGO Intersos and in accordance with the Italian Civil Defence, in Sri Lanka (area assigned to Italian aid) Mondadori finances the building of the Vocational Training Centre for adolescents in the Muthur area, in the north-east of the country.
Membership of Sodalitas (2005), Italy's largest association within Confindustria, which seeks to promote corporate social responsibility towards the environment, the community, the market and the working world.
In 2007, Mondadori celebrates its 100th anniversary.

1950

The decade opens with the magazine *Epoca*, with which Mondadori launches the American model of illustrated journalism in Italy.

The opening of the first "Mondadori per Voi" bookshop (1954) in Central Milan sees the company begin to focus closer and more dynamic attention on its customers. The founding philosophy of the chain of stores that quickly develops is encompassed by the name: no longer stern bookshops that breed unease but places for those that read, write and publish to meet and interact. This service model designed for the customer and their needs inspires many other initiatives, such as the competitions launched by the women's magazines, the trips organised by *Grazia* for its readers, and the children's events arranged by the Mickey Mouse Club: trips, gift packs for children in need, visits to Disneyland, sports tournaments.

1960

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

The *Epoca*, *Grazia*, *Confidenze* and *Topolino* magazines organise events, launch fundraising activities and arrange for the sending of transport to meet the primary and most urgent needs of the people of Longarone - children in particular - affected by the collapse of the Vajont Dam (1963).

The Italian book market undergoes a true revolution with the launch of the Oscar series in 1965, the first budget price paperbacks sold also at newsstands.

Mondadori contributes to the aid operations following the flooding of Florence (1966), sending transport and aid to booksellers, the historic libraries in the city and prestigious institutions such as the Gabinetto Vieusseux.

2010

With the establishment of the Sustainability Committee, in September 2010 Mondadori embarks upon the path of CSR. The Committee, consisting of representatives from the main corporate functions, reports directly to the CEO and is tasked with formulating proposals relating to strategic and sustainability policies. In December the Committee approves the 2011 Sustainability Plan.

Mondadori joins the CSR Manager Network (2011), the national association of professionals from all types of organisations (businesses, business foundations, professional societies, public administration, non-profit organisations) dedicated to the management of socio-environmental and sustainability problems connected with company activities.

The Sustainability Committee approves the first Social Report, related to 2010 and created for internal use; the Report is later approved by the Board of Directors. In December the Sustainability Committee approves the 2012 Sustainability Plan.

In 2012, the Board of Directors approves the new Code of Ethics and the 2011 Sustainability Report. Mondadori, participating in the CDP (Carbon Disclosure Project) Italy 2012 for the first time, posts one of the highest disclosure scores of 84/100.

In 2014 the Sustainability Committee carries out a new materiality analysis ahead of drafting the Sustainability Report according to the GRI G4 standard, aligning the production and publication times with those of the consolidated financial statements.

2015

The strategy of focusing on the core businesses continues, with the departure from non-strategic areas (disposal of 80% of Monradio and the share held in the joint venture with Harlequin) and a concentration on the traditional segments: books (agreement for the acquisition of RCS Libri) and magazines (acquisition of full control over Gruner+Jahr/Mondadori).

The 2014 Sustainability Report is published (GRI G4 In accordance – Core option); Mondadori participates on a voluntary basis in the 2015 CDP, and obtains a score of 98/100.

The new brand architecture was created to reinforce, regulate and enhance Mondadori's brand in response to the new Group dimension.

Read more on p. 27

BRAND ARCHITECTURE MONDADORI GROUP 2016

GRUPPO MONDADORI

1st LEVEL: CORPORATE

 **MONDADORI**
LIBRI

 **MONDADORI**
MAGAZINE

 **MONDADORI**
RETAIL

2nd LEVEL: AREA HOLDING COMPANIES

 **MONDADORI**
INTERNATIONAL
BUSINESS

 **MONDADORI**
EDUCATION

 **MONDADORI**

 **MONDADORI**
SCIENZA

 **MONDADORI**
ELECTA

3rd LEVEL: GROUP COMPANIES

 **MONDADORI**
STORE

 **MONDADORI**
MEGASTORE

 **MONDADORI**
BOOKSTORE

 **MONDADORI**
POINT

4th LEVEL: STORES

 **MONDADORI**
PORTFOLIO

 **MONDADORI**
PHOTO

5th LEVEL: PRODUCTS, ACTIVITIES AND SERVICES

COMPACT VERSION



STACKED VERSION



LANDSCAPE VERSION



A NEW IDENTITY

**Our business
model**

**Generating
and distributing
economic value**

**Brand
identity**

The year 2015 represented an important target for the Group: the finish line that the company had established back in 2013, and a new starting line at the same time.

A full one year early, Mondadori was able to bring the accounts of all of its businesses back into positive territory, a condition that it considered to be indispensable to continue with the following phase of investment and development. This positive achievement was made with the creation of a business model based on three areas - books, retail and magazines - the implementation of which made available the additional financial resources needed to support the Group's strategic plans and its competitive positioning in the core businesses.

In this process of redefining the business portfolio, two aspects naturally contributed to achieving our objectives: an awareness of our history, of what Mondadori has achieved to date as a publisher, and the need to innovate in a segment which has felt the impacts, even more than others, of the speed of recent and ongoing changes in not only the media, but also in how it is accessed and the users themselves.

Tradition and innovation, trust in a mission and the capacity to secure a future for the company, are the factors that have driven company management

and, alongside the consolidation of economic and financial results, they have translated into a new Mondadori.

With sales of roughly euro 1,122.8 million and net profit of euro 15.1 million, Mondadori has reaffirmed its leadership in the book and magazine segments in Italy, while maintaining its third-place ranking in France amongst consumer magazine publishers.

The Group has also licensed its brands abroad, which in 2015 resulted in a network of 39 international editions published in 33 countries.

Returning to the reporting scope of the 2015 Sustainability Report (parent company and Italian subsidiaries consolidated line-by-line), the Group also boasts of the most extensive network of bookshops in Italy, numbering more than 600 and spread throughout the country.

The relevant events listed on pp. 13-14 underscore the company's new profile and anticipate its future evolution.

RELEVANT EVENTS OCCURRING IN THE PERIOD

- **2015 Shareholders' Meeting:** appointment of new corporate bodies and other matters. On 23 April 2015, the Shareholders' Meeting approved the yearly financial statements as at 31 December 2014 of Arnoldo Mondadori Editore S.p.A. and re-authorised the purchase and disposal of treasury shares, in addition to appointing the new Board of Directors with the following members: Marina Berlusconi (Chairman), Ernesto Mauri, Pier Silvio Berlusconi, Pasquale Cannatelli, Bruno Ermolli, Alfredo Messina, Martina Mondadori, Danilo Pellegrino, Roberto Poli, Oddone Pozzi, Angelo Renoldi, Mario Resca, Cristina Rossello and Marco Spadacini. The Shareholders' Meeting also appointed the new Board of Statutory Auditors, with the following members: Ferdinando Superti Furga (Chairman), Francesco Antonio Giampaolo and Flavia Daunia Minutillo (standing statutory auditors); Francesco Vittadini, Annalisa Firmanni and Ezio Maria Simonelli (substitute statutory auditors). Both bodies were appointed based on the only list submitted for the Shareholders' Meeting, by the majority shareholder Fininvest S.p.A. They will remain in office for three years, until the Shareholders' Meeting called to approve the financial statements as at 31 December 2017. The Board of Directors confirmed Ernesto Mauri as CEO, granting him the relative management powers; it appointed the members of the committees (see pp. 113-115 for details) and confirmed Oddone Maria Pozzi as the director responsible for preparing the company's accounting and official documents;
- **Mondadori increased its shareholding in Gruner+Jahr/Mondadori to 100%.** On 1 July 2015, Arnoldo Mondadori Editore S.p.A. acquired 50% of the share capital of the Gruner+Jahr/Mon-

dadori S.p.A. joint venture, of which Mondadori already held 50%, from Gruner+Jahr Management GMBH, a Bertelsmann Group company. The company name was changed to Mondadori Scienza S.r.l. on 9 November 2015;

- on 30 September 2015, an agreement was entered into for the **sale to R.T.I. S.p.A.**, a direct subsidiary of Mediaset S.p.A., **of 80% of the share capital of Monradio S.r.l.**, a company wholly owned by Arnoldo Mondadori Editore S.p.A. and which owns the radio broadcaster R101;
- Simonetta Bocca was appointed head of the Mondadori Group's Human Resources Department (September 2015);
- on 30 September 2015, an agreement was entered into for the sale to Harlequin Italia (HarperCollins Publishers) of Arnoldo Mondadori Editore's entire shareholding, held through Mondadori Libri, in Harlequin Mondadori, amounting to 50% of the share capital. Harlequin Mondadori, a joint venture established in 1980, works in the romance novel segment and mainly sells the Harmony series at newsstands;
- **agreement for the acquisition of RCS Libri S.p.A.** On 4 October 2015, after the Company's Board of Directors granted its approval, an agreement was entered into for the acquisition of RCS Libri S.p.A., which will enable the Mondadori Group to consolidate its presence in Italy in the trade books and school book publishing market, as well as in illustrated books at international level. This transaction is for the entire 99.99% share held by RCS MediaGroup S.p.A. in RCS Libri S.p.A. Its completion is subject to the approval of the competent regulatory authorities; any conditional authorisations will not compromise the completion of the transaction;
- on 18 December 2015, the Group renegotiated its lines of credit by entering into a new five-year loan agreement (maturing in December 2020) to

replace the previous agreement which had closer repayment dates. The new loan agreement, which also includes the lines of credit needed for the RCS Libri acquisition, has better economic conditions for the Group, in terms of lower interest rates and fees;

- 28 December 2015: merger of the subsidiary Kivier S.r.l. into Cemit Interactive Media S.p.A., effective for tax purposes as of 1 January 2015.

RELEVANT EVENTS AFTER CLOSURE

On 22 January 2016, the Italian Antitrust Authority announced that it would be launching an investigation regarding the RCS Libri acquisition. This process will be completed within 45 days of 21 January 2016. There will then be an additional 30-day period in which it will be necessary to obtain the opinion of the Italian Communications Authority.

EDITORIAL INDEPENDENCE

The share capital of Mondadori at 31 December 2015, fully paid up and subscribed, totals euro 67,979,168.40, divided into 261,458,340 ordinary shares with a par value of euro 0.26 each. The company has been listed on the Milan Stock Exchange since 1982.

As the table of significant shareholdings shows (i.e. those of over 2% of the share capital), the majority shareholder is holding company Fininvest S.p.A., owned by the Berlusconi family.

In 2015 Mondadori received grants from the government and from Italian and foreign institutions as well as from private parties totalling more than euro 152,000, mainly in the form of training subsidies (euro 131,000), grants for the publication of books or cultural activities (euro 12,000), hiring incentives (euro 8,000) and telephone rate subsidies (pursuant to art. 28 of Italian Law 416/81 on publishing, euro 1,000).

The Group did not receive contributions from groups or associations connected with public administration, nor from other entities, associations, NGOs, non-profit organisations or private parties. Finally, Mondadori did not pay any type of contributions to political parties or politicians during the year.

SIGNIFICANT SHAREHOLDINGS*

Shareholder	Ordinary shares owned	% Shareholding on share capital
Fininvest S.p.A.	131,773,658	50.39%
Silchester international investors LLP	30,033,556	11.49%
Norges Bank	5,271,827	2.02%

* at 31 December 2015

OUR BUSINESS MODEL

First in terms of tradition and breadth amongst Mondadori's business activities, the area responsible for the conceptualisation and publication of books was the real star of 2015. With the formation of Mondadori Libri S.p.A. in late 2014 and the appointment of its governance bodies in January 2015, the Group provided itself with the organisational structure needed for its **book** business. This includes the publishing of "trade" products, intended for bookshops and published by under the Mondadori, Giulio Einaudi editore, Electa, Piemme, Sperling & Kupfer and Frassinelli brands; in addition, the area has 12 school book publishing brands managed by the company Mondadori Education, plans and manages exhibitions and archaeological sites (managed by Electa) and distributes the products of third-party publishers.

Although the Italian book market - which has historically been limited compared to the markets of other western countries - was the last of the media sectors to be impacted by the economic and tech-

nological crisis, it too has seen a reduction in copies and sales. This trend, which has not been sufficiently offset by e-book distribution, is a source of understandable apprehension for the entire supply chain and has driven players to launch several initiatives meant to raise the awareness of institutions (for example, the "Un libro è un libro" campaign in late 2014 to subject e-books to the same VAT regime as paper books) and the general public (this is the case of #ioleggoperché, a social networking event organised by the Italian Publishers Association to explain the advantages of reading to non-readers). With the agreement for the acquisition of the RCS Mediagroup's book business (October 2015), Mondadori hoped to invest in a sector in which it believes and excels, with the conviction that combinations between brands can only benefit the market and all stakeholders involved. When this Report was being finalised, the Antitrust Authority had not yet issued its decision: the Authority has already mentioned certain conditional authorisations - which in

15



any event will not compromise the completion of the transaction - meant to reduce the scope of the acquisition and balance the weight of the various players in the market and the supply chain.

In 2015, the Group was confirmed the leader in the trade segment with a 24% market share, while in the educational sector its share of adoptions is at 12.5%, placing Mondadori Education in third position. In 2015 the books area recorded total revenues of euro 320.8 million.

Retail activities are managed by Mondadori Retail S.p.A., which generated sales of euro 196 million in 2015. Its objective is to consolidate and develop the network of more than 600 stores throughout the country (29 stores under direct management, of which 20 Mondadori Bookstores and 9 Mondadori megastores, the others under franchising agreements, of which 316 Mondadori Bookstores, 232 Mondadori Point and 50 shop in shops) and the Mondadoristore.it e-commerce site.

The development process in this area resulted in growth in network size, the expansion of product categories, cost optimisation, development of the product range and a greater focus on the customer, by perfecting organisational efficiency and taking advantage of all online and offline tools capable of improving the buying experience. Mondadori promotes an innovative bookshop concept which offers a diversified range of products (books, stationery, toys, consumer electronics) alongside a series of services designed to enhance the buying experience: from food service to technical support for electronics, from in-store events to books on demand. This last service allows users to print books upon request from a catalogue of more than 7 million titles in Italian and foreign languages (print on demand) as well as to create their own publications (self publishing).

The book remains at the heart of Mondadori's retail development plan and therefore constitutes an

area for organic growth linked with the evolution of the Group's publishing business.

The complex and dynamic **magazine** sector has been experiencing a period of profound crisis for years now, which has triggered a downsizing of global activity volumes, especially in Italy.

In light of this gradual yet irreversible decline, to continue to achieve positive results and remain competitive, Mondadori continued streamlining its product portfolio in Italy in 2015, concentrating on publications that are well-positioned in the market and have high digital potential and economic performance in line with objectives, along with continuous monitoring of production costs, primarily linked to paper and printing expenses.

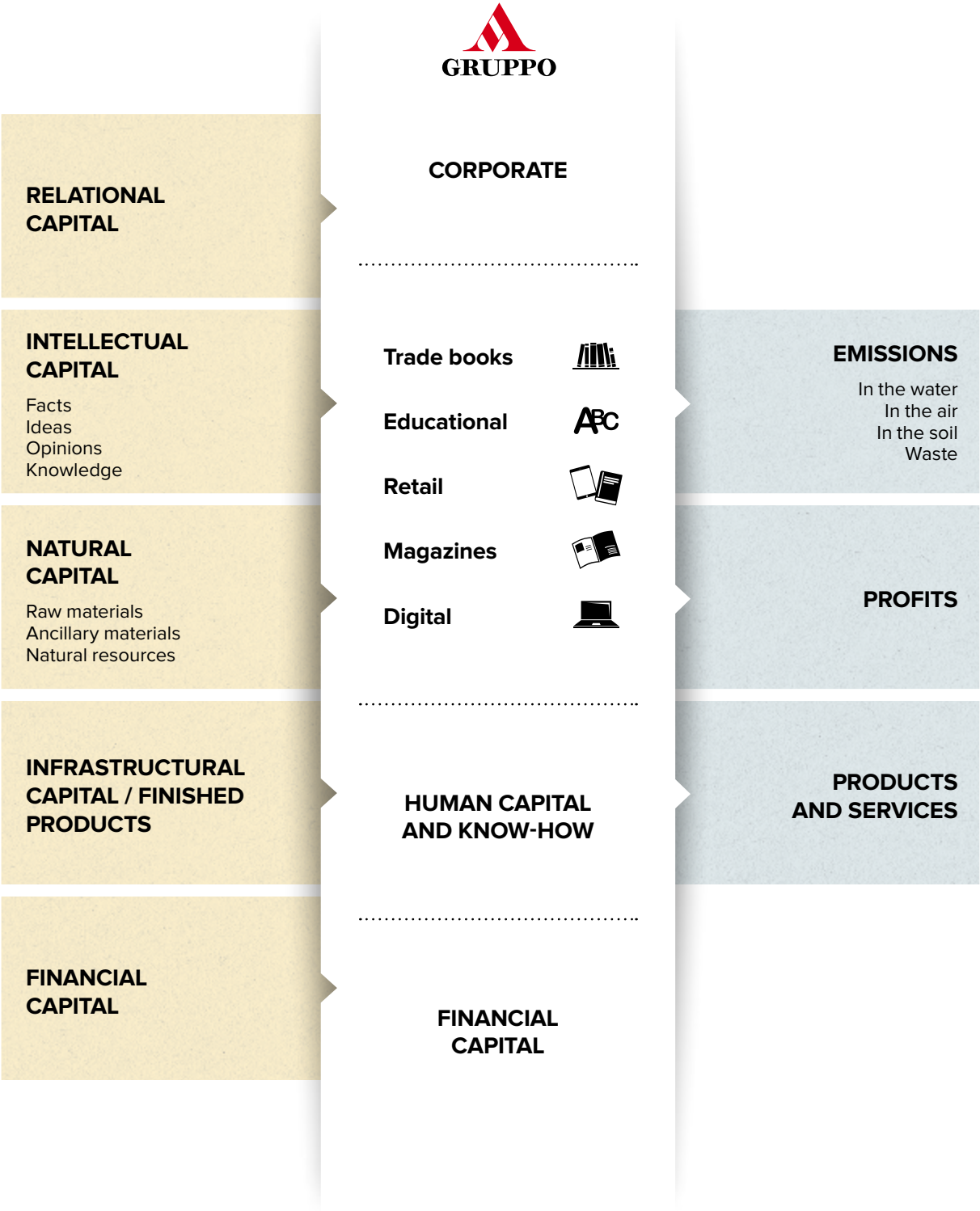
As a result, Mondadori has been able to protect its position of leadership in the Italian market, with a circulation market share of 31.2%; almost all publications have positive margins and overall, advertising sales outperformed the market. These elements enabled the area to record total revenues of euro 296.3 million in 2015.

The trend therefore led to the decision to acquire exclusive control over the publications and websites owned by the Gruner+Jahr/Mondadori joint venture, in order to consolidate the Group's leadership in the Italian magazine market. This acquisition enabled the company to enhance its portfolio of strong brands with potential for digital development, such as Focus, and brands that have already turned digital, like the *Nostrofiglio.it* portal.

From the organisational perspective, the Italian magazines area has integrated the digital dimension into its structure, with brand managers dedicated to the development of each publication who have free rein to create multimedia products.

In addition, various areas responsible for data management (Cemit, Kiver and the Press-di unit for subscriptions) have been brought together within the

BUSINESS MODEL



Content & Data Marketing department in the magazines area, thereby combining traditional revenue items with the sales generated by this new functional area.

With the transition to a pluri-media approach, within a segment traditionally predominated by paper formats, Mondadori intends to create an integrated system based on the centrality and strength of its brands, particularly in the segments in which it is leader in the Italian market: women's content and television. This entails going beyond a publishing approach characterised by the unidirectional provision of online content, to adopt the UGC (user generated content) model, which enables users to collaborate in content creation and the development of new digital products delinked from the magazine brands. In the multi-platform area, it is worth noting the creation of *Donna Moderna Live*, a 40-episode television format airing from Monday to Friday on the channel La5 in May 2015, in which journalists, staff and experts from the *Donna Moderna* magazine translated topics and content from the weekly into the language of the small screen.

As regards the diversification of services offered to the general public, the new Scuola di cucina di Sale&Pepe was established in Milan, based on the experience of the cooking monthly of the same name, to expand the range of channels in which this brand already has a presence. The School offers courses taught by top chefs for gastronomy enthusiasts, based on a rich programme of lessons suitable for adults as well as children. The inauguration of the Milan school is just the first step in a project that aims to spread Scuola di Cucina di Sale&Pepe to other areas in Italy as well.

With their staff of experts and highly qualified personnel in a range of areas, the *Donna Moderna*, *CasaFacile* and *Sale&Pepe* magazines have

launched the e-learning project named *Digital School*, dedicated to everyone who wishes to acquire the skills needed to work online and communicate in the digital realm.

An analogous, albeit more specialised, project was carried out by the *Casabella* architecture magazine in collaboration with ProViaggiArchitettura, involving a detailed programme of initiatives to meet training needs as well as the continuing education requirements of the Italian National Board of Architects, Planners, Designers and Restoration Architects. The training includes dedicated trips to visit particularly important architectural works, sites and cities; visits to work sites, production sites and exhibits; online lessons; meetings with leaders in the profession and in the world of construction.



MANAGEMENT OF THE SUPPLY CHAIN

The Group Procurement Department, which forms part of the centralised Group Finance, Procurement and IT Department, 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 as part of an early involvement and procurement marketing approach: 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 negotiation of the best conditions, and from price monitoring to quality improvement for all products and services. The Group's Procurement Department is also responsible for ensuring the formal and material correctness and completeness of orders and contracts, also by relying on Legal and Corporate 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 the 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 for suppliers, the trend is to move closer to ethical standards of conduct, also by fostering the ob-

taining of certifications and the pursuit of sustainability policies, as well as respect for human rights, workplace safety and the prohibition of child labour. In 2015, Group Procurement began using spend analysis and electronic sourcing tools to favour the utmost transparency and traceability of the purchasing process.

Within the aforementioned four areas covered by the Procurement Department, the Mondadori Group therefore tends to identify 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 jointly pursue economic, social and environmental objectives.

As regards the press, 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.

Established by the merger of the printing operations of Pozzoni and Mondadori Printing, and since 2012 a wholly owned 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 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.

As part of its extended responsibility towards its customers, Mondadori increasingly seeks to manage products deriving from external suppliers in all cases in which a Mondadori product (usually a magazine) is sold together with a third party product (such as a DVD). The people buying such packs must be entirely confident about the content, be it directly produced by Mondadori or by third parties.

According to an estimate of 2014 80% of the value of the spin-off products (except for publishing products, music and films) made by Mondadori regard items coming from China: Mondadori does not import them directly, but relies on one or more intermediaries who are responsible for factory checks and for all transport and customs operations.

