



Meeting on the web

Organizing events related to books and brands is an important feature of the publishing business, which continued relentlessly throughout 2020.

Conversely, the new forms of web engagement have expanded audiences and sparked the creativity of new formats.

On this page from left from top: Pinguini Tattici Nucleari and their new album Ahia! in an exclusive online event for Mondadori Store fans only; Casa Chi, the new format of the weekly led by Alfonso Signorini (pictured Gabriele Parpiglia, Azzurra Della Penna, Valerio Palmieri, Gilberto Savini and the editor-in-chief via link); Interni Designer's Week (with Filippo Del Corno, Ernesto Mauri and Gilda Bojardi); the presentation of the novel *Gli eletti* by Jeffery Deaver (Rizzoli), with the author and Donato Carrisi; Alessandro D'Avenia in the show based on his novel *L'appello* (Mondadori) and the awarding of the three finalists of Corri con Noi (Donna Moderna event) in Gressoney-Saint-Jean.

Consolidated Non-Financial Statement

pursuant to Legislative Decree 254/2016

INTRODUCTION

In accordance with the requirements of Legislative Decree no. 254 of 30 December 2016, this Non-Financial Statement (NFS) includes a qualitative and quantitative description of the non-financial performance of the Mondadori Group (hereinafter also referred to as "the Group", "Mondadori" or "the Company") for 2020 (1 January-31 December) regarding the most material topics falling in the five areas identified by the Decree.

Specifically, the following information is given for each aspect:

- a brief description of the reasons underlying the **materiality** of the non-financial topics reported, the analysis process of which is provided below;
- for each material aspect, a brief description of the **main risks** generated and/or incurred that are linked to the undertaking's operations, its products, services and business relationships, including the supply chain and the relevant management approaches;
- a brief description of the **policies** adopted by the company for the related topic;
- a description of the **Management and Organizational Model** adopted by the Mondadori Group to handle material topics;
- a description of the key **performance measures** for understanding the results achieved through the application of such policies.

Over the next few years, the Group will work towards gradually identifying its sustainability targets.

With regard to the recommendations of ESMA (European Securities and Markets Authority, *European Accounting Enforcers To Enhance Transparency On Covid-19 Impact*, dated 28/10/20) and CONSOB (Warning Notice no. 1/21 dated 16/02/21), it should be noted that:

- the **impacts on individual non-financial topics and the mitigation actions taken** are discussed in the sections on each topic;
- **social and staff-related topics** are dealt with

in the sections *Organizational developments and industrial relations* (p. 118), *Training and development* (p. 119), *Health and safety in the workplace* (p. 127) as well as in the section *Covid-19 Focus* in the 2020 Annual Report (p. 30);

- the **business model, value creation**, and the **interconnection of financial and non-financial information** are addressed in *Strategic business innovation* (p. 110);
- **risks associated with climate change** are analyzed on p. 107 of the NFS.

The first step in the materiality analysis process for the 2020 NFS was to update the list of material topics to consider.

The Sustainability Committee reviewed and modified the list of non-financial topics, improving the terminology used to define each area of sustainability and the detail of the specific challenges that mark each topic and act as a guide in the assessment stage.

Owing to the implications related to the pandemic and its fallout, **Health and safety in the workplace and Supply chain management**, already appearing in the sphere of topics in the 2019 materiality analysis but found to be non-material, were included in the list of topics to be submitted to internal and external stakeholders in 2020.

The **Strategic Business Innovation** topic brings together the 2019 material topics **Business Model Transformation** (with the exception of the specific aspect related to economic performance) and Digital Evolution. The material topic in 2019 **Market abuse** became a specific aspect of **Business integrity and combating corruption**: the latter and the economic performance aspect were not included in the new list of topics to be submitted to materiality analysis as they are considered essential in non-financial reporting (also as a result of Legislative Decree 254/16) and are therefore addressed in the section *Business ethics and integrity* (p. 102), together with the indicator **GRI-207 Tax**.