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

- the 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 below information on the product label, whenever required by law:

- origin of product components;
- product content, particularly as regards substances that can have significant 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 (2009/48/EC), Mondadori stipulated a contract with an independent auditing firm in order to improve the implementation of legal requirements and ensure that the products defined as “toys” comply with the relevant safety standards.

In 2015 no instances of non-compliance with regulations and voluntary codes relating to the labelling of the projects sold by Mondadori were reported.

GENERATING AND DISTRIBUTING ECONOMIC VALUE

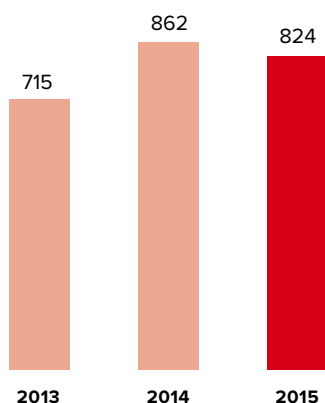
The value added generated and distributed by the Mondadori Group in Italy was calculated based on the consolidated income statement, with the following instructions:

- 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.

In 2015, the economic value distributed by Mondadori (limited to Italy, unless otherwise indicated) was euro 792 million, the economic value generated was euro 824 million, and the economic value retained was around euro 32 million.

ECONOMIC VALUE GENERATED

euro million



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

- operating costs totalled euro 612 million (-9.5% vs. 2014), of which 96% related to trade payables (euro 590 million, -7.2% vs. 2014);
- employee salaries and wages accounted for euro 150 million, down 0.9% against the previous year;
- payments to financial institutions totalled euro 19 million, while shareholder remuneration was zero, because no dividends were paid out;
- payments to public administration came to euro 9.4 million;
- gifts, membership fees and sponsorships totalled euro 2.27 million, down 1.8% against 2014.

DISTRIBUTION OF THE ECONOMIC VALUE GENERATED

(€/M)

Operating costs	612.2
Employee salaries and wages	149.9
Payments to financial institutions and shareholders	18.6
Payments to public administration	9.4
Gifts, membership fees and sponsorships	2.3
Economic value distributed by the group	792.3

The economic value generated by the Group decreased by 4.4% from euro 862 million in 2014 to euro 824 million in 2015, while the economic value

distributed was also down (-7.4%, from euro 856 million to euro 792 million).

Euro/000	Italy		
	2013	2014	2015
Economic value generated by the group	714,528	862,328	824,098
Economic value distributed by the group	972,879	855,569	792,255
Operating costs	748,208	676,157	589,959
Employee salaries and wages	201,242	151,206	149,850
Payments to financial institutions and shareholders	26,152	23,983	18,604
Payments to public administration	(5,670)	1,915	9,370
Gifts, membership fees and sponsorships	2,947	2,308	2,267
Economic value retained by the group	(258,351)	6,759	31,843

The economic data relating to Italy was used in order to achieve maximum consistency with the other data included in this report. 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 2015. [G4-17]

Euro/000	Italy ⁴			Group consolidated ⁵		
	2013	2014	2015	2013	2014	2015
Economic value generated by the group	714,528	862,328	824,098	1,150,963	1,196,287	1,152,478
Revenues	923,381	837,938	797,139	1,275,791	1,177,495	1,130,563
Other revenues	22,469	17,346	9,248	28,018	21,276	11,341
Financial revenues and interest accrued	14,112	11,771	12,520	3,815	1,229	2,366
Revenues/costs from disposal of tangible and intangible assets	(12)	12,970	21,265	(218)	12,941	21,271
Value adjustments of tangible and intangible assets	(33,785)	(692)	(993)	(117,080)	(692)	(3,080)
Losses on receivables	(8,342)	(14,344)	(7,264)	(9,195)	(15,286)	(7,941)
Currency differences	(470)	176	466	(517)	126	383
Profit/loss from equity investments	(202,825)	(2,837)	(8,283)	(29,651)	(802)	(2,425)
Economic value distributed by the group	972,879	855,569	792,255	1,312,870	1,172,187	1,108,648
Trade payables	704,880	636,424	589,959	932,324	851,811	808,524
Costs for third party assets use	35,044	28,865	18,924	42,300	36,436	25,175
Employee salaries and wages	201,242	151,206	149,850	290,468	230,588	228,671
Payments to financial institutions	26,152	23,983	18,604	27,507	24,341	18,788
Payments to shareholders ¹	0	0	0	3,270	3,212	3,380
Payments to public administration	(5,670)	1,915	9,370	2,344	9,495	17,656
Other operating costs	8,284	10,868	3,281	11,710	13,996	4,187
Gifts, membership fees and sponsorships	2,947	2,308	2,267	2,947	2,308	2,267
Economic value retained by the group	(258,351)	6,759	31,843	(161,907)	24,100	43,830
Depreciation of properties, plants and machinery	9,491	8,402	5,645	11,869	10,563	7,770
Amortisation of intangible assets	3,439	4,316	3,864	13,388	13,483	13,149
Fund provisions	34,996	17,818	19,228	37,332	19,559	20,602
Fund utilisation	(14,551)	(30,649)	(14,367)	(16,892)	(31,796)	(16,478)
Deferred/pre-paid taxes	(10,374)	12,178	10,181	(20,846)	11,740	7,475
Write-down of monradio asset due to asset disposal ²	-	-	5,592	-	-	5,592
Reserves ³	(281,352)	5,306	1,700	(186,758)	551	5,720

¹ third-party shareholders in the consolidated group (2013-2015)

² cession of radio frequencies, related to the disposal of Monradio

³ utilisation of reserves to cover year's losses in 2013

⁴ data refer to Italian companies consolidated on a line-by-line basis

⁵ data refer to all consolidated companies in the Group's consolidated financial statements.

The amount of penalties paid in 2015 increased slightly overall compared to the previous year: the amount of tax fines rose, entirely due to a litigation

matter in 2005, while economic penalties, essentially consisting of amicable settlements with the counterparty, decreased.

MONETARY PENALTIES

euro/million

Type	2013	2014	2015
Tax fines	2.65	0.79	1.32
Economic penalties	0.67	0.94	0.65
Total	3.32	1.73	1.97

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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 rulings. In 2015 only 2 cases were identified.

NON-MONETARY PENALTIES

Number of cases	2013	2014	2015
Non-monetary penalties	3	3	2

VALUE DISTRIBUTED TO THE COMMUNITY

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 tar-

geted social initiatives, which can be divided into three main areas:

- culture, education and training;
- social support and healthcare;
- young people and sports.



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When selecting social assistance projects, Mondadori follows a specific procedure set out in the Code of Ethics which governs its methods of selecting initiatives to promote and support, involves the members of the Sustainability Committee as a whole or individually, and involves collaboration with Fondazione Sodalitas and other non-profit organisations, such as Mediafriends and the Italian Institute for Donation.

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 Arnaldo e Alberto Mondadori has actively worked to preserve and promote the history of publishing in Italy. Since the mid-1990s, it has become a centre of research and study on Italy's publishing culture, joining 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, tele-marketing);
- 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 paragraph on pp. 39-40);
- raising awareness of social issues: through its publications and other businesses (books, digital, radio, direct marketing), Mondadori supports numerous projects and raises public awareness of social issues such as work, violence against women, environmental protection and so on;
- 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-abled (see paragraph *Commitment to the community* on p. 38);
- support for sporting activities: sharing the values of sport and healthy competition has made R101 the ideal means whereby to promote initiatives like the Stramilano marathon and the Unicef Night Run, two events that received support from the broadcaster once again in 2015;

Euro/000

Type	2013	2014	2015
Gifts	552.4	475.8	533.0
Membership fees	1,953.8	1,524.1	1,686.2
Total	2,506.2	1,999.9	2,219.2

Euro

Type	2013	2014	2015
Sponsorships	441,499	307,702	48,250



BRAND IDENTITY

In 2015, the Mondadori's new brand architecture took shape. It was created to reinforce, regulate and enhance the brand in response to the new Group dimension that the publisher has taken on. The change within the company and in communications tools has required new guidance capable of best representing the brand and its various online and offline applications.

The new architecture is based on a hierarchical order able to transmit strong image consistency amongst all of the Group's brands and ease of application within a range of communication channels, thanks to clear and simple rules. For this new corporate brand architecture, the company's traditional logo created by Bob Noorda has been revised and harmonised in its proportions, making it the basic module on which all of its variations may be developed.

The architecture has a pyramid structure based on levels, in which the first level is dedicated to the new *Mondadori Group* corporate brand.

The next 4 levels are devoted to: area holding companies (Books, Retail and Magazines), Group companies, the Store area and products/activities and services.

All of the new brand architecture trademarks share common elements such as colours, typeface and structure, to easily identify them with the corporate brand and strengthen their image.

Mondadori Group is the main brand of the brand structure and is used for all of the publishing company's corporate and financial communications.

For the other levels, a different design system has been developed to build the logos while maintaining their similarity with the stylistic features of the corporate brand.

This makes it possible to break down the brands graphically/visually while easily recognising their degree of interconnection.

The new institutional typeface *Mondadori Serif*® has therefore been created on an ad hoc basis to support this system. This typeface is used in the second and third level logos to express the names of the holding companies and companies.

The fourth and fifth level logos use the *Avenir* font to name the brand.

In addition, a compact version has been designed for all of the brands covered by the new architecture, which can be used rather than the extended versions, mainly in online communications and social media.

The history and description of the new brand architecture is provided in the Group's brand centre on the company intranet, along with downloadable logos and guidelines.



see picture on p. 10





Myth and Nature:
a prominent
exhibition by Electa
on representation of
nature in Classical
world.

Read more on p. 43

OUR COMMITMENT AS PUBLISHERS

**Promoting
sustainability**

**Our stakeholders
and their
involvement**

**Material
issues**

**Commitment
to the community**

***Myth and Nature:*
from the exhibition
to the city**

OFFERING QUALITY CONTENT TO AN EXTENSIVE RANGE
OF DIFFERENT AUDIENCES, PROVIDING SPACE FOR ORIGINAL
VOICES REPRESENTING VARIOUS REALITIES, WITH RESPECT FOR DIVERSITY
AND THE NEEDS OF THE GENERAL PUBLIC: THE ROLE AND DUTIES
OF A RESPONSIBLE MEDIA COMPANY ARE NOT VERY DIFFERENT FROM
THOSE OF A TRADITIONAL PUBLISHER. HOWEVER, THEY ALSO NEED
TO TAKE INTO CONSIDERATION NEW REQUIREMENTS SPRINGING FORTH
FROM CHANGES IN CIVIL SOCIETY, FROM NEW TECHNOLOGIES AND FROM
THE BREAKING DOWN OF THE LINGUISTIC AND REGIONAL BARRIERS WHICH
USED TO BE SO MEANINGFUL.

PROMOTING SUSTAINABILITY

The immediacy of the web and social networks requires an even sharper focus on topics such as freedom of expression, responsible advertising and information on the adequacy of particular content for more vulnerable users.

At the same time, it offers countless opportunities to showcase the skills and expertise of Mondadori, including in pro bono projects, the main goal of which is to “create a network” with other high-profile, professional areas and open up free, yet high quality, initiatives to the broad general public.

As a media company, Mondadori deals on a daily basis with a special topic - creativity - and it feels a responsibility to cultivate it, disseminate it and reward it in a sustainable manner for the benefit of all.

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

Since 2005 Mondadori has been a member of Fondazione 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.

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

Mondadori has also been a member of the CSR Manager Network since 2011: established in 2006 through an initiative launched by a group of university researchers who recognised the increasing importance of social-environmental issues, the network groups together managers and professionals from companies from all industries and of all sizes who devote themselves, both full time and part time, to CSR issues. The network organises 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.

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OUR STAKEHOLDERS AND THEIR INVOLVEMENT

[G4-18] [G4-24] [G4-25] [G4-26] [G4-27]

Through individual activities, the Group acts as a direct promoter of initiatives and associations connected with the themes of sustainability.

One example is Cemit Interactive Media, provider of integrated relationship marketing services, which has been sponsor of the Fundraising Festival since 2009.

The partnership with the Fundraising Festival, the biggest Italian event dedicated to the world of fundraising and non-profit initiatives, sees Cemit contribute to achieving an important common goal – fostering the development of the voluntary sector in Italy – by offering its services and expertise: from direct mailing services to a wide range of innovative high-quality solutions on the web and the social media.

On the path the Group has embarked upon, 2015 represented a turning point: the reporting process was consolidated, also due to the adoption of the GRI-G4 standard and the media sector supplement, and our reflections on sustainability were focused on areas more aligned with our business model and activities. Therefore, it appeared to be necessary to structure a sustainability strategy capable of involving the Group as a whole, with the adoption of a suitable policy that can guide the company's medium-term decisions. For this purpose, the Sustainability Committee began working on a draft Sustainability Policy to be submitted to the CEO and the Chairman in 2016.

In parallel with the sustainability reporting process, Mondadori started defining and promoting stakeholder engagement, also with the objective of adapting the content of this Report to all of the company's stakeholders.

Stakeholder mapping is updated every year when the materiality matrix is updated.

Stakeholders are mapped by using a summary scheme of Mondadori activities and its relations with the external world. These included:

- stakeholders who are affected by / provide input to Mondadori;
- stakeholders who are part of Mondadori;
- stakeholders who are affected by / receive output from Mondadori.

Such mapping makes it possible to identify more than 40 categories of stakeholders, who are classified based on the following criteria:

- dependence on Mondadori;
- influence on Mondadori.

After conducting targeted interviews and dedicated workshops with the in-house Sustainability Committee, Mondadori defines a map of its stakeholders and their respective levels of priority within the company.

Stakeholders are grouped into uniform clusters, which are 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.

OUR STAKEHOLDERS

[G4-18] [G4-24] [G4-25]



STAKEHOLDER ENGAGEMENT [G4-24] [G4-25] [G4-26] [G4-27]

STAKEHOLDER	CORPORATE FUNCTION	FRE-QUENCY	EXPECTATIONS	TOOLS	ANSWER	FURTHER INFORMATION
Financial community	Investor Relations Legal and corporate affairs	<ul style="list-style-type: none"> • 5 (at the headquarters) • 6 (in Italy and abroad) 	<ul style="list-style-type: none"> • Group's increased visibility • value creation 	<ul style="list-style-type: none"> • Shareholders' Meeting • Conference calls • Roadshows • Analyst Meetings • One-to-one 	<ul style="list-style-type: none"> • Presentations • Q&A • Shareholders' Meeting minutes 	pp. 35; 115-116
Suppliers	Group Procurement	Several meetings	Contractual provisions	<ul style="list-style-type: none"> • Meetings • Sending of documents and questionnaire 	<ul style="list-style-type: none"> • Code of Ethics • Contracts • Supplier database 	pp. 19-20
Franchisees	Mondadori Retail	2	<ul style="list-style-type: none"> • Direct comparison with objectives • Network reinforcement 	Roadshow		
Advertising investors	Market research	1	Measuring satisfaction with women's magazines	Interviews	Repositioning of the <i>TuStyle</i> magazine	
Unions	Group Human Resources	<ul style="list-style-type: none"> • 1 (at European level) • Several meetings (Italy) 	<ul style="list-style-type: none"> • Information on Group progress and goals • Definition and management of reorganisation plans 	<ul style="list-style-type: none"> • EWC • Negotiations 		<p>p. 69</p> <p>p. 69</p>
Employees	<ul style="list-style-type: none"> • Communications and media relations • Mondadori Retail 	<ul style="list-style-type: none"> • At least once a week • 12 • 3 	<ul style="list-style-type: none"> • Inform about Group and market news and events • Inform about company news and events 	<ul style="list-style-type: none"> • intranet • email • social media • newsletters • house organ 		p. 78
Books audience	<ul style="list-style-type: none"> • Trade Books • Mondadori Electa 	3,934 presentations and events	interaction with authors	<ul style="list-style-type: none"> • bookshop presentations • foreign author tours • participation in literary festivals 		
Magazine audience	Market research	25 questionnaires with CAWI method	Greater understanding of tastes and habits of the public	market research	Presentation of results to magazine marketing and advertising	
Multistakeholder: employees, agents, suppliers, customers	Presentations	1	sharing values	Survey	development of a set of values	p. 71

The table shows the main stakeholder engagement activities adopted by Mondadori in 2015. In some cases they were institutional activities (e.g. the meetings with the financial community at corporate action events or the consultations with union representatives) or initiatives related to the various businesses or departments (activities in the community and on the social media to promote books or meetings with suppliers).

Other initiatives, meanwhile, constituted moments of dialogue with individuals or groups of stakeholders on specific issues such as, for example, the survey carried out by Mondadori Retail to define a set of values shared by employees and staff members or the survey organised by the magazine market research department, aimed at a panel of advertising investors to measure expectations and satisfaction with women's magazines.

One example of structured and constant stakeholder engagement activities is the series of functions carried out by the Communication and Media Relations Department, which manages, inter alia, the company's relations with the media as regards corporate communications (information strictly related to Group corporate, financial and economic aspects) and the promotion of the company's image to the business community, organisations and institutions, and the media.

The activities of the Communication and Media Relations Department 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.

The communication channels used include press agencies, dailies, radio, TV, web and social media; the Group's corporate website, also managed by the Communication and Media Relations Department, gathers the corporate press releases and a selection of product press releases (in Italian, www.mondadori.it, and in English, www.mondadori.com).

The Communication and Media Relations Department also monitors the communications of the business units, the social media and digital communications, corporate image and initiative communications, and sustainability and internal communications.

Relations with the financial community continued along the path of renewal started in 2014, characterised by a proactive approach, based on transparency and thoroughness of information, especially financial information: a disclosure no longer focused only on the strengths of the company but also, and above all, on critical issues and on the actions planned to meet those challenges. In fact, the Group's positive results in the last two years, its continuous activities to optimise operating processes and the cost structure, streamlining initiatives and the simultaneous strategic re-focusing of the business portfolio, along with the constant attention dedicated to publishing quality, have contributed to improving the financial community's perception of the Group, especially in terms of reliability and trustworthiness.

The financial markets positively received the news about the agreement for the acquisition of RCS Libri and its potential creation of value.

[G4-24] [G4-25] [G4-26] [G4-27]



MATERIAL ISSUES

[G4-18] [G4-19]

As in 2014, in 2015 Mondadori updated its materiality analysis in accordance with the sustainability reporting guidelines of the Global Reporting Initiative (version GRI-G4).

In order to identify material issues for the company and its stakeholders, a workshop was held with the Sustainability Committee which firstly mapped and prioritised the stakeholders (as described on p. 32); later, it identified the most relevant sustainability themes from those indicated by the GRI G4 Guidelines and the G4 Sector Disclosures - Media sector supplement.

During the workshop, the members of the Sustainability Committee put the issues in order, considering their relevance both for Mondadori and for its stakeholders. In accordance with the GRI G4 Guidelines, when prioritising the sustainability issues due consideration was given to the relevance of the impact of each one both within and outside the reporting scope, i.e. along the Mondadori value creation chain.

The significance of each sustainability topic for the company was decided upon considering the perception of Sustainability Committee members as well as an assessment of:

- the commitment and the policies adopted by Mondadori regarding each issue;
- the impact of each issue on the company's capital.

To determine the significance of sustainability issues for stakeholders, the results of the preliminary analyses conducted were taken into consideration, i.e.:

- media analysis activity which made it possible to analyse the media relevance and the attention of public opinion to each sustainability issue. The

media analysis was carried out with reference to Mondadori's sector, the latest events in which it has been involved and the sectors in its supply chain (paper mills, printers, etc.), so as to evaluate the impact of each issue, even outside the scope of the company;

- benchmarking with companies, not only Italian, working in the media segment, which made it possible to understand which sustainability topics they focus on and therefore are most significant at sector level.

On the basis of the aforementioned analyses, Mondadori's priority sustainability areas were therefore identified by matching the relevance for the company with that for the stakeholders. The results are outlined on the opposite page.

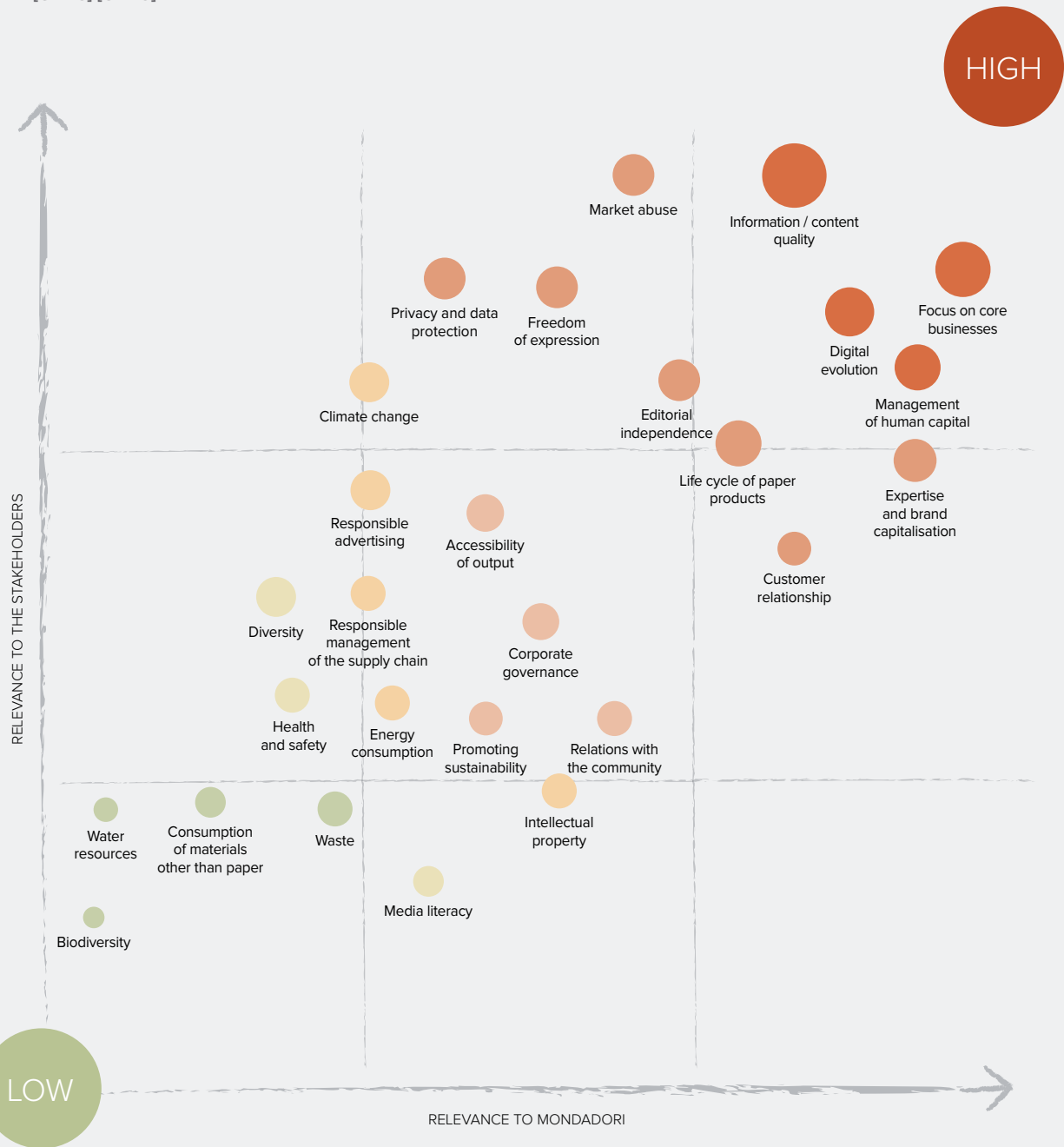
[G4-18]

Of particular note are the following results:

- the most important issues in terms of their materiality relevance for Mondadori and its stakeholders are: **the quality of information and content, focus on the core businesses, the digital evolution and human capital management**;
- the majority of the issues related to Mondadori's specific business were judged to be material (**responsible advertising, accessibility of output, freedom of expression, editorial independence, quality of information and content, privacy and data protection**);
- in line with the company's renewed focus on the core businesses, and in accordance with the GRI-G4 guidelines which suggest reporting extended to the external environment, we decided to include the environmental impacts linked to the paper product life cycle within a single aspect (**the life cycle of paper products**), which turned out to be significant for Mondadori as well as its stakeholders.

MATERIALITY MATRIX

[G4-18] [G4-19]



COMMITMENT TO THE COMMUNITY

To define its contributions to the community, since 2012 Mondadori has followed 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 reclassify contributions to the community according to four standards:

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

The model's objective is to measure all contributions made by businesses to the community: not just gifts 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 2015, the resources allocated by the Group to communities were estimated at over euro 600,000.

In terms of contribution type, calculated solely on the total amount of gifts, charitable cash donations make up 89% while contributions in kind account for the remaining 11% (the impact of the "management of initiatives" category has not yet been estimated, and there were no employee volunteer initiatives conducted in 2015).

Contributions in kind	11%
Cash donations	89%

Regarding type of initiative, 46% comprise investments in local communities while 12% are business initiatives. Donations account for 42% of the total amount.

Investments in local communities	46%
Donations	42%
Commercial initiatives with social impact	12%

Business initiatives with a social impact include the sponsorship of sports events, such as the Stramilano marathon and the Unicef Night Run.

In 2015, the company was involved in various areas of intervention, as shown in the table below.

Young people and sports	10%
Culture, education and training	55%
Social support and healthcare	25%
Other	18%

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

MEDIAFRIENDS

Established in 2003 by Mediaset, Mondadori and Medusa, non-profit association Mediafriends seeks to raise funds for charity projects and to increase the visibility of social promotion initiatives. In its ten-plus years of activity, Mediafriends has promoted and supported a wide range of charity events, raising and distributing funds that have enabled more 150 associations to implement 269 socially beneficial projects in Italy and the world. From the very first project undertaken (*La Fabbrica del Sorriso* in 2003), Mondadori has active-

ly contributed to the creation of products – with the proceeds from product sales contributing to the funds raised to support various projects – and in the communication and promotion, through its own media, of the association's activities.

Mondadori has also participated in the creation of a book of fairytales which has been published every Christmas for the past 9 years, with the sales proceeds used to support projects for the children of the world. This year the *Il libro del sorriso* book was inspired by the theme of the Expo and, in eight enjoyable stories, introduced concepts and principles related to good, healthy di-



ets and the culture of social solidarity. The funds raised contributed to the Fame di vita (Hunger for Life) campaign to combat hunger and malnutrition in Italy and the world, supporting projects in Italy and Africa.

The book *The Little Prince – The illustrated tale*, published in October 2015 ahead of the release of the film in early 2016, also contributed to the funds raised by Mediafriends.

INITIATIVES IN SUPPORT OF THE COMMUNITY

Many activities were carried out in 2015 at Group level and by the individual businesses with the aim of supporting single associations and projects for the benefit of the community.

Since 2014 the Group has decided to make a donation, symbolically during the end of year festivities, to projects in line with Mondadori's social responsibility commitment: after the contribution made to non-profit association Fondazione Abio Italia, which works across Italy to improve the quality of children's stays in hospital, with the aim of opening a playroom at a children's hospital, in 2015 the donation went towards the Save the Children Punti Luce project to combat the educational poverty of millions of Italian children and adolescents. Punti Luce are highly educational spaces located in the most disadvantaged areas of cities where children of 6 to 16 years of age and their families can access free activities: help with their studies, artistic and musical workshops, play and physical activities, the promotion of reading, access to new technologies, parental education, educational, paediatric and legal advice.

The Group also supports the community through some of the individual titles produced by its publishing brands: as well as the books already mentioned in relation to Mediafriends, there was also *Undici per la Liguria* by Einaudi, an anthology produced by eleven writers from Liguria, either by birth or adoption, the proceeds from which contributed to helping the San Fruttuoso infant school of Genoa, rendered inaccessible by the flood of October 2014; and the Mario Calabresi book *Non temete per noi, la nostra vita sarà meravigliosa* (Mondadori) which supported the Medici per l'Africa CUAMM association financing 30 study grants for obstetricians in Uganda.

Mondadori Retail made an active contribution with a donation to the European Institute of Research into Cystic Fibrosis (IERFC) and the Christmas initiative in association with Cesvi to support the fight against AIDS in sub-Saharan Africa and raise the awareness of AIDS prevention among young Italians. In December the Cesvi volunteers appeared at Mondadori Megastores and Bookstores in the biggest Italian cities to gift wrap purchases and collect donations to support the association's projects. Finally, *St-Art*, the Mondadori Retail project to promote talented young artists, is described on p. 61.

The projects carried out by the magazine area in 2015 were highly significant and spanned various different fields.



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Italian excellence in the world of business, economics, culture and cuisine was the focal point of the second *Panorama d'Italia* tour of 10 Italian cities organised by *Panorama*, the Mondadori news magazine, between March and November 2015. There was a high level of public participation in this live&media experience with 4 million readers, web users and direct participants in the tour involved, an increase compared with the first edition of the event. New for this year was the involvement of secondary schools in every city and the donation of 3,500 books to participating schools.

With the same spirit, but focusing solely on Milan and its suburbs, in association with Expo in Città and for the entire duration of Expo 2015 Mondadori held a programme of events open to the public – openings, exhibitions, cooking masterclasses, meetings with personalities from the world of culture, design and food – which were organised in showrooms, locations and historic sites in Milan. Mondadori Electa published a free monthly event guide in Italian and English with 300,000 copies of every edition distributed in over 110 locations in the city, as well as the dedicated website and app. The magazines *Donna Moderna*, *Interni*, *CasaFacile*, *Sale&Pepe* and *Icon* participated in the initiative.

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MYTH AND NATURE: FROM THE EXHIBITION TO THE CITY

For its importance and the additional initiatives it inspired, one of the most prominent exhibitions produced and organised by Electa in 2015 was the *Mito e Natura. Dalla Grecia a Pompei (Myth and Nature. From Greece to Pompeii)* exhibition. Produced to coincide with Expo 2015 and held at Palazzo Reale in Milan from 31 July 2015 to 10 January 2016, through 180 Greek, Magna Graecian and Roman works of art the exhibition examined an unfamiliar aspect of the Classical world: its representation of nature in its various guises.

The exhibition project was promoted by the Municipality of Milan together with the Universities of Milan and Salerno, the Archaeology Museum of Naples and the special governmental body for Pompeii, Ercolano and Stabia and was included in Expo in Città, the series of cultural initiatives that took place in Milan during the six months of Expo 2015. The exhibition, curated by Gemma Sena Chiesa and Angela Pontrandolfo and produced by Francesco Venezia, was complemented with other initiatives in order to bring its content to a wider audience.

The content of the exhibition was described online by the *Mito e Natura* blog, a web communications project entirely

developed by archaeology PhD students from Milan University under the guidance of Federica Giacobello: using a genuine online storytelling approach, the exhibited works were discussed following the stages of the exhibition process, from their site to their location in Palazzo Reale, and their history and relevance examined in depth in order to acquaint the general public with them.

Between September and December the University of Milan, in association with the Municipality and Electa, organised a programme of 13 events entitled “Mito e Natura. Il Fuorimostra”, which took a close look at some of the individual works of particular artistic and historical value at the exhibition, and involved reflections and discussions on themes suggested by the exhibition, conferences and science conventions. The meetings, free and open to all, were held in various locations in the city, from the Napoleonic Hall in Palazzo Greppi to the Natural History Museum, the Poldi Pezzoli Museum and the conference hall of Palazzo Reale.

The topic of the opening event of “Mito e Natura. Il Fuorimostra” was another complementary initiative, the Viridarium project by the Orticola di Lombardia Association. This garden created in the rear courtyard of Palazzo Reale by architects Marco Bay and Filippo Pizzoni and inspired by the spectacular House of the Golden Bracelet fresco of Pompeii on display at the exhibition, enchanted visitors with all the atmosphere, colours and fragrances of a 1st century A.D. Roman garden.



see picture on p. 28





Eden, a neon installation by Marco Lodola, opens *St-Art*, the cultural project at the Mondadori Megastores in Piazza Duomo in Milan for young emerging talents in contemporary art.

Read more on p. 61

THE IMPORTANCE OF THE AUDIENCE

The responsibility
of the publishing
product

Freedom
of expression

Making products
and services
accessible

Relations
with users

Customer
satisfaction

Privacy
protection

St-Art:
young talent
on show

NOWADAYS, THE DESIRES AND EXPECTATIONS OF THE CUSTOMER PLAY A DECISIVE ROLE IN EVERY SECTOR: THE PARTICIPATORY DIMENSION OF CONSUMPTION AND THE INSTANT INTERACTION WITH THE END USER HAVE REVOLUTIONISED THE WAY WE CREATE AND DISTRIBUTE PRODUCTS.

AND IN THE PUBLISHING SECTOR THE USER CAN CONTRIBUTE AT VARIOUS LEVELS TO ENRICHING AND IMPROVING THE PRODUCT WITH THEIR OWN CONTENT OR THROUGH THE EXCHANGE OF IDEAS AND OBSERVATIONS WITHIN THE COMMUNITY AND DIRECTLY WITH THE AUTHOR OF A TEXT, ARTICLE OR POST.

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IT IS ESSENTIAL TO LISTEN AND TAKE HEED, FOR BETTER OR WORSE, OF SUGGESTIONS, CRITICISM AND REQUESTS THAT COME FROM THE MOST DIVERSE OF AUDIENCES THAT COME INTO CONTACT WITH MONDADORI.

AS SUCH, RESPECT FOR THE LAWS, RULES AND CODES OF CONDUCT THAT REGULATE THE DAILY ACTIVITIES OF THE COMPANY ARE NOT ENOUGH: CLOSE AND CONSTANT ATTENTION MUST ALSO BE PAID TO THE QUALITY OF PRODUCTS AND SERVICES AND THE ABILITY TO RENEW THEM ON THE BASIS OF THE INDICATIONS THAT COME FROM USERS.

THE RESPONSIBILITY OF THE PUBLISHING PRODUCT

Mondadori is fully aware that it has a great responsibility towards its readers and customers. For this reason, the company is committed to providing accurate, meticulous and truthful information in its publishing products, including books, magazines, websites and digital products, while respecting the attitudes and sensitivity of the general public.

The results of this approach are public and easily observed: one needs only to go to any 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 that inspire Mondadori, reflected in its Code of Ethics, underpin its publishing activities and translate into a general obligation of diligence, honesty and loyalty.

When deciding what content to publish, the Mondadori magazines adhere to the code of practice of the journalism industry: each editor is ultimately responsible for the content published in their publication.

The same criteria form the basis of the advertising communications in the Group's magazines: agency Mediamond adheres to the commercial communication Governance Code of the IAP (Istituto di autodisciplina pubblicitaria - advertising governance agency) and is 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.

Mediamond greatly respects the "special standards" concerning sale systems and some product categories (alcoholic drinks, beauty products, health supplements, financial transactions) and pays special attention to children and adolescents both in terms of the messages conveyed, by protecting them psychologically, morally and 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 parties within the organisation: the Mediamond sales force, the chief editor of a given magazine or paper, the page layout editors and the legal office, both through direct consultation and a manual and operating instructions.

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

In 2015 no instances of non-compliance with the commercial communication Governance code of IAP were reported.



FREEDOM OF EXPRESSION

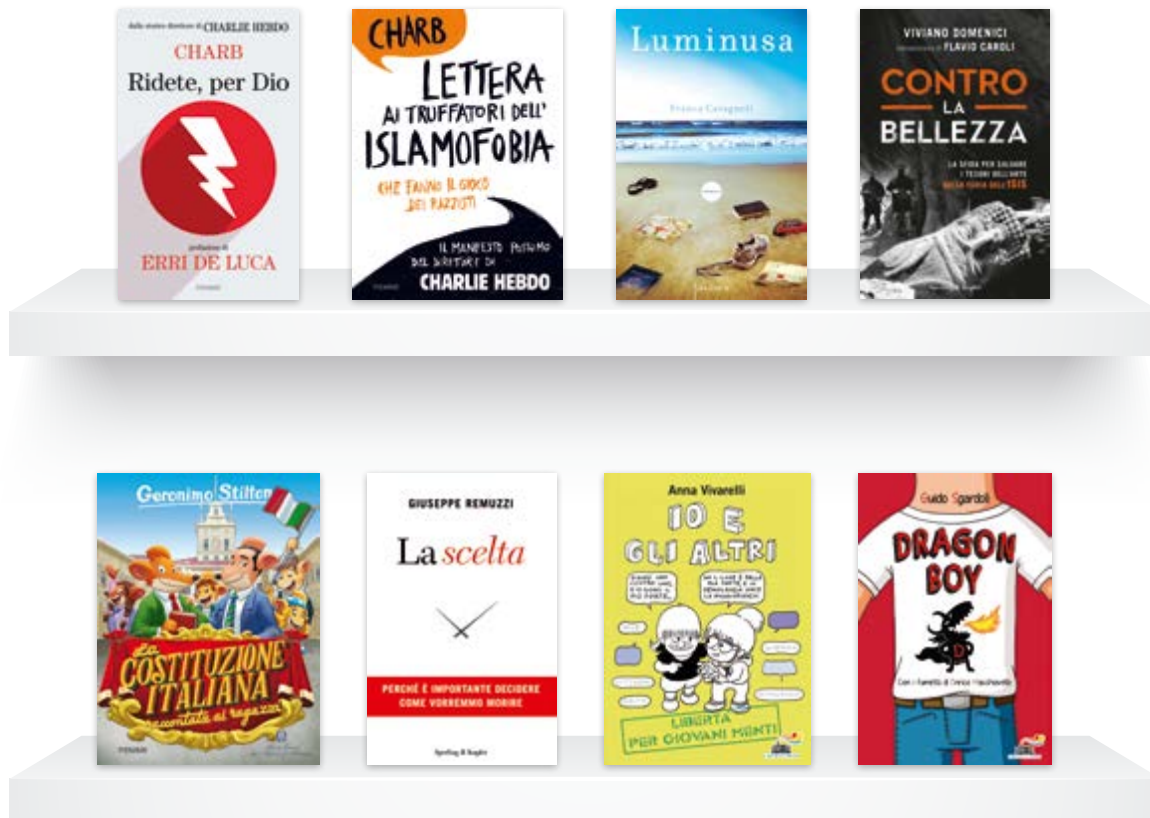
The prime responsibility of a media company is to protect and defend freedom of expression and the right to information, considering the influence that communication media exert on society at large.

Mondadori guarantees the freedom of expression of its authors, protects their intellectual property and promotes the expression of different opinions through a broad spectrum of topics and points of view. These values are the primary asset of every publisher and are therefore indispensable in the creation of products and services designed for as big an audience as possible.

A review of the 2,458 new titles released by the Group's various publishing brands in 2015 is enough to provide an idea of the wide variety of different voices and topics: beginning with the two books by Charb (Stéphane Charbonnier, the famous editor of Charlie Hebdo who died in the terrorist attack on the publication's offices on 7 January 2015) published by Piemme, *Rire, bordel de Dieu* and *Open Letter to the Fraudsters of Islamophobia Who Play Into Racists' Hands*.

The differences between cultures, the difficulty of dialogue and associated problems - humanitarian,

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social and economic - constitute a core theme that is examined by numerous publications: from the migrant emergency in Lampedusa, addressed in the novel *Luminusa* by Franca Cavagnoli (Frassinelli) to the acts of violence and destruction carried out against artistic heritage in the name of religion (Viviano Domenici, *Contro la bellezza*, Sperling & Kupfer and Paolo Matthiae, *Distruzioni saccheggiate e rinascite. Gli attacchi al patrimonio artistico*, Mondadori Electa); from an analysis of Islamic fundamentalism (Laura Guazzone, *Storia ed evoluzione dell'islamismo. I Fratelli musulmani e gli altri*, Mondadori Università) and political and economic relations between the West and the Islamic States (Maurizio Guandalini, Victor Uckmar, *Gulf&Med. Il mercato, gli investimenti e la finanza islamica*, Mondadori Università) to the battle of Muslim women against oppressive regimes and cultural and social systems (Mona Eltahawy, *Headscarves and Hymens*, Einaudi); or, finally, to the titles published for younger age groups that leverage on the theme of cultural and linguistic diversity to reflect on the positivity of an inclusive and welcoming society (Ferdinando Albertazzi, *Una nuova amica per Camilla*, and Gabriele Clima, *L'albero delle storie*, both published by Il Battello a Vapore – Piemme).

The theme of Expo 2015 was also addressed from numerous viewpoints, with particular emphasis on the sustainability of production processes and consumer habits related to food and nutrition. In his reportage *Hunger* (Einaudi) Martín Caparrós investigates and questions the mechanisms that condemn a large part of the global population to hunger and malnutrition. Meanwhile, the rich Western world with its excesses and imbalances also in terms of nutrition, is the theme of the essay by Vito Teti, *Fine pasto*, and Andrea Segré's reflection, *L'oro nel piatto* (both Einaudi). The importance, also economically speaking, of a more balanced relationship with food and the environment in general

is examined in the text by Maurizio Guandalini and Victor Uckmar, *Made in Italygreen. Food&Sharing Economy* (Mondadori Università). Learning to minimise waste and to eat properly from a young age: in *È ora di... mangiare sano!* (Piemme) popular children's character Geronimo Stilton reveals the 10 golden rules for keeping fit and healthy by eating properly and exercising.

Many books in 2015 focused on various aspects of human and civil rights: from the female condition and the desire for true equal opportunities (Chimamanda Ngozi Adichie, *We should all be feminists*, Einaudi, Gheula Cannarutto Memni, *(Non) si può avere tutto*, Mondadori Electa and Renato Fontana, *Le donne nell'accademia italiana. Identità, potere e carriera*, Mondadori Università) to the violation of fundamental human rights, as described in the account by Mohamedou Ould Slahi in *Guantanamo Diary*, Piemme or in the touching novel by René Denfeld, *The Enchanted* (Frassinelli), whose lead character is on death row, through to the delicate ethical issue of euthanasia covered by Giuseppe Remuzzi in *La scelta. Perché spetta a noi decidere come morire* (Sperling & Kupfer). Gender diversity is the focus of the novel by Claudio Rossi Marcelli, *E il cuore salta un battito* (Mondadori) and the account by Francesca Vecchioni, *T'innamorerai senza pensare* (Mondadori Electa).

The problems of the younger generations are dealt with in the books by Giusi Marchetta, *Lettori si cresce* (Einaudi), which promotes reading and books as tools of growth and emancipation, and *Dragon Boy* by Guido Sgardoli (Il Battello a Vapore – Piemme), a light and easygoing book to help youngsters tackle the problems, big and small, of adolescence. Two other titles on the theme of freedom and democracy are also aimed at children and teenagers: Anna Vivarelli, *Io e gli altri. Libertà per giovani menti* (Il Battello a Vapore – Piemme) and

the text promoted by the President of the Italian Authority for Infancy and Adolescence, Vincenzo Spadafora, *La Costituzione italiana raccontata ai ragazzi* (Piemme), a special publication in which the text of the Italian Constitution is explained to children by cartoon character Geronimo Stilton and which Spadafora distributed free of charge in schools, hospitals, associations and libraries.

Democracy and legality are the themes of numerous titles published in 2015, which offer a very broad view of recent Italian history, with examples of the efforts made at the lowest rungs with the accounts of the Libera association and its founder Don Luigi Ciotti (*Cento passi verso un'altra Italia* and *Non tacerò*, Piemme), stories of lives and careers dedicated to fighting the mafia and illegality (Gian Carlo Caselli, *Nient'altro che la verità*, Piemme; Nicola Gratteri, Antonio Nicaso, *Oro bianco*, Mondadori; Angiolo Pellegrini, *Noi, gli uomini di Falcone* and Roberta Ruscica, *I boss di Stato*, both Sperling & Kupfer) and a philosophical reflection on the new requirements of contemporary society and the efforts of politicians to interpret them in the essay by Michele Ainis, *La piccola Eguaglianza* (Einaudi).

The challenges of a society truly attentive to the needs of the most needy are analysed in the essay by Charles Gardou, *Nessuna vita è minuscola. Per una società inclusiva* (Mondadori Università), which is joined by the specialist texts for teachers by Mario Martinelli (*Didattica speciale. Insegnare a persone con disabilità, difficoltà e svantaggi*) and Marisa Pavone (*Scuola e bisogni educativi speciali*), also published by Mondadori Università.

Finally, in a simple and direct voice, a special author, Pope Francis, touched on universal issues such as respect for the planet (in the encyclical *Laudato si'*, Piemme), the need to review the pri-

orities and goals of the global economy (Andrea Tornielli and Giacomo Galeazzi, *This Economy Kills*, Piemme) and art as an instrument of peace (*La mia idea di arte*, Mondadori) as well as, in a book he wrote together with Vatican expert Andrea Tornielli, the theme of the Holy Year, *The Name of God Is Mercy* (Piemme).



MAKING PRODUCTS AND SERVICES ACCESSIBLE

The wide range of content developed by Mondadori is distributed via various channels and methods of consumption: paper and eBooks, physical and online magazines, e-commerce and service websites, web applications.

The result is the development of multi-device content which can be accessed both online and offline, not only on PCs but also on mobile devices such as e-readers, tablets and smartphones.

The most structured application of this system of content creation is in the field of school books where, due to recent education legislation and the evolution of technology, products have become increasingly accessible in the last few years.

In 2015 Mondadori Education worked on the development of the digital textbook according to three guidelines: personalisation, verticalisation and sharing; alongside the MEbook two new types of digital textbook were released: the MEbook kids, conceived and designed for primary schools, and the MEbook eXtra, the native liquid digital textbook.

The MEbook is the easy to use, practical Mondadori Education digital textbook with lots of tools: you can add notes, crop parts of the pages and type text. From this year the MEbook comes complete with the *Le Monnier il Devoto-Oli* dictionary: users can simply click on any word in the text to get its meaning. The MEbook can be accessed on all devices, computers, tablets or smartphones; it doesn't require a permanent internet connection as it also functions offline; in addition, to facilitate usage on mobile devices, it also offers the possibility of downloading single chapters.