The result of the updated material topics to be submitted to internal and external stakeholders is shown in the table below:

Topics	Specific aspects
Product accessibility	<ul style="list-style-type: none"> • Effective distribution of products/stores • Content digital accessibility • Accessibility for people with disabilities or disadvantaged groups • Creation of new content formats (e.g., podcasts) • Price accessibility
Brand management	<ul style="list-style-type: none"> • Brand enhancement and reputation • Multi-channel/multi-product brand propagation
Life cycle of paper products	<ul style="list-style-type: none"> • Search for innovative and sustainable solutions • Returns and pulping management • Protection of biodiversity
Climate change	<ul style="list-style-type: none"> • Oversight and reduction of climate-altering gas emissions • Efficiency in energy consumption
Management of environmental impacts	<ul style="list-style-type: none"> • Waste management • Water resources management
Supply chain management	<ul style="list-style-type: none"> • Engagement of suppliers in a circular economy and sustainability process • Oversight and cooperation with suppliers on social sustainability topics
Inclusiveness	<ul style="list-style-type: none"> • Fostering inclusion and enhancing diversity as levers for innovation and business development • Encouraging cultural exchange and debate on diversity and inclusion
Strategic business innovation	<ul style="list-style-type: none"> • Ongoing development of business strategies • Ability to intercept new businesses and markets • Product innovation • Synergy between digital and traditional products
Education and the school world	<ul style="list-style-type: none"> • Production of quality training tools • Design of tools for distance and blended learning • Promotion of initiatives to combat early school leaving • Promotion of initiatives to reduce the digital divide • Initiatives to engage young people in civil society
Privacy and personal data protection	<ul style="list-style-type: none"> • Protection of customer privacy • Protection of children's privacy

Promotion of reading and socio-cultural growth	<ul style="list-style-type: none"> • Initiatives to promote reading • Projects to maintain and develop infrastructure in support of reading
Responsibility for content	<ul style="list-style-type: none"> • Content quality assurance • Content reliability assurance • Freedom of expression and publication • Education on sustainability topics
Health and safety in the workplace	<ul style="list-style-type: none"> • Constant improvement of safety conditions in the workplace, also in view of emergencies
Intellectual property and copyright protection	<ul style="list-style-type: none"> • Fight against piracy • Cooperation between players, trade associations and with national and European bodies to improve copyright regulations
Enhancement and management of human capital	<ul style="list-style-type: none"> • Development of a culture of employee empowerment and results orientation • Training • Consistent development of work organization with effective use of smart working • Assessment and development of human resources • Relations with trade union representatives

Based on the stakeholder map updated in 2019, last year the **Consumers** category, specifically customers of the bookstore network, was involved, thus completing, in the two-year period 2019-20, the engagement of the three main