As regards accessibility, the concept of the "liquid book", which enables text to adapt to various devices, has been strengthened in the MEbook,

MEbook kids and MEbook eXtra. Thanks to the liquid book, a project first launched by Mondadori Education in 2014, the limitations of the fixed page layout have been overcome and the accessibility of the content improved to offer new ways of studying and reading. Designed to support inclusive teaching, with the liquid book it is possible to choose the font and alter the size of the characters. It is particularly popular with students with special learning requirements as it enables content to be read and accessed in the most suitable format and size for their device, also making it possible to choose a font that is easier to read.



The MEbook kids has simple and intuitive graphics designed to meet the needs of primary school children and teachers; a guide offers users useful tips on how to use the digital book and its tools, also indicating which exercises on the page are interactive. The MEbook kids is accessible and inclusive with images that can be enlarged at the click of mouse, pages that are zoomable up to 200%, easy-to-read type and the out-loud reading of the texts.



The MEbook eXtra is a next-generation digital book that supports students in their studies step by step and enables teachers to maximise the personalisation of content and lessons; it is also adaptable and easy to use on all devices. With this book, as well as supplementary digital content it is also possible to view conceptual maps and carry out semantic research on the text to discover relationships and connections between the various topics in the area. For effective collaborative teaching, the MEbook eXtra makes it possible to share notes and save them in the personal Notebook, which keeps track of all your activities. The study experience is also broadened thanks to the wide use of digital content and the image management functions.

Mondadori Education places great importance on the needs of differently-abled students. In compliance with the Governance Code of the educational publishing industry of AIE (Italian Association of Publishers), there are 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).

Mondadori Education also organises seminars across Italy and specific webinars on learning disabilities and special educational needs for teachers.

RELATIONS WITH USERS

The Mondadori Group interacts constantly with its end customers through all of its communication channels: books, magazines, stores and book clubs, the internet (corporate website, product sites, service and e-commerce websites, social networks), and relationship marketing activities (Cemit).

In particular, interaction through the social networks continues to develop quite significantly in terms of numbers of contacts and the infinite possibilities of creating events, often wide-reaching and collaborative in nature.

In 2015 new digital communication channels were introduced at Group level while existing ones were strengthened in order to interact more effectively with all stakeholders. By the end of year, thanks to its corporate accounts the Mondadori Group had a total of 9,087 followers on Twitter (average growth of 2% a month), 36,755 followers on LinkedIn (average growth of 2.4% a month) and 2,396 fans on Facebook (opened in July and with an average growth rate of 16.6%).

The publishing brands regularly use their social accounts to inform their followers of upcoming new releases at book stores, events and presentations, but also to mark special occasions (International Holocaust Remembrance Day, International Day for the Elimination of Violence against Women, World AIDS Day and others) or relevant themes. For example, Einaudi used its Twitter account to inform the male world of feminist issues using the title of the pamphlet by Chimamanda Ngozi Adichie, *#DovremmoEssereTuttiFemministi*, as its hashtag. It also used it to follow the latest news on the treatment of migrants and refugees in Italy and Europe, ahead of the forthcoming publication of a new book, and focused particular attention on the female question in the Middle East with numerous tweets inspired by the Mona Eltahawy book, *Headscarves and Hymens*.

In November the Mondadori brand launched the Instagram photograph challenge *#MilanoleriEOggi* inspired by the Milan depicted in the thrillers of Dario Crapanzano: many readers took part in the initiative on the social networking site with over 500 photos tagged and the best ones chosen for a collective exhibition in the Mondadori Megastore in Piazza Duomo. The initiative concluded with the Instawalk on Sunday 29 November which saw writer Dario Crapanzano lead many readers on a tour of places belonging to the Milan of yesterday and that feature in his novels.



As regards its relationships with teachers, in 2015 Mondadori Education focused on three specific areas: Digital Lessons, the Campus and the LinkYou Game. With the use of digital technology a growing trend in the area of teaching, the publishing house concentrated on producing concrete tools that can make teachers increasingly familiar with the new technologies. In this context, training enables the publisher to remain in close contact with its target, also guaranteeing a service downstream of the purchase of the product.

The Digital Lessons are a tool designed to help teachers create engaging and motivational learning environments using digital technology: ideas for courses in which traditional teaching methods are combined with the targeted and reasoned use of digital tools and multimedia resources. The digital lessons provide indications and suggestions for making the best use of the digital resources provided by Mondadori Education in its MEbooks. The approach is highly practical and, as a result, different topics are covered in a straightforward man-



Piace a 450 persone

16 sett.

[librimondadori](#) Tappa in via Casati con Dario Crapanzano, alla scoperta della #milano del commissario Arrigoni. @igersmilano #instawalk #milanoierieoggi

CUSTOMER SATISFACTION

ner; a precise indication of the time and technology required to carry out the suggested activities is always provided in the lessons. Open teaching resources are also provided: tips and suggestions for using web resources and personalised materials independently. The materials Mondadori Education provides its teachers are completed by the assessment grids for monitoring the subject area and digital knowledge of pupils, and indications on how to use suitable tools for special educational needs.

The Campus are subject area portals for teachers that gather together a large quantity of digital resources and content that can be organised according to topic, type and keyword. A unique environment where you can find all you require for integrated teaching; there is news, info, in-depth content on specific issues, videos, exercises with answers, additional digital content made available directly on the web that can be searched in an easy yet structured way.

In terms of training and updating, the publishing house has launched the LinkYou programme aimed at its teachers; since 2014 Mondadori Education has been certified as an accredited training body by the Italian Ministry of Education, University and Research for the training of teachers - MIUR Decree of 15/07/2014, Prot. AOODPIT.595.

In 2015 LinkYou was enriched with LinkYou Game, an online platform that teaches how to make the best use of new technologies to create engaging lessons. The course is structured into different levels: a point is assigned for every activity carried out, enabling you to move onto the next step. There are four levels for a total of ten objectives to meet. They lead, step by step, to the discovery of digital tools that can help teachers to teach with new technologies.

It is possible to immediately test out what you have learned in the video lessons with self-correcting tests and practical exercises.

Monitoring the satisfaction of Mondadori customers takes place via various initiatives, the most significant of which in the retail area. Since December 2014 online customer satisfaction has been measured using the NPS (Net Promoter Score) concept, which also aims to identify areas of the purchasing experience that can be improved. The certificate of the Netcomm consortium is published on the website bearing the average general score and the average scores in 6 categories (conformity, customer service, delivery times, discounts and promotions, simplicity, payment methods) as well as buyer reviews. This activity connected with the Mondadori-store.it e-commerce site is joined by two awards attesting to the satisfaction level among users: the 2015/16 Insegna award in the bookshops category and the Positive Business Award 2015, in the Positive Buying Experience category.

The “Insegna dell’Anno” prize, previously known as the “Retailer of the Year” award, is the most important customer research initiative in Italy. Developed in the Netherlands in 2003, it first came to Italy in 2008.



The award stems from the desire of customers to express their opinion on the performances of their favourite retailers. Those with the best product range in terms of price, variety and service, in the opinion of the customer, are honoured. The prize is awarded to the chain stores (divided according to product type) that achieve the highest score in what are regarded as the nine most important areas in the purchasing process.

In 2014 and 2015 the Mondadori Retail chain of stores participated in the competition, winning the bookshops category.

The Positive Business Awards are presented by the non-academic Italian Scuola di Palo Alto business school in 22 different categories that recognise the positive culture of businesses and organisations in every area and field of application.



Mondadori also offers a free loyalty card - the Mondadori Card – to all retail customers of age, which enables them to take advantages of exclusive benefits. By presenting the card at the cashier's desk before each purchase or making purchases at participating online stores, customers accumulate points that can be used to obtain discounts at participating Mondadori stores or on online stores selling books, subscriptions or other Group products. Points can also be accumulated by participating in certain activities on the Group websites, registering with one of the Mondolibri book clubs, or subscribing to some magazines.

In order to enrich the array of benefits made available by the loyalty card, in 2015 Mondadori Retail decided to participate in the multi-partner Payback loyalty scheme, thus increasing the number of opportunities to earn and use the points accumulated as discounts not only on the Group's websites and in its stores, but also at all other participating partners. Since March 2016 the Mondadori Cards have been converted into Mondadori Payback cards.



DIALOGUE WITH CUSTOMERS

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 (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 the dedicated email address redazione.internet@mondadori.it with requests if no appropriate address can be found among those listed on the corporate website. This address receives around 3,000 messages yearly (2,966 in 2015), 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 can be seen in the initiatives implemented by Mondolibri for its members.

MONDOLIBRI: TRANSPARENCY SERVICE AND RELATIONS WITH MEMBERS

With the launch of the Transparency Service in the second half of 2010, Mondolibri made the telephone contact numbers and email addresses needed to request information or solve problems regarding club membership or orders available to all its members on all the club's websites and on its official Facebook page. Through the Facebook page, managed on a daily basis, members receive direct news on publishing catalogues, initiatives, events and news, and quick answers to their questions (from member-

PRIVACY PROTECTION

ship issues to access or purchasing problems and information on books and future releases), in combination with the other customer service channels (email, telephone). Thanks to the function recently implemented by Facebook it is possible to ascertain the average response time, which is a few hours in the case of the Mondolibri account.

Mondolibri communicates constantly with its audience through a variety of projects aimed at ensuring direct contact between members and the company. In 2015 it organised a meeting to celebrate the 50th anniversary of Euroclub, the #leggiescatta initiative which invited members to send in photos to be picked for the cover of the Euroclub catalogue, and “La scatola dei ricordi” (“The box of memories”) for the creation of a volume that will consist of games, objects and cartoon and TV characters connected with the memories described by members.



Privacy protection and the protection of personal data represent a relevant issue for any organisation. In the performance of its activities, Mondadori has equipped itself with a series of tools, both at Group level and in terms of its individual companies, with specific procedures depending on the nature of the business, aimed at applying the law (Italian Leg. Decree no. 196/03, the ‘privacy law’) and the recommendations provided by the competent Communications Authority for the protection of personal data.

PRIVACY AT GROUP LEVEL

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

At the end of 2010 a Customer Relationship Management (CRM) department was established with the objective of developing an integrated contact management system with customers: a single structure in which customers of all business units are grouped together and IT processes are developed to reconcile customers belonging to different Group companies. The building of the Mondadori customer database was completed in October 2012.

This makes it possible to identify a Mondadori customer with the subscription owner of a Group magazine, an e-commerce buyer, a customer registered on the Mondadori loyalty programme, the Group’s e-learning platforms or an online community, and to collect a multitude of information from such data for use in targeted communication campaigns or special initiatives, while concurrently ensuring compliance with the indications provided by individual customers upon registration (or subsequent changes).

In 2015 two important changes in the privacy sphere, made in 2014 following the update of the Italian and European regulatory system, were fully implemented on all Group websites.

COOKIE POLICY

In the light of recent regulatory innovations with regard to cookies, including the Italian Data Protection Authority provision “Identification of simplified ways for the notice and acquisition of consent for the use of cookies” of 8 May 2014, the Mondadori Group has implemented a cookie usage system that fully complies with current regulations adopting, furthermore, a new version of the company Cookie Policy, available on the corporate website at <http://digital.mondadori.it/new-privacy-2014/cookie-policy-mondadori-2015.html>.

PRIVACY POLICY, PRIVACY NOTICE AND REQUEST FOR AUTHORISATION

In order to pursue a project that ensures continuous updates in the area of privacy, in the last year the Mondadori Group has updated its documents on the protection of personal data and, more specifically, the registration forms for Group sites and services have been updated with regard to the request for consent for the processing of data. Also modified were the Group Privacy Notice and Privacy Policy, which can be found respectively at http://digital.mondadori.it/new-privacy-2014/informativa_privacy.html and <http://www.mondadori.it/Extra/Privacy-Policy>.

PRIVACY IN MONDOLIBRI

For Mondolibri, a company within Mondadori Retail that sells editorial products through the book club formula, 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 applicable legal provisions.

Claim origin	2013	2014	2015
Control bodies	0	0	0
External bodies (other)	7	7	0
Total	7	7	0

59

No cases of customer data loss were registered in the period of reference.

PRIVACY IN CEMIT

Since it works with a proprietary database and third-party databases (customers and suppliers), Cemit is occasionally subject to inspections by the Communications Authority for the protection of personal data via the specific branch of the Finance Police, as is standard practice for other companies. Cemit manages the protection of personal data in compliance with applicable laws and, in particular, the provisions of the Privacy Law, thus fulfilling all legal obligations. To this

end, Cemit issues interested parties with a suitable privacy notice which indicates all elements required by law and, in particular, the contact persons to which each interested party can refer to request the modification or cancellation of their personal data. Such requests may be made in different ways (email, telephone, and letter).

On the basis of the requests of interested parties as regards the cancellation of their personal data from the databases, Cemit removes the personal data of the requesting party from its databases, thus preventing any subsequent use.

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.

In line with the changes adopted at Group level as regards the protection of personal data, and considering their relevance for the execution of Cemit's specific activities, in 2014 the company launched a further series of checks on its acquired databases in order to consolidate its compliance with privacy laws, continuing this process in 2015.

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ST-ART: YOUNG TALENT ON SHOW

The *St-Art* event is a cultural project organised by Mondadori Retail in association with Milo Goj's Art Relation; it was developed with the aim of presenting and promoting emerging artists of under 40 years of age, putting them in contact with a diverse public through live performances and temporary exhibitions.

At the Mondadori Megastore in Piazza Duomo in Milan, on a monthly basis from 8 September 2015 to March 2016, seven up-and-coming artists took turns to appear in a performance during which they completed one of their works - a painting, installation or digital work - in the presence of the public. Every performance was inspired by a specific theme, from music to fashion, reading to travel.

At the end of the performance, at the megastore events space, the artist's personal exhibition was opened, which lasted for a month; an art expert and the artists themselves presented the exhi-



bitions and interacted with the public, who were able to get better acquainted with their work and purchase it.

The project was endorsed by artist Marco Lodola, active in the field of sculpture for years with pop-style light installations who, for the Mondadori Megastore in Piazza Duomo, created *Eden*, a neon installation on the front of the store that depicts a luminous dancer, symbol of femininity and the uncontaminated Garden of Eden, holding a red apple whose colour symbolises life and passion.

The following artists participated in the project: Marco Abisso (theme: music), Alban Met Hasani (theme: reading), Stefany Savino (theme: children), Kalina Danailova (theme: Christmas), Jang Sung An (theme: the winter), Lucia Guadalupe Guillen (theme: fashion) and Giovanni Manzoni Piazzalunga (theme: travel).

see picture on p. 44

”



Palazzo Niemeyer, the Segrate headquarter, was invaded by colourful creations by the Cracking Art group.

Read more on p. 79

FOCUS ON OUR PEOPLE

**Composition
of workforce**

**Industrial
relations**

**Staff selection
and development
tools**

**Remuneration
and incentive
system**

Training

**Company
welfare**

**Internal
communications**

**An invasion
of colours
and energy**

THE WORLD OF THE MEDIA CONTINUES TO EVOLVE AT BOTH
DOMESTIC AND INTERNATIONAL LEVEL, CHANGING VERY RAPIDLY:
BEING ABLE TO COUNT ON HUMAN RESOURCES THAT ARE FAMILIAR
WITH THE NEW REQUIREMENTS AND PRODUCTION METHODS IS A CHALLENGING
GOAL TO BE MET BY INTRODUCING NEW EXPERTISE AND SKILLS BUT ALSO
BY GUARANTEEING ONGOING AND RELEVANT TRAINING.

COMPOSITION OF WORKFORCE

The focus on Mondadori's core businesses has led to a redefinition of the scope of its activities with impacts also on employment. At the same time, it has made it possible to further develop resources with specific experience.

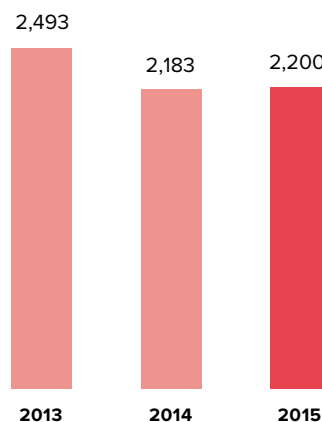
Once again in 2015, the engagement of employees and members of staff was particularly evident in internal communications activities with close attention focused on the company's corporate commitments as well as dedicated initiatives (see p. 79).

At 31 December 2015 the consolidated Italian companies had 2,200 employees, slightly up compared with the workforces of 2013 and 2014, which felt the effects of the squeeze resulting from the various restructuring plans implemented as of 2012: this figure is a consequence of the variations in scope determined by the sale of 80% of Monradio S.r.l. (from 30 September), the acquisition of 50% of the joint ventures Gruner+Jahr/Mondadori (from 1 July) and the employment opportunities created by the entry into force of the Jobs Act.

The workforce data are correct as at 31 December 2015: as such, they include the employees of Kiver (company acquired in December 2014 but whose workforces joined the Group's administrative system as of 1 January 2015) and the former Gruner+Jahr/Mondadori (company renamed Mondadori Scienza S.r.l. in November 2015), but do not include Monradio employees.

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HEADCOUNT 2013 - 2015 - ITALY



HIRINGS AND TERMINATIONS

		2013		2014		2015	
Gender	Age	Number	%	Number	%	Number	%
HIRINGS							
Men	< 30 years	9	17%	7	9%	4	2%
	30 - 50	10	19%	17	23%	51	24%
	> 50 years	7	13%	3	4%	13	6%
Total men		26	48%	27	36%	68	32%
Women	< 30 years	19	35%	18	24%	22	10%
	30 - 50	8	15%	30	40%	110	51%
	> 50 years	1	2%	0	0%	14	7%
Total women		28	52%	48	64%	146	68%
TOTAL		54	100%	75	100%	214	100%
TERMINATIONS							
Men	< 30 years	11	5%	8	2%	2	1%
	30 - 50	40	17%	80	21%	55	28%
	> 50 years	62	26%	74	19%	36	18%
Total men		113	47%	162	42%	93	47%
Women	< 30 years	19	8%	18	5%	12	6%
	30 - 50	59	24%	110	29%	65	33%
	> 50 years	51	21%	95	25%	27	14%
Total women		129	53%	223	58%	104	53%
TOTAL		242	100%	385	100%	197	100%

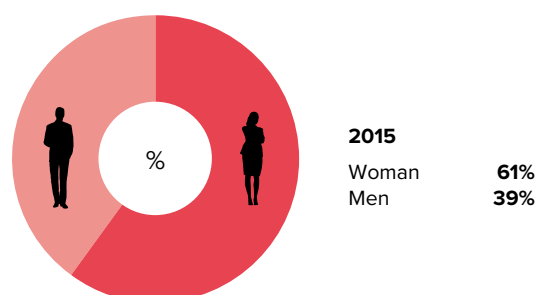
Turnover rate (leaving employees)	2013	2014	2015
	9.70%	17.64%	8.95%

In addition to the number of employees we indicate also the average number of seasonal workers for the year, divided into the following categories:

Central entities	18
Books	44
Magazines	61
Retail	75
Total	198

We have opted to indicate the average number since usage of temporary workers is subject to seasonality, with peaks in the period before Christmas, especially in the retail sector and bookstores.

The following tables show the percentage breakdown of the workforce according to gender, age, area of activity and qualification.



WORKFORCE ACCORDING TO AGE

2015	% of total	of which women	of which men
Less than 30 years	2%	73%	27%
from 30 to 50 years	70%	62%	38%
over 50 years	28%	57%	43%

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WORKFORCE ACCORDING TO BUSINESS

2015	% of total	of which women	of which men
Headquarters	16%	51%	49%
Books	26%	63%	37%
Magazines	28%	66%	34%
Advertising	2%	68%	32%
Retail	24%	60%	40%
Digital	4%	55%	45%

WORKFORCE ACCORDING TO LEVEL

	2014			2015		
	% of total	of which women	of which men	% of total	of which women	of which men
Executives	5%	25%	75%	4%	26%	74%
Middle managers	12%	54%	46%	12%	56%	44%
Office workers	65%	64%	36%	65%	65%	35%
Journalists	13%	69%	31%	14%	69%	31%
Workers	5%	28%	72%	5%	28%	72%
Total		60%	40%		61%	39%

All Mondadori employees are covered by three types of collective labour agreements: graphics-publishing, journalist and sales contracts.

2015	% of total	of which women	of which men
Graphics publishing ¹	63%	60%	40%
Journalists	14%	69%	31%
Sales	22%	58%	42%

¹ including Industry executives

Over 99% of employee contracts are permanent.

	2014			2015		
	% of total	of which women	of which men	% of total	of which women	of which men
Permanent ¹	99.6%	60%	40%	99.7%	61%	49%
Temporary	0.4%	78%	22%	0.3%	100%	0%
Total	2,183			2,200		

¹ including Industry executives

13% of employees work part-time, the majority of whom women.

	% of total	of which women	of which men
Full time	87%	57%	43%
Part time	13%	86%	14%

Almost 5% of employees enjoyed parental leave (a right granted to all employees, regardless of con-

tract type), the majority of whom women (97%).

	2015		
	Men	Women	Total
Employees with a right to parental leave ¹	857	1,343	2,200
Employees who have enjoyed parental leave	3	98	101
Employees gone back to work after parental leave	3	95	98
% Of employees returning to work and retention after parental leave	100%	97%	97%

¹ the headcounts at 31 December 2015 are reported to ensure consistency with the other tables in the chapter; it should be underlined that, as regards the employees that took parental leave, the total number includes those not covered by the end-of-year headcounts because of terminations/resignations



INDUSTRIAL RELATIONS

All Group companies and employees are covered by trade union activities: the relations with the company are characterised by a constant and open dialogue that takes place through frequent meetings on specific issues and annual corporate commitments, such as the European Works Council (EWC), which involves Italian and French representatives.

Thanks to regular and constructive relations with the trade unions, important agreements were established in 2015 for the simplification and streamlining of the business structures, also as a consequence of the sales and acquisitions that altered the business scope in Italy.

In the magazines area, June 2015 saw the conclusion of the previous restructuring plan which allowed 44 journalists to take early retirement and significantly curbed costs through the use of redundancy schemes for all editorial teams. The state of emergency was then renewed in July for the following 24 months in order to manage the redundancy of a further 38 journalists, with the possibility of early retirement uncertain due to the lack of available resources in the institutions and government provisions, and with the continuation of redundancy schemes.

The integration of what was formerly Gruner und Jahr / Mondadori (today Mondadori Scienza), acquired in July 2015, formed part of an organisational restructuring plan aimed at minimising the duplication of staff roles and was formalised with the agreement of 13 October 2015 which ratified the introduction of the extraordinary temporary lay-off scheme (CIGS), until January 2017, for 23 employees, 14 of which left the company in December following the application of retirement incentives.

There was also lots of union activity in the retail area, mainly focused on improving the efficiency of staff departments in the head office in Segrate and the integration of the Rimini administrative office. To this end, the agreement for the introduction of redundancy schemes for head office staff was finalised in January 2015 and was followed, in April 2015, by the agreement for the management of the future transfer of 60 staff members employed at the Rimini offices with recourse, until April 2016, to the extraordinary temporary lay-off scheme (CIGS) with voluntary redundancy. Finally, union agreements were also finalised for the downsizing of the stores in Genoa and Rome Lunghezza.

In 2015 (July), a redundancy scheme agreement was also signed for Cemit for around 50 staff from the Turin site.

The criteria of the respective national contracts (30 days for graphics-publishing and 70 days for sales) were respected in all cases of the transfer of business units and/or organisational change with negotiations launched several months in advance.

Completing this overview of industry relations, it is also important to mention Mondadori's participation in the negotiations over the national labour contracts of graphics-publishing staff and journalists, both of which are undergoing review. In the Group these contracts interest, respectively, around 1,400 middle managers, office workers and workers, and over 300 journalists.

STAFF SELECTION AND DEVELOPMENT TOOLS

The Mondadori Group 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 humanities degrees, who mainly work in the editing/publishing area, communications and human resources, to those with degrees in business administration and engineering, who are 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.

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 recent years, the process of focusing on the core businesses has been supported by the analysis of the organisational and training requirements in the different areas in which Mondadori is present.

To get to know and improve human resources, a continuous updating process of the Performance Management system was launched in 2012. Perfor-

mance Management is intended to provide middle management with a performance development and guidance system that reflects the company's objectives. The system 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.

In the 2015 edition 280 assessors and assessed staff were involved in the IT Department, Innovation and Magazine Italia areas, and in the Mondadori International Business and Press-di companies.

The Journalist Mapping project, the second edition of which was launched in late 2015 with the aim of ensuring constant monitoring, outlined the professional characteristics and expertise possessed and used by Mondadori journalists.

The results of the mapping provided an immediate and in-depth insight into the journalists in terms of both skills and the analysis of the activities carried out by each one, with a focus on professional and extra-curricular interests. This has made it possible to improve the efficiency and organisation of the editorial teams with a more effective use of employed journalists, and above all to align the edito-

	2013		2014		2015	
	Number	%	Number	%	Number	%
Executives	70	58%	58	57%	41	15%
Middle managers	136	47%	147	57%	94	33%
Office workers	145	9%	204	14%	145	52%
Total	351	14%	409	19%	280	13%

Total 2013: women 51% - men 49%

Total 2014: women 52% - men 48%

Total 2015: women 46% - men 54%

rial organisational process with the multi-channel context (paper and digital).

More specifically, in 2015 a project was carried out for the analysis and organisational development of the editorial processes of *Donna Moderna*, *Starbene* and *Tv Sorrisi e Canzoni*.

Beginning with an analysis and the mapping of all work processes (as-is) of the organisational model with the contribution of the editorial team journalists and related departments, the work groups formulated and implemented improvement hypotheses (to-be) which delivered instant results in terms of greater efficiency. Tools were also introduced, on a trial basis, that increased organisational awareness and optimised process flows.

Following the business climate survey carried out in 2014 among staff at Mondolibri directly managed stores and sales offices, in 2015 Mondadori Retail focused on improving communications and the level of participation within the organisation. For this reason, as part of the Master's course for the middle management, an engagement project was promoted in 2015 which involved the Retail front line with the aim of introducing codes of conduct and values that better represent the company identity and which can be communicated and understood internally. To meet this goal, the managers involved carried out individual surveys, involving a total of around 300 employees (and a similar number of reps, suppliers and customers), whose contributions helped shaped the line of thought and generated the 8 representative values of Mondadori Retail: transparency and consistency, quality and excellence, respect and consideration of everyone, the importance of the customer, fairness and merit, passion and fun, innovation and courage, team spirit. The front line was also

involved in another development process, which also began in 2015, entitled Empowerment of the management team, which is designed to improve its effectiveness.

REMUNERATION AND INCENTIVE SYSTEM

Mondadori pays its staff based on merit criteria related to skills, professional conduct and, in the case of managers, the results obtained.

In addition to a fixed salary, the employee remuneration system includes collective variable incentives (results-based bonuses), which exclude executives and employees (executives, middle managers and office workers) covered by the MBO system, based on individual and company profitability and productivity goals. The aim is to incentivise staff to play a more direct role in achieving results.

In 2015 the MBO was applied to 351 employees.

Some executives are also covered by:

- a medium to 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 Remuneration and Appointments Committee, following a suspension in 2013 due to the difficult market situation experienced by the company, the LTI scheme was reintroduced in 2014.

- 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 the 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.

	2013		2014		2015	
	Number	%	Number	%	Number	%
Executives	97	81%	86	84%	77	84%
Middle managers	146	51%	127	50%	134	52%
Office workers	134	8%	126	9%	120	8%
Journalists	22	7%	21	7%	20	6%
Total	399	16%	360	16%	351	16%



TRAINING

As already alluded to, Mondadori entrusts the Group Human Resources Department with the strategic role of guiding change and constantly driving innovation through the management of permanent training in the company.

On the basis of the Performance Management and Journalist Mapping results it is possible to constantly update the training plan, bringing it more into line with the company's continuous evolution needs and the characteristics and aspirations of the workforce.

Through a thorough and in-depth dialogue with contact persons in the different business areas to find out the needs and demands within the various structures and businesses, a tailor-made training

offer was developed to reflect the Group's objectives and growth strategies.

Training is organised into ad hoc and language training courses, in addition to worker health and safety training courses. The figures relating to these areas are shown in the sections below.

The gradual reduction in the number of training hours in the 3-year period is due to more contained investment as a result of the general process to reduce company overheads. The effects of this reduction were mitigated by a greater focus on the specific nature of the courses and the greater involvement of staff, as suggested by the growth in the number of hours of ad hoc training courses.

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Type	2013	2014	2015
Ad hoc training hours	3,791	3,268	7,500
Language training hours	7,495	6,130	1,320
Safety training hours	9,430	8,640	1,971
Total hours of training provided	20,716	18,038	10,791

N.B.: figures could include estimates

	2013	2014	2015
Participants in ad hoc training	461	504	385

AD HOC TRAINING

This is a system of specific initiatives capable of supporting the new internal requirements of the company, in line with individual targets and specific strategic objectives. More specifically, this training aims to strengthen leadership and negotiation skills, raise awareness of digital publishing issues and create ad hoc courses in the web marketing and social media areas. This trend is closely connected with the need to continuously enhance management and business skills, and supports the integration of the various areas in the Group through an across-the-board approach.

From a methodological perspective, the ad hoc training is gradually supplementing traditional classroom teaching with advanced and multimedia forms of learning that prioritise action learning and learning by doing, testing the skills and results of participants in the field. The introduction of mentoring figures, especially in the areas of technological and digital innovation, contributes to involving the management in the training process and keeping them focused on the company's goals.

In 2015 ad hoc training involved 385 employees for a total of 7,500 hours.

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Ad hoc training	Hours 2015	Participants 2015
Training to executives	764	55
Training to middle managers	1,458	49
Training to office workers	3,287	220
Training to journalists	1,991	61
Total ad hoc training	7,500	385

Hours: women 60% - men 40%; participants: women 57% - men 43%

Ad hoc training (hours/employee)	2015
Training to executives	8.68
Training to middle managers	5.52
Training to office workers	2.30
Training to journalists	6.46
Women 3.38 : Men 3.46	

As for training provided to journalists, a dedicated new tool, Academy Mondadori, was developed in 2015 and has been operational since 2016. This dynamic and integrated training context is designed to foster the strategic development of individual skills and is closely focused on the use of new technologies.

In terms of the organised actions undertaken by Mondadori Retail, of particular note is the training project launched in September 2014 aimed specifically at store staff. Divided into several modules and taking place in different periods up until 2016, the project seeks to fine-tune the skills of store staff, focusing closely on the importance of the customer and entailing diversified in-depth phases according to role (staff, department heads, store managers) and objective; in 2015 the training activities were also extended to franchisees. The Master's in Book Retail Management

held on Parma University Campus, launched in February 2015, is also highly relevant. Aimed at middle managers, office workers and franchisees, the Master is structured into 4 modules of 3 days each, running until June 2016, and seeks to improve the managerial and process knowledge and skills of the management in the Mondadori retail sector, expanding its know-how of the sector and providing management tools so it can develop its expertise. The teaching is carried out by lecturers from the university and company representatives.

LANGUAGE COURSES

Mondadori provides foreign language courses for its employees; the number of hours provided for these courses has fallen sharply following the decision to focus training on production and business needs, and the consequent review of training investments.

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Language training	Hours 2015	Participants 2015
Training to executives	1,110	37
Training to middle managers	150	5
Training to office workers	60	2
Total language training	1,320	44

Hours: women 41% - men 59%; participants: women 41% - men 59%

TRAINING ON SAFETY IN THE WORKPLACE

In 2015 a new methodology was defined for identifying employees exposed to specific risks and planning the relative mandatory medical check-ups thanks to the computer system for the management of health and safety in the workplace: the continuously updated software is used to comply with workplace safety and hygiene regulations; it also makes it possible to monitor and manage aspects related to staff training and the internal Supervisory body to monitor the company's respect for the regulations.

In terms of training, 2015 saw the continuation of the planning (launched in 2013 for all workers) and the management, via e-learning, of the “general and specific part” of the mandatory safety training for all new Mondadori employees. This chosen method was possible thanks to the validation of a trial project presented at the relevant Local Health Authority.

Thanks to this course, which in 2013-2014 made it possible to provide almost all employees with the mandatory training, in 2015 over 400 additional courses were held for new hires for the general and specific part pertaining to safety, store supervisors, managers of the prevention and protection service (RSPP) and workers' safety representatives (RSL) for their respective updating sessions.

Training on safety in the workplace (hours)	2013		2014		2015
Training to executives	324	e-learning	256	e-learning	24
Training to middle managers	1,108	e-learning	908	e-learning	44
	36	classroom	48	classroom	12
Training to office workers	5,366	e-learning	5,324	e-learning	600
	1,660	classroom	944	classroom	946
Training to journalists	736	e-learning	1,124	e-learning	20
	72	classroom	4	classroom	9
Training to workers	32	e-learning	32	e-learning	-
	96	classroom	-	classroom	316
Total training hours on safety & security	9,430		8,640		1,971
% Of total training hours provided	46%		48%		18%
In 2015: (hours) women 51% - men 49%; (participants) women 52% - men 48%					



COMPANY WELFARE

Mondadori's focus on its employees is also translated into 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.

Flexible working hours

Flexible working hours, in terms of entering and leaving times, are permitted by Mondadori. The company also tries to meet employee needs by adopting flexible part-time contracts. In 2015, 289 employees worked part time.

Shuttle service

The shuttle service connects the Segrate offices with strategic locations in Milan in order to accommodate as many passengers as possible coming from various city districts and suburban areas around Milan, in connection with public transportation (ATM network, railways): Lambrate railway and line 2 underground station, Rogoredo line 3 underground stop and railway station, Segrate light railway station, and Linate airport.

For this reason, in addition to Mondadori's agreement with ATM for the purchase of annual season tickets at reduced prices for its employees and members of staff 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 railway season tickets (Passante light railways and regional railway lines).

The company buses are reserved for employees, members of staff, suppliers and guests of the company. Every ticket has a symbolic cost of euro 0.03

for employees and members of staff, 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. and Mondadori Pubblicità, 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 2015, the number of employees covered by the supplementary health insurance fund plan totalled 714.

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 check-ups, pap tests and eye tests. In partnership with Avis, Mondadori has organised two blood donor days every year since 2006 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	2013	2014	2015
Blood tests	290	275	318
Medical check-ups	431	346	383
Eye tests	37	46	43
Pap tests	175	218	212

Tax assistance

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



INTERNAL COMMUNICATIONS

Subsidised products and commercial agreements

As well as the company bookshop at the Segrate site, where it is possible to buy books and DVDs with discounts of between 30% and 50%, Mondadori employees can also take advantage of discounts in the Group bookshops, on the e-commerce site and on magazine subscriptions.

There are also various discount agreements in place for the purchase of products and services: the updated list is published on the company intranet.

Company social club

The Cral Mondadori social club is a not-for-profit association set up by the parent company in accordance with art. 18 of the Italian Constitution, art. 36 – 37 – 38 of the Civil Code and art. 11 of the Statute of Workers' Rights.

All employees, former employees and their families can be members of Cral Mondadori. At 31 December 2015 the club had 250 members, as certified by FITeL (the Italian Leisure Time Federation).

As established by the articles of association (regularly registered at the Milan Inland Revenue Agency), in 2015 the association, democratically managed through the Management Board, appointed by all members every three years (the most recent elections were held in October 2015), promoted cultural, tourist, recreational and training initiatives and activities for all employees and charitable activities for local and national charity and voluntary associations.

Involving employees and members of staff in local initiatives and events is, together with providing key information on company life, one of the essential goals of internal communications, which are overseen by the Communication and Media Relations Department.

A new employee newsletter format was introduced in 2015. Connected with the company intranet, it permits the insertion of multimedia content and the monitoring of results so news can be more closely selected and defined on the basis of user behaviour. It currently has an average opening rate of 49.5%, with a link click rate of 13.7% (the majority of which direct users to the corporate intranet). In terms of intranet page views, the monthly average is just over 38,000 units (38,664), with recurring ones accounting for just under 36,000 (35,967).

Various activities to foster the active involvement of personnel have been devised and carried out, taking advantage of the synergies of internal communication channels (intranet and connected weekly newsletter) and external communication channels (social networks).

An online survey was carried out in the autumn to enable everyone to express their opinion on the business trip booking and management service. The high level of participation in these activities confirmed their validity and the company community's wish to be involved.



AN INVASION OF COLOURS AND ENERGY

In September and October, Palazzo Niemeyer - the Segrate headquarter - was "invaded" by an art installation created by the Cracking Art group, a collective of 6 international artists which for over 20 years has been promoting its work, made from recycled and recyclable plastic materials, in urban contexts all over the world to encourage the public to reflect on the theme of social and environmental commitment. Respecting the motto "art creates art", the Mondadori headquarter - itself a masterpiece of contemporary architecture - welcomed around 300 colourful giant artist's multiples in the form of wolves, frogs, snails, meerkats and swallows. All Cracking Art creations stand out for their innovative use of plastic materials: regenerating plastic means preventing its toxic destruction, which is so damaging to the environment; turning it into works of art located in urban, monumental and historic contexts means communicating using an innovative aesthetic language and expressing particular sensitivity with regards to nature and man.

These lively presences transformed the premises, transmitting positive energy and encouraging those that work

at the site and its occasional visitors to interact with the sculptures. During the installation's residency a number of activities were organised to encourage people to get involved first hand, also with the aim of supporting initiatives to restore artistic and historic heritage or cultural projects, in line with the mission of Cracking Art.

An internal photography competition (launched via the company intranet and newsletter) saw employees and members of staff act as promoters and publicists for the event by sharing images accompanied by the official hashtag on social network sites. Everybody was also given the chance to take part in a photo shoot with their favourite animal and to support a charitable fundraising project by launching little frogs into the company pond. All of the activities were also followed and covered on the Group's social network accounts. Cracking Art used the donations to set up a study grant (to use in 2016) for the scientific review of the catalogue of the Alessandro Manzoni library (1600 titles), as part of the promotion of the cultural activities of the National Manzoni Studies Centre and the historic house museum at 1 Via Morone in Milan where Manzoni lived from 1813.

The initiative was promoted by Mondadori Portfolio, the Mondadori photographic agency and partner of Cracking Art.



see picture on p. 62





The Copper Labyrinth, one of the projects of *Interni* exhibition event *Energy for Creativity*: the structure was made of 100% recycled copper by Look into my Eyes Studio in cooperation with The European Copper Institute.

Read more on p. 99

ENVIRONMENTAL PROTECTION

**Responsible
management
of paper products**

**Initiatives to reduce
environmental impact**

**Combating
climate change**

***Energy for Creativity:*
the 18th *Interni* exhibition
event for the Fuorisalone**



RESPONSIBLE MANAGEMENT OF PAPER PRODUCTS

For a publishing group like Mondadori, paper consumption and all activities connected with the life cycle of paper products play an important role when assessing its environmental impact, particularly when you consider that the company has strategically focused on the books and magazines business in recent years.

In this section we analyse the use of paper (in terms of the raw material as well as returns and pulp) and the transportation of publishing products, two activities with important and diversified environmental impacts that are increasingly attracting the attention of Mondadori's customers and, in general, its stakeholders.

THE LIFE CYCLE OF PAPER PRODUCTS

The first phase of the life cycle of the paper product is the paper production process, described in the graphic on p. 83, which is carried out exclusively by paper mills. The paper mill product is sent to the graphics company which prints it and it is then transported to warehouses where it is stored before being shipped, through specifically designed logistics systems, to distributors and final users (see the following section which analyses this in more detail with particular reference to the Mondadori logistics systems).

When a book/magazine has reached a reader, the life cycle of the paper product continues in one of these three ways:

- the book/magazine remains at the reader's home and may be re-used (re-read, given as a gift, donated to schools and/or libraries);
- waste paper is collected and recycled, thus becoming a valuable raw material that can be re-used in paper mills (pulp);
- it is disposed of together with unseparated waste.

The process is summarised in the diagram on p. 84.

THE PAPER PRODUCTION PROCESS

RAW MATERIALS

Pulping

Logs are first stripped of their bark and converted into small chips to be then transformed into pulp (a concentrated mixture of fibers suspended in a solution).

Bleaching

The traditionally used bleaching agent is chlorine-based; however, recent developments allowed for the identification of environmentally low impact alternative bleaching substances. From the pulp obtained upstream of these processes, either cellulose bulks are obtained or directly paper sheets.

Paper sheet development and pressing

The cellulose solution is drained on a perforated conveyor belt (web); the fibers are concentrated and compacted making up an initial sheet (with a very high moisture percentage equal to 80%). Through a system of machines, paper web is brought to drying, where water is thoroughly removed by pressing and heat.

Polishing and calendering

Paper goes through a series of polished roller conveyors that press paper giving it a smooth finish; the calendaring process allows to obtain glossy paper.

Finishing

Paper undergoes a series of processes that gives it specific properties, for example glueing (necessary for printing paper), coating (this process includes the use of a solution based on color pigments, water and glue), polythene treatment (paper is coated with an extra-thin polyethylene film through the application of heat).

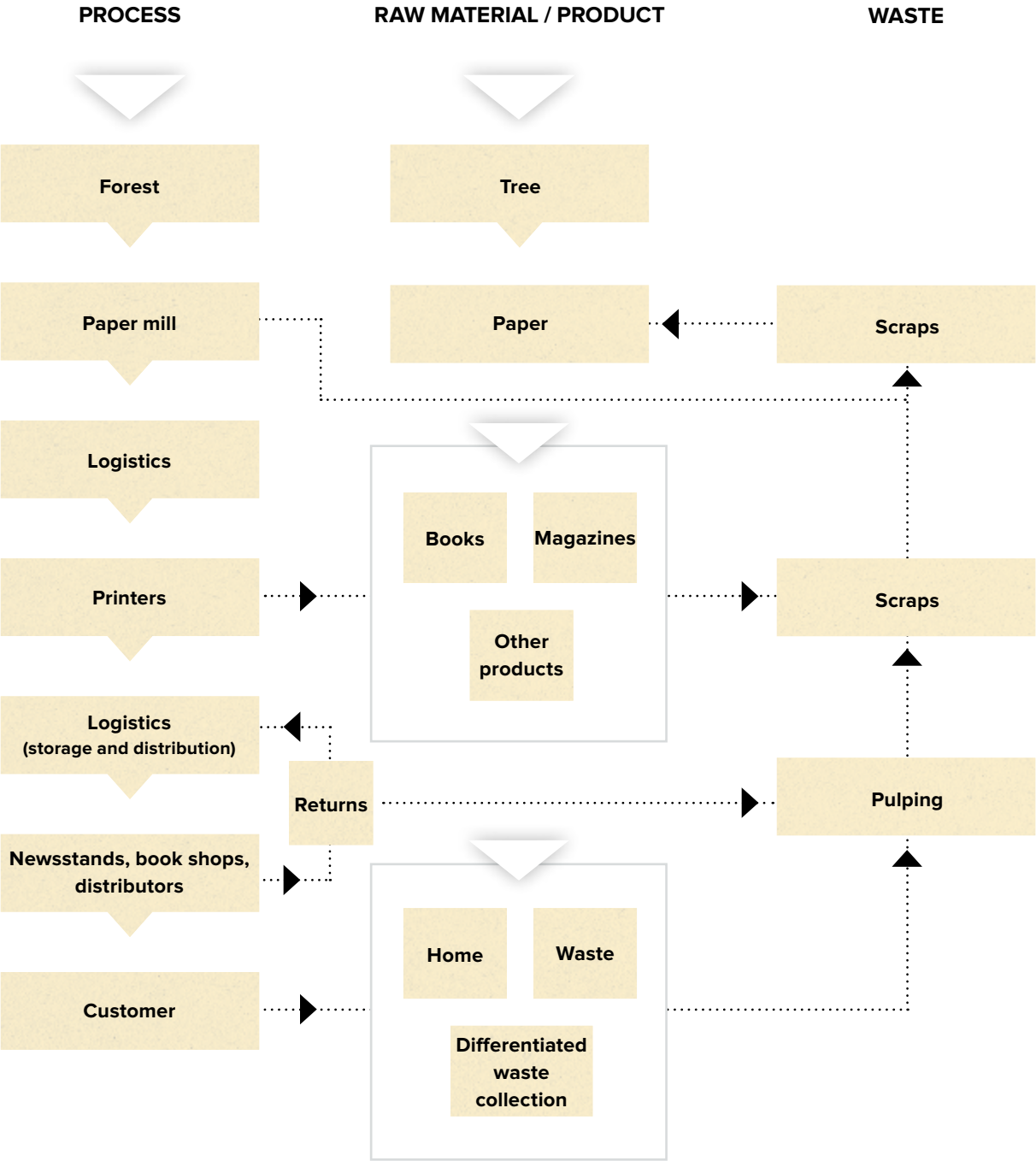
Drying and spooling

After drying, paper is fed onto reels to facilitate transportation.

PAPER

PAPER
SUPPLY CHAIN

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THE RAW MATERIAL: THE PAPER USED TO PRINT PUBLISHING PRODUCTS

As the result of a procurement policy first introduced in 2014, in 2015 the acquisition of paper was managed directly by Mondadori: this enabled the Group to consolidate its commitment to streamlining the amount of paper used to print its products and to exert greater control over the supplier selection process in order to ensure that supplier practices are consistent with the Group's sustainability principles. In fact, the supplier selection criteria demands that the paper be certified according to the two biggest global certification systems, the FSC and the PEFC (see box on p. 86)

In 2015 the Mondadori Group consumed a total of approximately 68,500 tonnes of paper for the printing of its publishing products, down 13% against 2014 and 18% against 2013.

The table shows the amount of paper consumed (by type of paper used) by the Mondadori Group

in Italy for the printing of its publishing products (books, magazines and other publications, such as school books and direct marketing materials) in the 3-year period 2013-2015.

Spurred into action by the Greenpeace initiative launched in 2010 encouraging the Italian paper industry to protect primary forests from destruction, in the years since Mondadori has been committed to defining a process to progressively increase its percentage of certified paper. In this regard, the direct management of paper procurement (partly managed by Elcograf until 2014) has enabled the Group to notably increase the amount of certified paper it uses to print its products, accounting for almost all of the paper consumed by the Group in 2015 (97.6%).

In fact, compared with 2014, the consumption of traditional paper (not certified) fell by 92% in 2015, from 20,095 tonnes in 2014 to 1,554 tonnes in 2015; meanwhile, the consumption of certified paper rose by 14%, going from 58,641 tonnes in 2014 to 66,918 tonnes in 2015. As for Cemit, all of the paper it consumes is FSC-certified.

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TOTAL PRINTING PAPER – MONDADORI GROUP (tonnes)

Type	2013	%	2014	%	2015	%
Certified paper	19,306	23.1%	58,641	74.3%	66,918	97.6%
Recycled paper	0	0.0%	170	0.2%	63	0.1%
Traditional paper	64,461	76.9%	20,095	25.5%	1,554	2.3%
Total	83,767		78,906		68,536	

PEFC AND FSC

The Programme for Endorsement of Forest Certification schemes (PEFC) is a certification system for the sustainable management of forests. The PEFC is an international initiative based on a broad agreement between interested parties on the implementation of sustainable forest management at national and regional level. Representatives of forest and poplar plantation owners, end consumers, users, freelance workers and the wood and crafts industries participate in the development of the PEFC. Its goals include that of improving the image of forestry and the forest-wood production chain, providing a market tool that makes it possible to market wood and products originating from sustainably managed woods and sites. In Italy, not-for-profit association PEFC Italia represents the national governing body of the PEFC certification system. The PEFC system certifies:

- the sustainability of the management of forests;
- the traceability of marketed and transformed wood and paper products that come from PEFC certified forests.

The Forest Stewardship Council (FSC) is an international not for profit NGO.

The FSC is a forest certification system recognised at international level.

The certification aims to guarantee correct forest management and the traceability of related products. The FSC logo guarantees that the product was made using raw materials from woods correctly managed according to the principles of the two main standards: forest management and chain of custody. The FSC certification programme is an independent third-party scheme.

In fact, the inspections are carried out by 17 certification bodies across the world. These bodies are in turn accredited by ASI (Accreditation Service International). One of the main activities of the FSC is the drafting of standards which are adapted at local level from national initiatives.

LOGISTICS AND THE END OF LIFE OF PUBLISHING PRODUCTS

The Mondadori Group's distribution logistics take the form of a series of overlapping networks that cover all of Italy and differ in terms of the type of product managed and transported.

These can be divided into the following channels: magazines (newsstands, subscriptions, dailies), 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 the return shipping of unsold products.

According to the channel, unsold products may go into storage, be re-processed for paper recycling or pulping (in the case of paper products), be destroyed or disposed of.

In addition, the logistics sector also uses packaging materials (pallets, film, adhesive tape etc.), the consumption of which is outlined in the section *Other figures* (p. 106).

Below is a more detailed description of the distribution processes for each channel together with data and information relative to the management of publishing products at the end of their lives, where available.

MAGAZINES

The logistics of the Magazines area are managed by Press-di Distribuzione Stampa e Multimedia S.r.l., a fully-owned subsidiary of Mondadori, which manages the distribution 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 expert suppliers.

Considering the two retail channels, represented by newsstands (87%) and subscriptions (13%), in 2015 the overall weight transported was around 73,000 tonnes, entirely on the road (with the additional use of sea transport with roll-on/roll-off ships for transportation to the islands).

The magazines logistics process involves four steps:

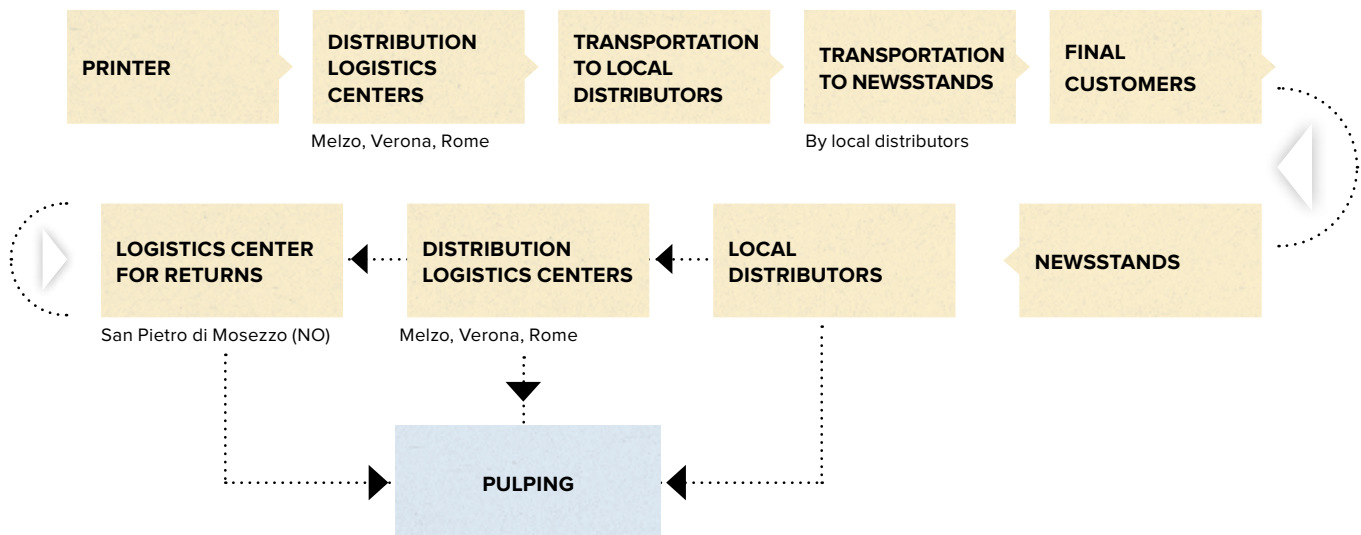
- film wrapping and shipment preparation: in 2015 this process was applied to over 80 million cop-

ies, for which around 322 tonnes of film was used. The figures show a downtrend against the previous year as a result of the constant reduction in business volumes;

- primary transport: the primary transport network begins at distribution logistics centres (Melzo, Verona and Rome) and extends to local distributors (approx. 80 private enterprises in 2015);
- last mile (delivery to the point of sale): local distributors deliver copies to newsstands and carry out the “last mile” transport service to the point of sale. Local distributors are responsible for collecting unsold products at newsstands every day and processing returned products for return delivery from the Press-di national returns centre or local pulping/disposal;
- transportation of returned products: unsold products subject to return to the publisher are transported to the national returns centre of San Pietro Mosezzo (Novara) through the Press-di primary transport network).

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NEWSPAPERS AND MAGAZINES LOGISTICS



The following table reports the estimated CO₂ emissions deriving from the transport of the magazines from the distribution logistics centres of Verona and Melzo to local distributors in the three-year period 2013-2015. In 2015 these emissions fell by 13% compared with 2013, going from 7,348 tonnes to 6,428 tonnes of CO₂.

CO₂ EMISSIONS FROM PRIMARY TRANSPORT

Unit of measurement	2013	2014	2015
t CO ₂	7,348	6,823	6,428

The daily newspapers produced by third-party publishers (including *il Giornale*, *Libero*, *Avvenire*) are distributed by a different logistics network to 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 greater efficiency.

As regards the management of the end of life of magazines, Mondadori has an extremely high pulping rate: Press-di (in agreement with the Group and third-party publishers) has, in fact, decided to foster the largest possible distribution of certified return processes at local distributors in order to reach the

critical mass necessary to achieve the considerable savings made possible by this management method. However, the crisis affecting the printed paper trade (fall in circulation and advertising) and its impact downstream on intermediate parties (local distributors and newsstands) has, over the years, led to both a reduction in returns and in the total number of local distributors and those that guarantee certified returns.

In 2015 local pulping came to 18,173 tonnes for magazines and 9,130 tonnes for dailies (down 13% and 8% respectively compared with 2014). Currently, out of the 80 local distributors used by Press-di, 68 guarantee certified returns (as opposed to 70 out of 87 last year).

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.

The lower operating costs (deriving from the progressive reduction in transported weights) correspond with a proportional reduction in emissions due to transportation. This result can be added to the effect of certified returns (local pulping).

CERTIFIED RETURNS

The certified return of publications is a way of handling returns by local distributors through the certification of quantities and, at the same time, the pulping of copies. The returns process consists of the following activities: receipt of returns, counting of the copies received, computer processing of the results of the count, accounting of the results of the count, destruction of the product. The certified return process therefore involves:

- the consolidation of pulped returns (unsold products) by publication/issue/copy, directly at the local distributor, in this way solving the issue of physical returns to the warehouse;
- a reduction in the transportation cost of returns to the warehouse.

TRADE BOOKS

The Verona logistics centre is responsible for trade book logistics. The Mondadori Proprietary Central Warehouse (MCE) is responsible for the management of the new product and re-print shipping and restocking warehouse. Outsourcing agreements are in place with a number of satellite warehouses located not far from the MCE 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 ensure that the operating decisions of the latter are geared towards improving the sustainability of their activities.

In this context, 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 books by Mondadori and Sperling & Kupfer, i.e. the publishers with the highest levels of returns, where returns are recorded and pulped on a monthly basis

Type	2013	2014	2015 ¹
Copies	12,530,000	12,510,000	11,900,000
Packages	410,000	405,000	380,000
Shipments	43,500	43,000	40,900

¹ 2015 figures related to packages and shipments contain estimates.

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 recycled material comes from national pulp companies.

MONDADORI EDUCATION

In 2015 Mondadori Education distributed around 6.7 million textbooks and teachers' guides, down compared with the 7 million copies produced in 2014. Until last year the copies were stored in two warehouses, one in Verona for secondary school books and the other in Signa in Florence for primary school books, dictionaries, university texts and Italian L2 (Italian as a second language) books.

Following the closure of the Florence Signa warehouse at the end of 2014, during 2015 the distribution activities relating to the products previously stored there were concentrated and streamlined at the Verona logistics hub, resulting in a general improvement in the indicators. An activity consistent with the measures first launched by the Mondadori Group in 2013 with the complete integration of the logistical management of secondary school books at the Verona logistics centre, which made it possible to carry out a process to streamline both the spaces and transportation (reduction in the number of vehicles used through the aggregation of shipments with those of the trade channel).

The logistical management of Mondadori Education products is connected with specific school education activities (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 central warehouse to the promoters, just under 140 destinations; finally, the promoters are in charge of delivering or shipping the sample books to teachers. To this end, it is important to highlight the introduction of digital sample books (connected with the development of multi-device digital school books, see pp. 51-52), which may lead to a significant reduction in the production and shipment of paper sample books;

- starting in May and, with varying intensity, up until the end of October, Mondadori Education restocks the retail distribution points for the sales campaign, reaching approximately 60 destinations. Moreover, starting in September, when the school year starts, the promoters are supplied with books and guides to deliver to teachers for classroom trials;
- in addition to making shipments to decentralised distribution centres, the central warehouse in Verona directly supplies some top accounts and approximately 800 bookshops with university texts and Italian L2 books.

Though returns are less frequent for school texts, total returns in this segment came to approximately 930,000 copies in 2015.

CLUB (MONDADORI RETAIL PRODUCTS)

With the closure of the Brescia logistics unit, as of 2014 the management of logistics flows (storage and preparation of orders) and all Club business support processes takes place at the Verona logistics centre. Orders are shipped by mail.

The cardboard boxes used for shipments are the same type as used for Trade books. Materials returned by post are subject to recycling.

E-COMMERCE **(www.mondadoristore.it)**

B2C logistics activities include product management (by both Mondadori and third-party publishers) at the Verona central logistics centre. Products are prepared according to customer orders and shipments are made by express courier directly to the final customer address.

In this channel there are practically no returns.



COMBATING CLIMATE CHANGE

THE GREENHOUSE EFFECT

Greenhouse gases are responsible for the increase of the greenhouse effect and, as such, global warming (more broadly known as “climate change”). The main greenhouse gas is carbon dioxide (CO₂), which is responsible for around 80% of global warming. The other main gases are methane (CH₄), nitrous oxide (N₂O), perfluorinated compounds (PFCS), hydrofluorocarbons (HFCS) and sulphur hexafluoride (SF₆). Greenhouse gases are emitted into the atmosphere mainly as a result of the combustion, and above all the use, of fossil fuels. Greenhouse gas emissions are conventionally measured in tonnes of CO₂ equivalent: the quantities of the other gases emitted are transformed into this unit of measurement using special conversion factors.

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.

In order to continue the process launched by the Kyoto Protocol, in December 2015 the world leaders met at the UN COP21 conference on climate change in Paris with the aim of passing resolutions to prevent climate change with disastrous effects and, at the same time, to guarantee the world populations economic growth and development. The conference resulted in an agreement on the combating of climate change and global warming known as the Paris Agreement, signed by 195 countries. The agreement outlines a global plan of action with the long-term goal of keeping global warming well below 2 °C, seeking to achieve the target of 1.5 °C; it also outlines the need for global

emissions to peak as soon as possible, recognising that this will take longer for developing countries; rapid reductions will take place thereafter in accordance with the best available science.

UNFCCC AND COP21

The United Nations Conference on Environment and Development, held in Rio de Janeiro in 1992 and attended by delegations from 154 nations, concluded with the drafting of the United Nations Framework Convention on Climate Change (UNFCCC), whose non-binding goal was the reduction of atmospheric greenhouse gas emissions. The Framework Convention involved a series of adaptations or protocols which, over time, were designed to introduce mandatory limits to CO₂ emissions with the aim of restoring, by 2000, atmospheric greenhouse gas emissions to the levels of 1990. From 1994, the delegations decided to meet every year at the Conference of the Parties (COP) to assess the measures undertaken and the commitments to take on, also in light of the conclusions of the IPCC (Intergovernmental Panel on Climate Change) reports. The 21st Conference of the Parties, the COP21, was held in Paris from 30 November to 11 December 2015 and led to the drafting of the Paris Agreement.

Mondadori is directly involved in combating climate change: the reduction of climate changing emissions is one of the cornerstones of the Group's environmental policy, published in 2012. In addition, the updating of the materiality analysis conducted in 2015 (see paragraph *Material issues*, p. 36) confirms how Mondadori and its stakeholders focus a great deal of attention on climate change issues.

In 2015 Mondadori participated voluntarily in the Carbon Disclosure Project Climate Change programme, achieving a score of 98/100 with regard to its level of disclosure on issues related to climate change, improving its performances of previous years (86/100 in 2013 and 85/100 in 2014) and placing itself above the national average of 73/100. The high score obtained underlines the attention that Mondadori pays to the risks and opportunities for its business linked to climate change, as well the

adequacy of its internal systems for the management and reporting of data relative to greenhouse gas emissions.

More specifically, for Mondadori participation in the CDP questionnaire represents an opportunity to:

- transparently inform its stakeholders of its greenhouse gas emissions and the measures in place to reduce them and to manage climate change-related issues within the company;
- identify and explore the 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 the operating costs associated with purchasing energy.

CDP (From the official website cdproject.net)

The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation developed with the goal of promoting and incentivising a transformation in way the world does business to prevent climate change and protect our natural resources. Thanks to its influence on the market, through the involvement of shareholders, customers and governments, the CDP has incentivised thousands of companies and cities to measure and communicate their greenhouse gas emissions, relative climate change risk and water management strategies. The information it collects is communicated to the 767 investors that form part of the network and transmitted to the global market in order to guide investments towards a low carbon economy. In 2015, 50 listed companies in Italy answered the CDP questionnaire on issues related to climate change, a 143% increase compared with the previous five years. The average score obtained by Italian companies has increased by 27% since 2010. The CDP questionnaires have shown how Italian companies are increasingly inclined to include the management of climate change in their business strategies and are ever more sophisticated in identifying the risks and opportunities connected with climate change. However, the CDP underlines how Italian businesses are guided by short-term perspectives when defining emission reduction goals.

The greenhouse gas emissions considered within the reporting scope of the GHG survey are as follows:

- direct (scope 1): heating of offices and warehouses with natural gas (emissions factor taken from the table of national standard parameters published by the Italian Ministry of the Environment);
- indirect energy (scope 2): electricity purchased from the national grid (emissions factor taken from Terna international comparisons on Enerdata figures – 2013 data);
- other indirect emissions (scope 3): employee travel for business reasons by plane (emissions factor taken from Defra databases), train (emissions factor taken from the 2014 Sustainability Report of Ferrovie dello Stato Italiane), company

cars (specific emissions factors per individual car model) and hire cars (emissions factor deriving from emission classes according to the eco-label developed by ADEME - Agence de l'Environnement et de la Maîtrise de l'Energie); paper production (emissions factor taken from the Confederation of European Paper Industries [CEPI] "Key Statistics 2014" document).

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, currently these emissions are only partially recorded (see table on p. 88) and may be explored more thoroughly in the next few years.

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Greenhouse gas emissions (tonnes CO ₂)	2013	2014	2015 ²
Direct (scope 1)	1,930	1,193	1,002
Indirect energy (scope 2) ¹	11,341	10,302	9,520
Other indirect emissions (scope 3) ¹	36,722	34,611	30,010
- Emissions related to paper production	35,182	33,140	28,785
- Emissions related to business trips	1,540	1,471	1,225
Total emissions	49,993	46,106	40,532

¹ The 2013 and 2014 indirect energy emission (scope 2) and scope 3 indirect emission values were re-calculated with respect to the 2014 Sustainability Report, following the updating of the emissions factors available for calculation [G4-22].

² For 2015, the indirect energy emission values (scope 2) consider Monradio's electricity consumption for the entire year, while for Mondadori Scienza the electricity consumption from July 2015 was considered. As regards indirect emissions connected with business travel, the journeys made by Monradio employees were considered up until 30 September 2015, while those of Mondadori Scienza from July 2015.

The majority of the buildings and stores considered in the scope of the Sustainability Report are heated through the use of natural gas. A few buildings represent an exception because they are heated by electricity-fuelled heat pumps. Most of the natural gas consumption figures were accurately measured; when this was not possible, estimates based on conservative assumptions were used (see *Other figures*, p. 105 for more details).

The downward trend as regards direct emissions is connected with two main factors:

- the reduction in natural gas consumption, connected with the company site reorganisation process (begun in 2012) and the installation of new heating systems with more efficient performances;
- the closure, in March 2015, of the Brescia warehouse, which consumed diesel oil.

The electricity that Mondadori consumes in Italy (see *Other figures*, p. 105 for further details), entirely drawn from the national grid, is used for:

- lighting, air conditioning and equipment (e.g. PCs, printers) in the offices and stores;
- lighting and equipment in the warehouses;
- recharging electrical vehicles (Segrate) and fork-lift trucks (warehouses);
- radio signal antennas.

As regards emissions related to the consumption of electricity (indirect energy emissions), the reduction observed in 2015 compared with 2014 can mainly be attributed to the company site reorganisation process that began in 2012 and the energy saving measures carried out during the year in some stores.

The downtrend trend in other indirect emissions (scope 3) is mainly the result of the reduction in paper consumption for printing (from 83,767 tonnes in 2013 to 68,536 tonnes in 2015). As regards the emissions deriving from employee business trips, there was a decrease in emissions mainly due to initiatives to reduce the use of company cars and use vehicles with low CO₂ emissions (see paragraph *Initiatives to reduce environmental impact*, pp. 97-98).

GREENHOUSE GAS EMISSIONS IN 2015

(Tonnes of CO₂ equivalent)

Direct emissions	1,002	2%
Indirect energy emissions	9,520	23%
Other indirect emissions	30,010	74%

Mondadori's overall emissions in 2015, equal to approximately 40,530 tonnes of CO₂ equivalent, correspond to the emissions generated by about 33,000 medium-sized vehicles that have each driven 10,000 km.

The emission measurement process implemented in recent years has enabled the company to establish the calculation criteria and was used as a baseline for raising awareness within Mondadori about possible internal policies for the reduction of the greenhouse gases generated by its activities. In this regard the Group has already launched a number of projects to mitigate its emissions, both in 2015 and in the past, such as, for instance, the implementation of energy efficiency measures in buildings and the updating of the car fleet with lower emission models (see paragraph *Initiatives to reduce environmental impact*, pp. 97-98).

INITIATIVES TO REDUCE ENVIRONMENTAL IMPACT

PAPER AND SUSTAINABILITY

Aware of the environmental impact of its paper products, in 2015 Mondadori Retail promoted two initiatives to streamline the printing process and reduce unsold products:

- the Print on demand service makes it possible to print books on request directly in the Piazza Duomo store in Milan (and have them sent to all other stores in the network), with the same degree of quality as books generally found in a bookshop, choosing from a catalogue of over 7 million titles in both Italian and other languages. This system makes it possible to reduce production, transport, storage and disposal waste.
- the introduction of a more efficient delivery and reorder system, reorganised so that the process of printing and distribution to directly-managed and franchise stores is aligned with demand as closely as possible.



ACTIONS ON THE AIR VENTILATION AND LED LIGHTING SYSTEMS IN 2015

As in 2014, plenty of attention was focused on the issue of energy savings in 2015; more specifically, measures were taken at the Segrate site and in some Group bookshops.

The actions carried out in 2015, described below, were partially planned in 2014 and their benefits will be felt in 2016. Other actions are currently at an advanced assessment phase so we can continue on the virtuous journey we have undertaken.

- **Segrate Site** - the boilers in the thermal power station were replaced with new high-yield and fume heat recovery boilers and the entire distribution, management and control system was reviewed. The decision to adopt high-yield boilers with lower running temperatures made it possible to reduce consumption and eliminated the need for the continuous presence of a qualified stoker. Annual energy savings are expected to amount to approximately 20,000 m³ of gas and 30,000 kWh of electricity.
- **Segrate Site** - continuation, in 2015, of the installation of inverters on the main ventilators in the building and on secondary fluid distribution pumps, integrated with the supervision systems to optimise output. The potential annual savings are estimated at approximately 50,000 kWh of electricity (kWhel).
- **Segrate Site** - the upgrading of the control and management system software continued and aims to reduce the huge amounts of external air treated when employees are not present in the office, to accelerate full operation in the rooms and, finally, to optimise start-ups. These changes will enable the company to simultaneously manage heating requirements, external conditions and the number of employees present in the building, having a modest impact in terms of

modifying the systems and focusing on improving software logic. The potential annual savings are estimated at approximately 20,000 m³ of gas and 20,000 kWhel.

- **Segrate Site** - 2015 saw the continuation of the process to replace the switchboards in the Foglia building to comply with the regulations, and the consequent improvement of the system to switch the lights on and off.
- **Segrate Site** - the current lighting system in the Palazzo and the Foglia building is being replaced with an LED system: this process will involve all light fittings for a total of around 5,250 fluorescent tubes. With no change to the overall lighting level, the overall estimated energy saving is 450,000 kWhel/year, resulting in savings of around 80,000 euro/year. Furthermore, because of their greater efficiency, it is likely that the heat input of the LED lights is considerably lower, an overall average capacity of 130 kW, with a consequent reduction in the heat input emitted into the atmosphere.
- **Segrate Site** - an electricity consumption remote reading system has been installed in order to measure actual consumption (separated into light/driving force/other) and assess possible new measures to carry out on existing systems to improve energy efficiency.
- **Mondadori Megastore in Piazza Duomo, Milan** – During the redevelopment work on the ground floor and other rooms in the bookshop, a system with 4th generation VRV inverter technology was installed to join and replace the traditional system and the electric air barriers at the entrance. As well as significantly improving the environmental conditions to the benefit of sales activities, it was also possible to generate savings of around 10,000 kWhel/year.

- **Bookshop restyling & new openings** – during the redevelopment of the Mondadori Megastore in Piazza Duomo, the current lighting system was replaced with LED fittings in the areas that underwent work. The same also happened in the new stores in Via San Pietro all'Orto in Milan and Rome-Lunghezza.

ENERGY SAVING ACTIVITIES PLANNED FOR 2016

- **Cascina Tregarezzo Site** – a geothermal heat pump is being installed for the production of hot water with the goal of obtaining energy savings and greater system flexibility.
- **Segrate Site** - the splitting of the induction air conditioning system of the main building through the sectioning of hydraulic distribution into four macro areas per floor, managed by temperature sets, and the installation of inverters on the relative pumps, is currently at the advanced study phase. The aim of this measure is to obtain energy savings in view of the notable flexibility of the system, which would also make it possible to use each floor for a different purpose.

COMPANY CAR FLEET AND BUSINESS TRAVEL

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

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

- meetings with customers;
- travel for editorial features;
- meetings with suppliers;
- meetings at other company offices;
- participation in events.

MONDADORI FLEET

Type	2013	2014	2015
Owned vehicles	20	15	8
Leased vehicles	167	148	111
Total	187	163	119

In the past few years, the number of vehicles in the company car fleet has steadily fallen, from 187 cars in 2013 to 119 in 2015. In particular, the number of company-owned vehicles has fallen by 60%, going from 20 units in 2013 to 8 units in 2015.

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

With reference to the classification of vehicles by “emission classes” according to the eco-label developed by ADEME (Agence de l’Environnement et de la Maîtrise de l’Energie, the French technical agency specialised in the research and dissemination of information regarding energy, environmental protection and sustainable development), the reduction in the fleet size is reflected in all classes of vehicles except for the number of class A vehicles (the class of vehicles with the lowest CO₂ emissions), which rose in 2015.

Type	2013	2014	2015
Class A – lower than or equal to 100 GCO ₂ /km	10	10	17
Class B - from 101 to 120 GCO ₂ /km	40	40	29
Class C - from 121 to 140 GCO ₂ /km	58	46	39
Class D - from 141 to 160 GCO ₂ /km	47	41	14
Class E - from 161 to 200x GCO ₂ /km	26	20	18
Class F – from 201 to 250 GCO ₂ /km	5	5	2
Class G - higher than 250 GCO ₂ /km	1	1	0
Total	187	163	119

Even if in 2015 the value of the average emissions of the entire fleet were categorised as class C, the renewal of the company fleet led to a further reduction in average CO₂ emissions per kilometre travelled: in fact, this figure fell from 140 gCO₂/km in 2013 to 131 gCO₂/km in 2015.

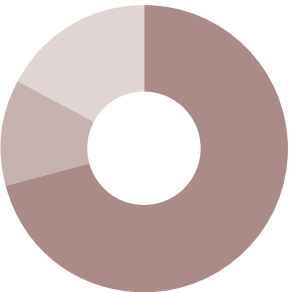
AVERAGE CO₂ EMISSIONS BY KM TRAVELLED

(grams of CO₂ equivalent)

2013	140	C
2014	139	C
2015	131	C

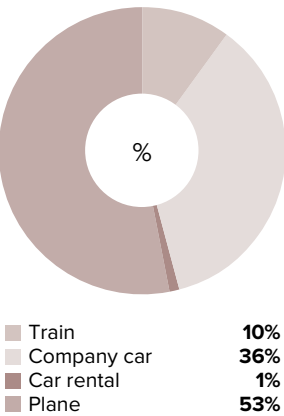
The improvement in the average emissions class of the Mondadori fleet is also the result of the updating of its car policy in 2014, in association with its vehicle supplier. This update was carried out with the aim of improving environmental performances through measures such as the reduction of the engine sizes of the cars available and the reduction in leasing times to a standard 48 months, where possible and compatible with user safety, which remains the primary concern of fleet management.

BREAKDOWN OF VEHICLES BY ENERGY CLASS (2015)



Class A,B,C	85
Class D	14
Class E,F,G	20
Total	119

EMISSIONS BY MEANS OF TRANSPORT



Confirming the trend recorded in the past three years, company cars and planes were mainly responsible for the CO₂ emissions from business trips (36.3% and 53.2% respectively) also in 2015.

COMPANY SHUTTLE

Mondadori operates a shuttle service, operated by an outsourced partner, for employees, members of staff, suppliers or guests of the company to and from the Segrate site. In 2015, around 61,500 passengers used the service to go to the site, up compared with the 2014 figure (50,090).

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ENERGY FOR CREATIVITY: THE 18th INTERNI EXHIBITION EVENT FOR THE FUORISALONE

Like every year, to coincide with the Milan Furniture Fair *Interni* magazine held a major exhibition event as part of the FuoriSalone (the series of initiatives held in the city during the period of the trade fair): the 2015 edition, *Energy for Creativity*, held in association with Expo 2015 and endorsed by the Municipality of Milan, took place in the courtyards of Milan University between 13 April and 24 May.



◀ see picture on p. 80

Conceived as a space for experimenting with original installations and architecture and design projects inspired by the sustainable future of cities, *Energy for Creativity* welcomed the creative contributions of world-renowned designers and architects, from Daniel Libeskind and Antonio Citterio to Berard Khoury, Philippe Starck and many others.

The event programme also included themed exhibitions, performances, conferences and meetings, all open to the public and free of charge.

The initiatives included *The garden of Wonders. A journey through Scents*, an exhibition developed and promoted by the international Be Open foundation on the relationship between scents and design and held at the Brera botanical garden.

This location (managed by the University of Milan), site of the old astronomical observatory and the historic Palazzo di Brera, has been the subject of a general redevelopment project that began in 2013 and which involves *Interni* magazine, Associazione Amici di Brera and the Milan Rotary Club.

The Interni redevelopment project has already involved conservation work on the education room at the botanical garden and plans to develop a permanent environmentally-sustainable lighting system and an energy efficiency project by accessing the underlying aquifer.

”

NOTE ON METHODOLOGY

The Mondadori Sustainability Report supplements the information regarding sustainability disclosed in the 2015 Annual Report, providing details on the Group's performance and the industry's key indicators. The document is drafted in accordance with the most up-to-date version (GRI-G4) of the Global Reporting Initiative (GRI) sustainability reporting guidelines, including the G4 Sector Disclosure - Media.

The breadth and detail with which the issues in the Sustainability Report are covered are a reflection of the materiality analysis carried out according to the approach described in the paragraph *Material issues* (pp. 36-37), in accordance with the GRI-G4 guidelines. [G4-18]

On the basis of the current coverage of the General Standard Disclosures and the Specific Standard Disclosure indicators, associated with material aspects, the level of adherence to the GRI-G4 guidelines as declared by Mondadori is "In accordance – Core option".

MATERIAL ISSUES [G4-18; G4-19; G4-20; G4-21]

To facilitate a comparison between the aspects defined by the GRI-G4 (Specific Standard Disclosures) and the material issues, the following table cross-references them, listing Mondadori's material aspects with their relative scope and any eventual limitations relative to the absent extension of the reporting scope to the external perimeter (G4-omissions).

GRI G4 material aspects	Aspect Boundary		Limitations of reporting on boundary	
	Internal	External	Internal	External
Economic performance	Group	-	-	-
Materials	Group	paper and printing suppliers	-	reporting scope not extended to paper and printing suppliers
Emissions	Group	Paper suppliers, distributors, printing suppliers and franchisees	-	reporting scope partially extended to distributors and not extended to paper and printing suppliers
Transports	-	Distributors	-	reporting scope not extended to distributors
Energy	-	Paper suppliers, distributors, printing suppliers and franchisees	-	reporting scope not extended to paper suppliers, distributors, printing suppliers and franchisees
Waste	-	pulping suppliers	-	reporting scope not extended to pulping suppliers
Employment	Group	-	-	-
Labour/management relations	Group	-	-	-
Training and education	Group	franchisees	-	reporting scope not extended to franchisees
Freedom of expression (M)	Group	-	-	-
Portrayal of human rights (M)	Group	-	-	-
Cultural rights (M)	Group	-	-	-
Protection of privacy (M)	Group	-	-	-
Anti-corruption	Group	-	-	-
Public policy	Group	-	-	-
Anti-competitive behaviour	Group	-	-	-
Product and service labeling	Group	-	-	-
Marketing communications	Group	Mediamond	-	-
Customer privacy	Group	-	-	-
Compliance - Product responsibility	Group	-	-	-
Content Creation (M)	Group	-	-	-
Content dissemination (M)	Group	-	-	-
Audience Interaction (M)	Group	-	-	-

As regards material aspects also outside of Mondadori but not currently reported, Mondadori is committed to implementing specific actions in the next few years to gradually extend its reporting scope.

[G4-18; G4-20; G4-21]

SCOPE OF REPORTING AND SUSTAINABILITY

[G4-17; G4-23]

This document is the fifth public edition of the Mondadori Sustainability Report and includes a description of the key initiatives undertaken in 2015 (solar year) as well as the performance trends of the 2013-2015 three-year period, where available. In addition, the initiatives and events of particular interest undertaken in 2016 and already known at the date of closing of this report were also added (see p. 14). The performance indicators were collected on an annual basis and the reporting frequency is annual.

The information included in this Report refers to Arnoldo Mondadori Editore S.p.A. and its consolidated subsidiaries on a line-by-line basis operating in Italy (see p. 119); activities carried out abroad are thus excluded. Arnoldo Mondadori Editore S.p.A.'s registered office is in Milan at 12 Via Bianca di Savoia; the company's head office is in Via Mondadori, Segrate (Milan).

The scope of reporting is consistent with the content reported above with the exception of some data explicitly indicated in the text.

No significant changes in company ownership were registered in the scope and reporting period considered (Italy, 2015); in terms of size and structure, the following developments were of note:

- the sale of 80% of Monradio S.r.l. to R.T.I. S.p.A. (30 September 2015) and the consequent exit from the radio business;
- the acquisition of the remaining 50% of the joint venture Gruner+Jahr/Mondadori, which gave Mondadori complete control over the publications *Focus*, *Focus Storia*, *Focus Junior*, *Focus Pico*, *Focus Wild*, *Geo*, the brand extensions and related websites and the website *Nostrofiglio.it*; in November 2015 the company was renamed Mondadori Scienza S.r.l.

Finally, even if outside the reporting scope, another important development was the sale of the equal stake in the joint venture Harlequin Mondadori S.p.A. to Harlequin Italia S.r.l. on 30 September 2015.

QUALITY ASSURANCE PRINCIPLES FOR THE SUSTAINABILITY REPORT

This document highlights Mondadori's strengths and weaknesses, as well as its 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 as to guarantee that 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 2015 Sustainability Report was reviewed by an independent auditing firm, whose limited independent auditing report is available on pp. 127-128.

REPORTING PROCESS AND CALCULATION CRITERIA

[G4-22]

The definition of the content of the 2015 Sustainability Report involved all the key company functions, who worked in close collaboration and under the coordination of the CSR contacts.

As in the past four editions, Mondadori was supported by Ernst & Young's Italian Climate Change and Sustainability Services team in the drafting of its 2015 Sustainability Report.

As for 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 the paragraph on p. 21;
- the data on penalties refer to the cash outflow in the year and are not calculated on an accrual basis;

- in the breakdown of staff by level, “executives” include chief editors and deputy editors of magazines; members of the Board of Directors are not included;
- the accident rate is the ratio between the total number of accidents 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 (and in particular: accident rate and severity rate, see *Other figures*, p. 107), is the sum 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 accident) and the total number of days worked by the workforce in the same period;
- where environmental data is not available, conservative estimates were used, resulting in the underestimation of the company’s environmental performance;
- the calculation of greenhouse gas emissions was made by applying the principles indicated in international standard ISO 14064-1. In particular, it should be noted that the only greenhouse gas considered was carbon dioxide (CO₂).

The figures relating to 2013 and 2014 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, the data relative to 2015 represent the best possible estimate based on the data available at the time this Report was prepared.

Mondadori considers the Sustainability Report to be a key reporting instrument and, more importantly, a tool for generating a virtuous cycle within the company, a mechanism that has now become part of the company’s DNA through the launch and implementation of various projects to manage and improve its economic, environmental and social performance.

[G4-22]

For further information about this Sustainability Report, please contact:

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ADDITIONAL INFORMATION

OTHER FIGURES

ENERGY CONSUMPTION

GAS CONSUMPTION

Type of energy	Unit of measurement	Consumption		
		2013	2014	2015 ¹
Natural gas	M ³	774,999	520,707	512,530

¹ The 2015 figures contain estimates as the final consumption figures are not available

ELECTRICITY CONSUMPTION

	Unit of measurement	2013	2014 ¹	2015 ¹
Total electricity purchased from national grid	MWH	30,903	28,072	25,939
of which Monradio ²	MWH	8,337	9,001	8,459

¹ The 2015 figures contain estimates as the final consumption figures are not available

² Since October 2015 Monradio has no longer formed part of Mondadori's reporting scope. To guarantee the comparability of the data and on the basis of Monradio's consumption levels, we decided to highlight its data on a yearly basis

WATER CONSUMPTION¹

Detail	Unit of measurement	Consumption		
		2013	2014	2015
Consumption of water from public waterworks	M ³	130,996	121,239	81,532
of which Monradio ²	M ³	2,200	2,100	2,300
Consumption of water from owned wells	M ³	2,239,331	2,230,000	2,215,000
Total	M³	2,370,327	2,351,239	2,296,532

¹ 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 "Consumption of water from public waterworks")

² Since October 2015 Monradio has no longer formed part of Mondadori's reporting scope. To guarantee the comparability of the data and on the basis of Monradio's consumption levels, we decided to highlight its data on a yearly basis

³ The reduction in the consumption of water from public waterworks recorded in 2015 compared with 2014 is mainly due to the fine-tuning of the estimation method applied and the greater quantity of data available on the consumption of stores under direct management

WASTE

The figures reported in the table only relate to the Segrate site,

Type	Unit of measurement	2013	2014	2015
Non-hazardous waste	KG	291,059	176,299	247,622.0
Hazardous waste	KG	2,020	2,072	270.5
Total	KG	293,079	178,371	247,892.5

CONSUMPTION OF OTHER MATERIALS

(in tonnes)

The table shows the consumption of the main materials used by Mondadori (according to a conservative approach, 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, 2013), and dailies and magazines (Press-di). In addition to trade books, as of 2013 the data regarding the shipment of books from the Verona warehouse also include the management of returns from franchised bookshops, part of Mondadori Education's shipments and, since 2014, part also of those of Mondolibri.

		2013		2014		2015	
		Verona logistics centre and mondolibri	Press-di	Verona logistics centre	Press-di	Verona logistics centre	Press-di
Raw material	Detail						
Wood	Pallet ¹	331	937	326	927	505	902
Cardboard	Boxes and packaging materials	742	-	839	-	813	-
Polyethylene	Film	68	471	66	427	103	384
	Package filling ²	13	-	21	-	10	-
	Pallet covers ²	4	nd	4	nd	3	nd
Polypropylene	Tape	3	nd	1	nd	2	nd
	Strapping ²	7	nd	3	nd	3	nd

¹ The pallet consumption data of Press-di are different to those published in the 2014 Sustainability Report as more accurate data on the average weight of pallets has become available. **[G4-22]**

² The figures relating to package filling materials, pallet covers and strapping only refer to Trade Books; the figures for Mondolibri are not available

PRINT CARTRIDGE AND PAPER CONSUMPTION FOR PRINTOUTS (office)

Tonnes		2013	2014	2015
Raw material	Detail			
Paper	Paper for printouts	113	97	102
Print cartridges	Print cartridges for printouts	6	4	3

HEALTH AND SAFETY IN THE WORKPLACE

NUMBER OF ACCIDENTS

Type	2013			2014			2015		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Work-related accidents	7	3	10	7	3	10	6	4	10
Commuting accidents	15	8	23	10	9	19	13	3	16
Total accidents	22	11	33	17	12	29	19	7	26
Accident rate			1.71			1.73			1.13

SEVERITY

Severity	2013			2014			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of days lost	503	101	604	342	216	558	280	304	584
Severity rate			31.35			33.30			25.47

ABSENTEEISM

	2013	2014	2015
Lost days	20,285	17,657	14,578
Absentee rate	3.28%	3.10%	1.53%

EQUAL OPPORTUNITIES

FEMALE PRESENCE AMONG TOP MANAGEMENT OF PUBLICATIONS

	Women	Men
Deputy chief editors	50%	50%
Chief editors	64%	36%

REMUNERATION WOMEN/MEN

	2015
Executives	75%
Middle Managers	91%
Office Workers	90%
Journalists	77%
Workers	90%

EMPLOYEES WITH DISABILITIES

	2013			2014			2015		
	% of total	% Women	% Men	% of total	% Women	% Men	% of total	% Women	% Men
Middle managers	1%	33%	67%	1%	33%	67%	3%	67%	33%
Office workers	6%	46%	54%	6%	46%	54%	79%	46%	54%
Journalists	-	-	-	1%	100%	0%	2%	100%	0%
Workers	16%	33%	67%	18%	35%	65%	16%	33%	67%
Total	5%	44%	56%	5%	44%	56%	5%	46%	54%

GOVERNANCE AND CONTROL MODEL

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.

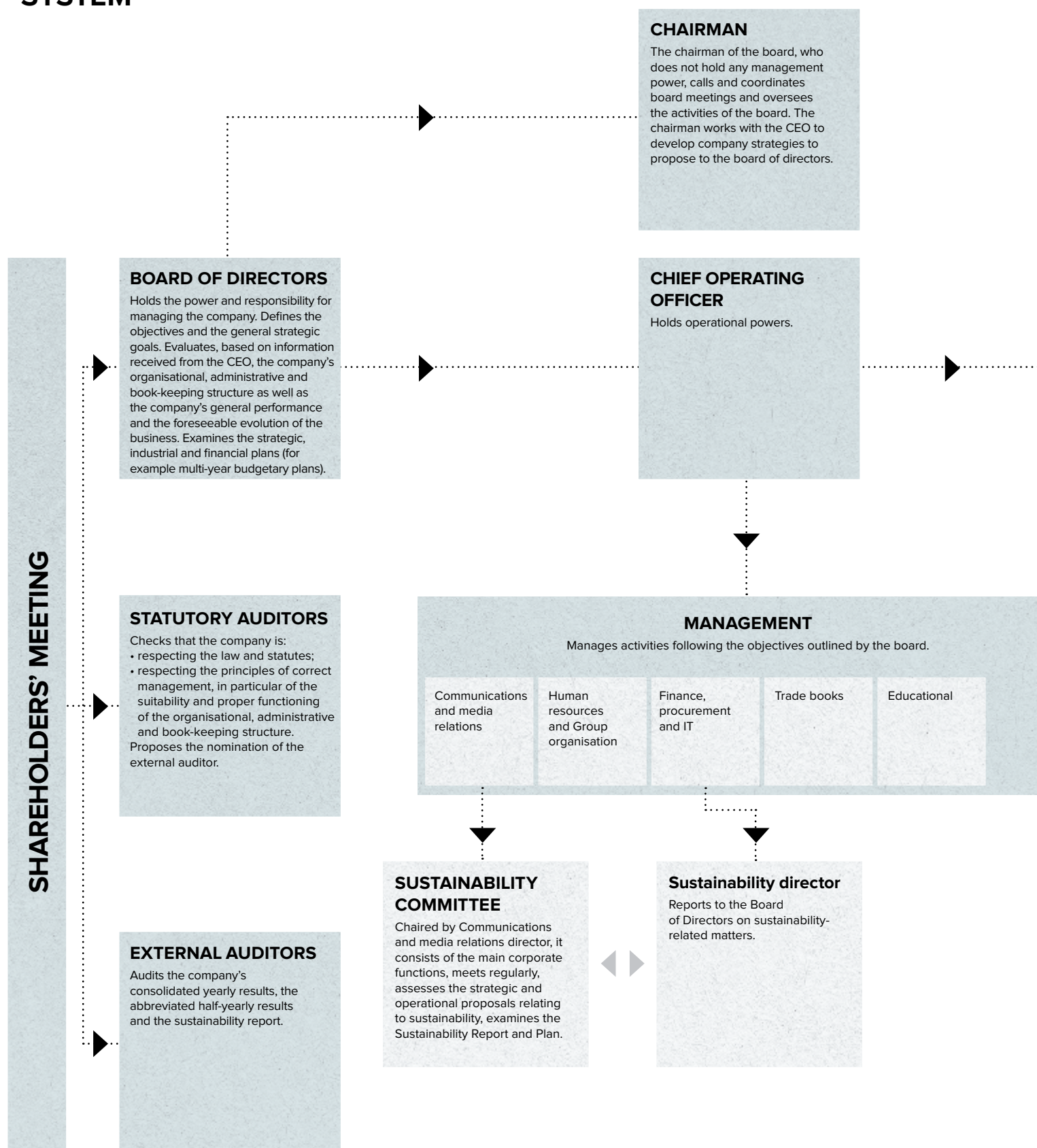
Corporate governance	2012	2013	2014	2015
No. of members of the Board of Directors	14	14	14	14
Executive directors on the Board of Directors	4	4	4	4
Independent directors on the Board of Directors	6	5	5	4
No. of women on the Board of Directors	3	3	3	3
No. of meetings of the Board of Directors	6	6	7	12
No. of meetings of the control and risks committee	6	6	8	8
No. of meetings of the remuneration and appointments committee	2	4	3	3
No. of meetings of the related party committee*	-	-	-	3
No. of meetings of the board of Statutory Auditors	11	10	13	13

* established by the Shareholders' Meeting on 23 April 2015

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GOVERNANCE SYSTEM



Magazines Italy	Mondadori France	Mondadori Retail	Digital Innovation	Mediamond
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Remuneration and appointments committee

Makes proposals to the board regarding:

- remuneration of board members with special appointments;
- main guidelines to follow regarding plans to retain and incentivise;
- management of stock option plan.

Control and risks committee

Consults and makes proposals regarding the general terms of reference and the suitability of the internal control system. Coordinates with the Committee of Statutory Auditors, the managers in charge of internal control and financial reporting and the executive director.

In particular, it:

- evaluates plans for internal and external audits;
- evaluates with the executive in charge of internal control and the auditors the correct application of book-keeping principles;
- reports periodically to the board of directors
- carries out specific jobs delegated to it by the board of directors.

Related parties committee

Provides advice on the Board resolutions regarding the adoption and modifications in procedures for transactions with related parties; gives opinions on transactions of minor and of major importance with related parties.

Director in charge of the system of internal control and risk management

Proposes to the board, after having consulted with the Internal Control Committee, the nominations of those who will be in charge of internal control.

Identifies risks the company faces.

Executes the general terms of reference regarding internal controls as defined by the board.

Manager in charge of financial reporting

Arranges adequate administrative and book-keeping procedures for the preparation of the consolidated earnings report and half-yearly abbreviated report. Grants the certification of ex art. 154 bis of the Finance Consolidation Act (TUF).

Head of Internal Auditing

Checks the suitability and functioning of the internal control system.

Plans the overseeing of activities and internal audits of the company and its subsidiaries.

Ensures that the company activities respect laws and company praxis regarding preventing risks and fraud that damage the company.

Supervision and oversight body

Ensures the correct application of the Organisational and Management Model adopted to conform with the requirements of decree 231/2001.

Proposes updates for the organisational model to the board.

This committee is made up of an independent non-executive director, the head of the internal audit function and the chairman of the board of statutory auditors.

The Board of Directors was appointed by the Shareholders' Meeting on 23 April 2015 for a term of three years, specifically until the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2017.

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

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Name	Position	Status		
		Non-executive	Independent	Indipendente
Marina Berlusconi	Chairman			
Ernesto Mauri	Ceo			
Pier Silvio Berlusconi	Director			
Pasquale Cannatelli	Director			
Bruno Ermolli	Director			
Alfredo Messina	Director			
Martina Mondadori	Director			
Daniilo Pellegrino	Director			
Roberto Poli	Director			
Angelo Renoldi	Director			
Mario Resca	Director			
Cristina Rossello	Director			
Marco Spadacini	Director			
Oddone Pozzi	Director			

Composition of the Board of Directors at 31 December 2015

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

Sex	Age	2015
Men	< 30	0
	30 < x < 50	1
	> 50	10
Total men		11
Women	< 30	0
	30 < x < 50	2
	> 50	1
Total women		3
Total		14

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 23 April 2015.

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 under 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.

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

In 2015 the Board of Directors met 12 times, with meetings regularly attended by the Board of Statutory Auditors.

The Board of Statutory Auditors, composed, in accordance with the relevant provision set out in the Company Bylaws, of three Standing Statutory Auditors and three Substitute Statutory Auditors, was appointed by the Shareholders' Meeting of 23 April 2015 and shall remain in office until the Sharehold-

ers' Meeting called to approve the financial statements for the year ending 31 December 2017.

The Board of Statutory Auditors currently comprises:

Name	Position
Ferdinando Superti Furga	Chairman
Francesco Antonio Giampaolo	Standing Auditor
Flavia Daunia Minutillo	Standing Auditor
Annalisa Firmani	Substitute Auditor
Ezio Maria Simonelli	Substitute Auditor
Francesco Vittadini	Substitute Auditor

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

In 2015 the Board of Statutory Auditors met 13 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.

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.

Name	Position	Status		
		Executive	Non-executive	Independent
Marco Spadacini	Chairman			
Bruno Ermolli	Director			
Cristina Rossello	Director			

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 2017, unless otherwise resolved.

In 2015 the Committee held 3 meetings, which were attended by the Chairman of the Board of

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

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

Name	Position	Status		
		Executive	Non-executive	Independent
Angelo Renoldi	Chairman			
Cristina Rossello	Director			
Marco Spadacini	Director			

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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 2017, unless otherwise resolved.

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

In 2015 the Control and Risks Committee held 8 meetings with the periodic attendance of mem-

bers of the Board of Statutory Auditors, the Head of Internal Audit and the Supervisory Body, and also held meetings with independent auditors and the managers of various company departments.

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.

The 2015 Shareholders' Meeting also established a Related Parties Committee, consisting of three non-executive and independent directors, who 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 2017, unless otherwise resolved:

Name	Position	Status		
		Executive	Non-executive	Independent
Angelo Renoldi	Chairman			
Cristina Rossello	Director			
Marco Spadacini	Director			

The Board of Directors assigned the following functions and responsibilities to the Related Parties Committee:

- issuing an opinion on board resolutions regarding the adoption and amendment of procedures for related party transactions, pursuant to art. 4, paragraphs 1 and 3 of Consob Regulation 17221/2010, as amended;
- issuing, without prejudice to the use of the alternative oversight mechanisms set forth by the Regulation and the relative procedure when a member of the committee is identified as a related party in relation to a given transaction, opinions on transactions of lesser relevance and on transactions of greater relevance pursuant to articles 7 and 8 of the Regulation.

In 2015 the Related Parties Committee held 3 meetings.

The Supervisory Body, confirmed by the entire Board of Directors on 23 April 2015, conducts audits on the proper application of the Organisation, management and control model adopted in compliance with the requirements of Italian Leg. Decree 231/2001, as well as its actual effectiveness and functionality. It carries out periodic controls and targeted audits on at-risk activities, with free access authorised by the Board to documentation and information from all company functions, and promotes initiatives for disclosing and providing

training on the principles, values and rules of conduct set forth in the Model.

It consists of Ferdinando Superti Furga (chairman of the Board of Statutory Auditors), Angelo Renoldi (independent director) and Paolo De Benedetti (head of Group internal audit), and held 5 meetings during the year.

The Supervisory Body reports to the Board of Directors periodically on the activity carried out, the functioning of the Model or specific situations.

THE SHAREHOLDERS' MEETING

The powers of the ordinary and extraordinary Shareholders' Meeting are those established and governed by law.

With specific reference to the provisions set out in Article 2365 of the Italian Civil Code, the Company 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.

The Shareholders' Meeting of 2001 adopted a regulation that establishes, among other things, the criteria regarding the right of each individual shareholder to address the meeting on the items on the agenda, and to guarantee the regular and functional holding of the meetings, ensuring the efficiency



THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

of the decision-making process in the interest of all shareholders.

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

SUSTAINABILITY GOVERNANCE

The sustainability governance system involves various company functions:

- Board of Directors: approves the Sustainability Report and Sustainability Plan guidelines every year;
- CEO: evaluates and approves proposals, including the Sustainability Committee Plan;
- Sustainability Director: 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 the Sustainability Report and Plan;
- Head of Sustainability: calls meetings, submits proposals and reports to the Sustainability Committee on CSR-related matters.

The internal control and risk management system of the Mondadori Group is defined as the set of procedures, organisational structures and related activities aimed at ensuring, through an adequate process of identification, measurement, risk management and monitoring, correct company management consistent with the established objectives.

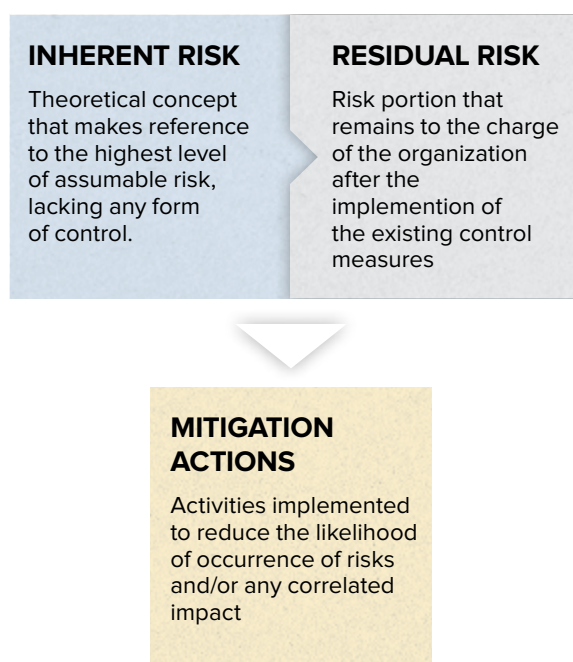
The guidelines and orientation of the internal control and risk management system make reference to the principles envisaged in the Enterprise Risk Management (ERM) standard, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).

In 2008, within the framework of the definition of the guidelines, the Mondadori Group implemented a process aimed at identifying, assessing and managing the main risks and uncertainties to which it is exposed in pursuing the company's 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 into categories and sub-categories, is determined on the basis of parameters of probability of occurrence and impact, not only economic, but also in terms of market share, competitive advantage and reputation. Through the process of self-assessment, the 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 the 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 2015, 65 risk elements were identified, the main ones attributed to the following categories: risks linked to the economic scenario, financial and credit risks, strategic risks, regulatory and legislative risks, risks linked to protection of the brand and intellectual property.

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's 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's 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 also maps transparency and measures to combat corruption across the company. In this regard, no episodes of corruption were either identified or reported in 2015.

As well as the Risk Management Department, the internal control system also comprises:

- the Internal Audit Department, which carries out an average of 55-60 audits a year on: operations (business processes); compliance (respect for procedures); compliance with Italian Leg. Decree no. 231/2001; IT; compliance with Italian Law 262/2005 (financial auditing). Instances of non-compliance identified during the audits are duly recorded and follow-up activities carried out every six months; for the planning of the audits to carry out during the year, consideration

is given to the requests made by the Legal Office, Risk Management and the other relevant departments. Of all the audit proposals put forward, controls are carried out in those areas that present the greatest risks. The chosen audits are subsequently approved by the Control and Risks Committee (composed of 3 non-executive and independent directors) and the Board of Directors;

- Supervisory body: which mainly deals with audits on Italian Leg. Decree no. 231/2001;
- analysis and operating processes: as well overseeing the management of the chart of accounts, e-billing, the management of databases and mapping pursuant to Italian Law 262/2005, this department also carries out audit activities on Group-level processes.

Some of the main activities of the Supervisory Body in 2015 were:

- updating the Organisation, management and control model of the parent company, Sperling & Kupfer, Edizioni Piemme, Einaudi, Mediamond and Cemit;
- preparing and approving the Organisation, management and control model of Mondadori Libri and Mondadori Scienza;
- updating the Organisation, management and control model of Monradio.

In 2015, parent company employee training continued to be provided on the Organisation, management and control model, while training has been planned for 2016 for the employees of the newly established companies (e.g., Mondadori Scienza).

The internal control system includes a committee dedicated to the mapping and updating of all existing procedures, made up of the following departments: Internal Control, Group Human Resources, Legal and Corporate Affairs, Group Procurement.

With respect to environmental and social risks, an analysis was carried out in 2015 for the parent company, Mondadori Retail and Monradio, in order to detect any at-risk activities with reference to the new types of environmental crime introduced by Italian Leg. Decree no. 121/2011.

Finally, in 2011 the PADL (Punto di Ascolto sul Disagio Lavorativo) was set up, an email address to which staff can write to report incidences of work-related stress. The Internal Audit Department responds directly to the reports it receives after consulting the Legal Office and the head of personnel. After receiving a report, an initial analysis of the case is carried out followed by a preliminary investigation. There has been only one case since 2011 (in 2012).

REPORTING SCOPE [G4-17]


The table shows the reporting scope of the consolidated financial statements; companies included in the Sustainability Report are marked with an asterisk.

Company	Office
Companies consolidated on a line-by-line basis	
Arnoldo Mondadori Editore S.p.A.	Milan
<i>Italian subsidiaries</i>	
*Cemit Interactive Media S.p.A.	Turin
*Edizioni Piemme S.p.A.	Milan
*Giulio Einaudi Editore S.p.A.	Turin
*Glaming S.r.l. (in liquidation)	Milan
*Mondadori Scienza S.p.A.	Milan
*Mondadori Retail S.p.A.	Milan
*Mondadori Education S.p.A.	Milan
*Mondadori Electa S.p.A.	Milan
*Mondadori International Business S.r.l.	Milan
*Mondadori Libri S.p.A.	Milan
*Mondadori Pubblicità S.p.A.	Milan
*press - di Distribuzione Stampa e Multimedia S.r.l.	Milan
*Sperling & Kupfer Editori S.p.A.	Milan
<i>Foreign subsidiaries</i>	
Gruppo Mondadori France	Montrouge
Mondadori UK Ltd (ex London Boutiques Trading Ltd)	London
Companies measured with the equity method	
Aci Mondadori S.p.A. (in liquidation)	Milan
Gruppo Attica Publications	Atene
Campania Arte S.c.a.r.l.	Rome
Consorzio Covar (in liquidation)	Rome
Consorzio Forma	Pisa
Consorzio Scuola Digitale	Milan
Edizioni EL S.r.l.	San Dorligo della Valle (TS)
GD Media Service S.r.l.	Peschiera Borromeo (MI)
Mach 2 Libri S.p.A.	Peschiera Borromeo (MI)
Mediamond S.p.A.	Milan
Mondadori Independent Media LLC	Mosca
Mondadori Seec (Beijing) Advertising Co.Ltd	Pechino
Monradio S.r.l.	Milan
Società Europea di Edizioni S.p.A.	Milan
Venezia Musei Soc. per i servizi museali S.c.a.r.l. (in liquid.)	Venezia
Venezia Accademia Società per i servizi museali S.c.a.r.l.	Mestre
Companies measured with the fair value method	
Aranova Freedom Società Consortile a r.l.	Bologna
Audiradio S.r.l. (in liquidazione)	Milan
C.E.P. Consorzio Emittente Piemonte	Milan
CLUB DAB ITALIA S.c. per azioni	Milan
Consuledit S.c.a.r.l.(in liquidazione)	Milan
Consorzio Edicola Italiana	Milan
Consorzio Forte Montagnolo	Civitanova Marche (MC)
Consorzio per la riqualificazione del Monte Gennaro	Rome
Consorzio Antenna Colbuccaro	Ascoli Piceno
Consorzio Camaldoli 1	Naples
Consorzio Sistemi Informativi Editoriali Distributivi	Milan
Immobiliare Editori Giornali S.r.l.	Rome
MDM Milano Distribuzione Media S.r.l.	Milan
SCABEC S.p.A.	Naples
Società Editrice Il Mulino S.p.A.	Bologna

In accordance - Core option

Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Omissions
GENERAL STANDARD DISCLOSURES			
Strategy and analysis			
G4-1	Statement from the most senior decision-maker of the organization	pp. 6-7	
Profilo dell'organizzazione			
G4-3	Name of the organization	p. 102	
G4-4	Brands, products and services	pp. 12-14; 15-18	
G4-5	Location of organization's headquarters	p. 102	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability issues covered in the report	pp. 12-14; 15-16; 18-20	
G4-7	Nature of ownership and legal form	pp. 14; 102	
G4-8	Markets served	pp. 12-14; 15-18	
M G4-9	Scale of the reporting organization	pp. 12-14; 15-18; 21-23; 65-67	
M G4-10	Total workforce by employment type, employment contract, and region, broken down by gender	pp. 65-68	
G4-11	Percentage of employees covered by collective bargaining agreements	p. 68	
G4-12	Organization's supply chain	pp. 19-20; 85-90	
G4-13	Significant changes during the reporting period regarding size, structure, ownership, or the supply chain	pp. 13-14; 102	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	pp. 102-103; 109-118	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	pp. 47; 52; 92	
G4-16	Participation in associations (such as industry associations) and/or national/international advocacy organizations	pp. 31-32; 47; 52	
Identified material aspects and boundaries			
G4-17	Entities included in the organization's consolidated financial statements (or equivalent documents) and whether any entity is not covered by the report	pp. 22; 102; 119	
G4-18	Process for defining report content and Aspect Boundaries and the implementation of the Reporting Principles for Defining Report Content	pp. 32-33; 36-37; 101-102	

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Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Omissions
G4-19	Material Aspects identified in the process for defining report content	pp. 36-37; 101	
G4-20	Aspect Boundary within the organization for each material Aspect	pp. 101-102	
G4-21	Aspect Boundary outside the organization for each material Aspect	pp. 101-102	
G4-22	Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatement	pp. 93; 102-103; 106	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	p. 102	
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organization	pp. 32-35	
G4-25	Basis for identification and selection of stakeholders with whom to engage	pp. 32-35	
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	pp. 32; 34-35	
G4-27	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	pp. 32; 34-35	
Report profile			
G4-28	Reporting period for information provided	p. 102	
G4-29	Date of most recent previous report	p. 102	
G4-30	Reporting cycle	p. 102	
G4-31	Contact point for questions regarding the report or its contents	p. 103	
G4-32	"In accordance" option, GRI Content Index and External Assurance	pp. 101; 120-125; 127-129	
G4-33	Policy and current practice with regard to seeking external assurance for the report	p. 102	
Governance			
 G4-34	Governance structure of the organization	pp. 109-116	

Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Omissions
Ethics and integrity			
M G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethic	pp. 19-20; 47; 109; Code of Ethics	

MATERIAL ISSUES

SPECIFIC STANDARD DISCLOSURES

ECONOMIC

Economic performance

G4-DMA		pp. 15-18; 21-26	
G4-EC1	Direct economic value generated and distributed	pp. 21-26	
G4-EC3	Coverage of the organization's defined benefit plan obligations	Mondadori does not manage any separate corporate pension plan	
M G4-EC4	Financial assistance received from government	p. 14	
M M1	Significant funding and other support received from non-governmental sources	p. 14	

ENVIRONMENTAL

Materials

G4-DMA		pp. 82-86	
M G4-EN1	Materials used by weight or volume	pp. 85	The information required by the Media Sector Disclosures is not available. Mondadori will provide this information in the next reporting periods.
G4-EN2	Percentage of materials used that are recycled input materials	p. 85	

Energy

G4-DMA		pp. 86-94	
G4-EN4	Energy consumption outside the organization	p. 101	The information required by the Specific Standard Disclosure (external boundary) is not available.

Emissions

G4-DMA		pp. 91-98	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	pp. 93-94	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	pp. 93-94	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	pp. 88; 93-94	

Effluents and waste

G4-DMA		pp. 86-90	
M G4-EN23	Total weight of waste by type and disposal method	pp. 101; 106	The information required by the Specific Standard Disclosure (external boundary) is not available.

Transport

G4-DMA		pp. 86-90	
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Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Omissions
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	pp. 88	Quantification of the significant impacts linked to transport is currently extended only to magazine distributors with regard to CO ₂ emissions.

SOCIAL

LABOR PRACTICES AND DECENT WORK

Employment

G4-DMA		pp. 64-65; 67-68; 77-78	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	p. 66	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	pp. 68; 77-78	
G4-LA3	Return to work and retention rates after parental leave, by gender	p. 68	

Labor / management relations

G4-DMA		p. 69	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	p. 69	

Training and education

G4-DMA		pp. 70-71; 72; 73-76	
M G4-LA9	Average hours of training per year per employee by gender, and by employee category	pp. 73-76	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	pp. 70-71	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	p. 70	

HUMAN RIGHTS

M	Freedom of Expression		
	G4-DMA	pp. 48-50	
M	Portrayal of Human Rights		
	G4-DMA	pp. 48-50	
M	Cultural Rights		
	G4-DMA	pp. 48-50	
M	Protection of Privacy		
	G4-DMA	pp. 58-60	

SOCIETY

Anti-corruption

G4-DMA		pp. 116-118	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	p. 117	

Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Omissions
G4-SO4	Communication and training on anti-corruption policies and procedures	p. 118	
G4-SO5	Confirmed incidents of corruption and actions taken	p. 117	
Public policy			
G4-DMA		p. 14	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	p. 14	
Anti-competitive behaviour			
G4-DMA		p. 14	
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	p. 14	
PRODUCT RESPONSIBILITY			
Product service and labelling			
G4-DMA		pp. 19-20	
M G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	pp. 19-20	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	p. 20	
Marketing communication			
G4-DMA		pp. 20; 47	
G4-PR6	Sale of banned or disputed products	pp. 20; 47	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	p. 47	
Rispetto della privacy			
G4-DMA		pp. 58-60	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	p. 59	
Compliance			
G4-DMA		p. 24	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	p. 24	
Content Creation			
G4-DMA		p. 47	
M2	Methodology for assessing and monitoring adherence to content creation values	p. 47; Corporate Governance Report 2015. p. 30	

	Standard Disclosure	Standard Disclosure Title	Page Number (or Link)	Omissions
M	Content Dissemination			
	G4-DMA		pp. 51-52	
	M4	Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision making) and results obtained	pp. 51-52	
M	Audience Interaction			
	G4-DMA		pp. 32-35; 53-58	
	M6	Methods to interact with audiences and results	pp. 32-35; 53-58	

M Media Sector Disclosures

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT

**To the Board of Directors of
Arnoldo Mondadori Editore S.p.A.**

We have performed a limited assurance engagement on the Sustainability Report of the Mondadori Group (the "Group") as of December 31, 2015.

Directors' responsibility on the Sustainability Report

The Directors are responsible for the preparation of the Sustainability Report in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by GRI – *Global Reporting Initiative*, as stated in the paragraph "Note on Methodology" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the Mondadori Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagement 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information*" ("*ISAE 3000*"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement. These procedures included inquiries, primary with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate. The procedures performed on the Sustainability Report consisted in verifying its compliance with the principles for defining report content and quality set out in the "G4 Sustainability Reporting Guidelines", and are summarized as follows:

- comparing the economic and financial data reported in the paragraph "Generating and distributing economic value" included in the Sustainability Report with those reported in the Group Consolidated Financial Statements as of December 31, 2015, on which we issued the auditors' report (pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27th January 2010), dated March 29, 2016;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;

- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
 - interviews and discussions with the management of Arnoldo Mondadori Editore S.p.A. to gather information about the 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 and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the guidelines identified in the paragraph “Directors’ responsibility on the Sustainability Report” of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the legal representative of Arnoldo Mondadori Editore S.p.A., on the compliance of the Sustainability Report with the guidelines identified in the paragraph “Directors’ responsibility on the Sustainability Report”, as well as the reliability and completeness of the data and information disclosed.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Mondadori Group as of December 31, 2015 is not prepared, in all material respects, in accordance with the “G4 Sustainability Reporting Guidelines” issued in 2013 by GRI – *Global Reporting Initiative*, as stated in the paragraph “Note on Methodology” of the Sustainability Report.

Milan, April 11, 2016

DELOITTE & TOUCHE S.p.A.

Patrizia Arienti
Partner

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

CREDITS

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

In collaboration with
Ernst & Young – Climate Change & Sustainability Services

Image on p. 62: Mondadori Portfolio/MarcoCovi/Cracking Art Group;
Image on p. 109: Mondadori Portfolio/Roland Halbe

Graphics & art direction


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The content of Mondadori Group Sustainability Report 2015 was approved
by the Board of Directors on 17 March 2016