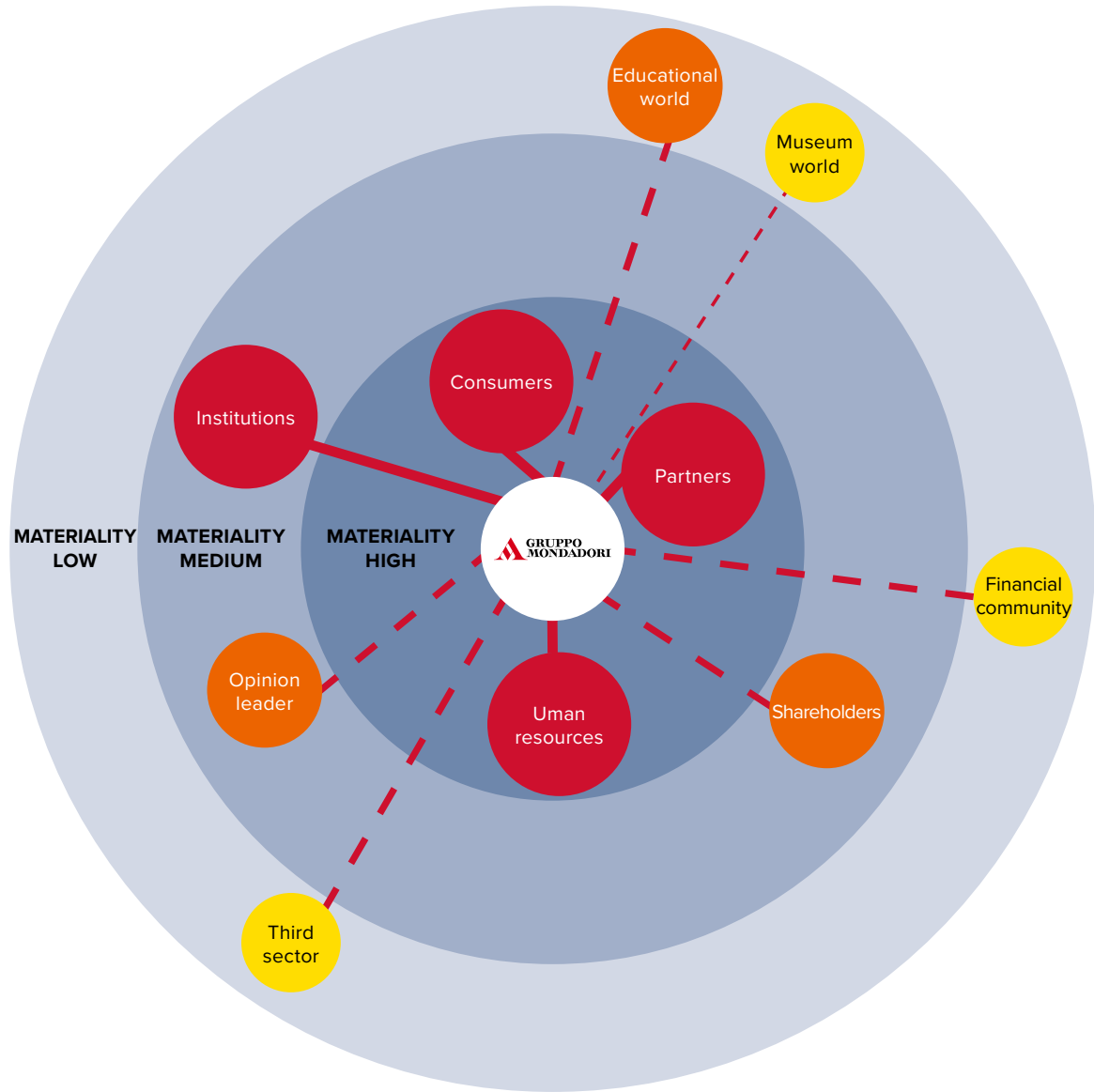
categories of stakeholders identified during the mapping process: partners (subcategory suppliers), human resources (subcategory employees) and consumers (subcategory bookstore customers).

Based on the planned path of steady stakeholder engagement, starting with the most significant categories, the stakeholders involved in 2020 were:

Mondadori Group	External stakeholders
CEO and Top Management members Members of the Sustainability Committee	Consumers

Below is the table of stakeholder categories, sub-categories and the full stakeholder map chart.

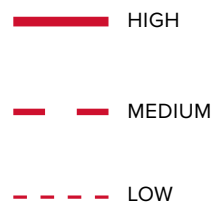
Category	Detail	Engagement Activities
Shareholders	Majority shareholders Non-controlling interests	Shareholders' Meeting
Financial Community	Analysts/rating agencies Banks Investors	55 virtual meetings with approximately 160 institutional investors at 8 events
Consumers	Bookstores and newsstands customers Users of online content and services Book readers Magazine readers Students/student families	Bookstore Customer Questionnaire
Institutions	Antitrust Trade associations Consob National/Community lawmaker Public Administration	Ad hoc discussions on specific topics
Educational world	Ministry of Education and Research Teachers/educators	Faculty survey
Museum world	Museums Superintendencies Museum visitors	Participation in tenders
Opinion leaders	Authors Influencers and bloggers Media People making the news	Media relations activities
Partners	Agents (bookstores - school textbooks) Competitors Newsstands Third-party publishers Suppliers Large retailers Advertisers Booksellers Group publishing brands Our franchisees Digital platforms (OTT + Chili/Infinity/Netflix,...)	Regular meetings with suppliers Franchisee conventions
Human resources	Associates Advisors Employees Trade unions INPS, INAIL	Weekly Crisis Committee meetings
Third sector	NGOs Non-profit organizations	Regular discussions on project development



Influence on Mondadori



Interest in Mondadori



As in prior years, the Chief Executive Officer, Top Management and the Sustainability Committee were interviewed for the assessment of the topics by the Mondadori Group.

Specifically, this year, the interview included an initial stage dedicated to the Covid-19 impacts on the Group's business and activities in 2020, by addressing the scenario topics from a qualitative point of view; in the second part of the discussion, a questionnaire was administered to prioritize the topics for the Mondadori Group.

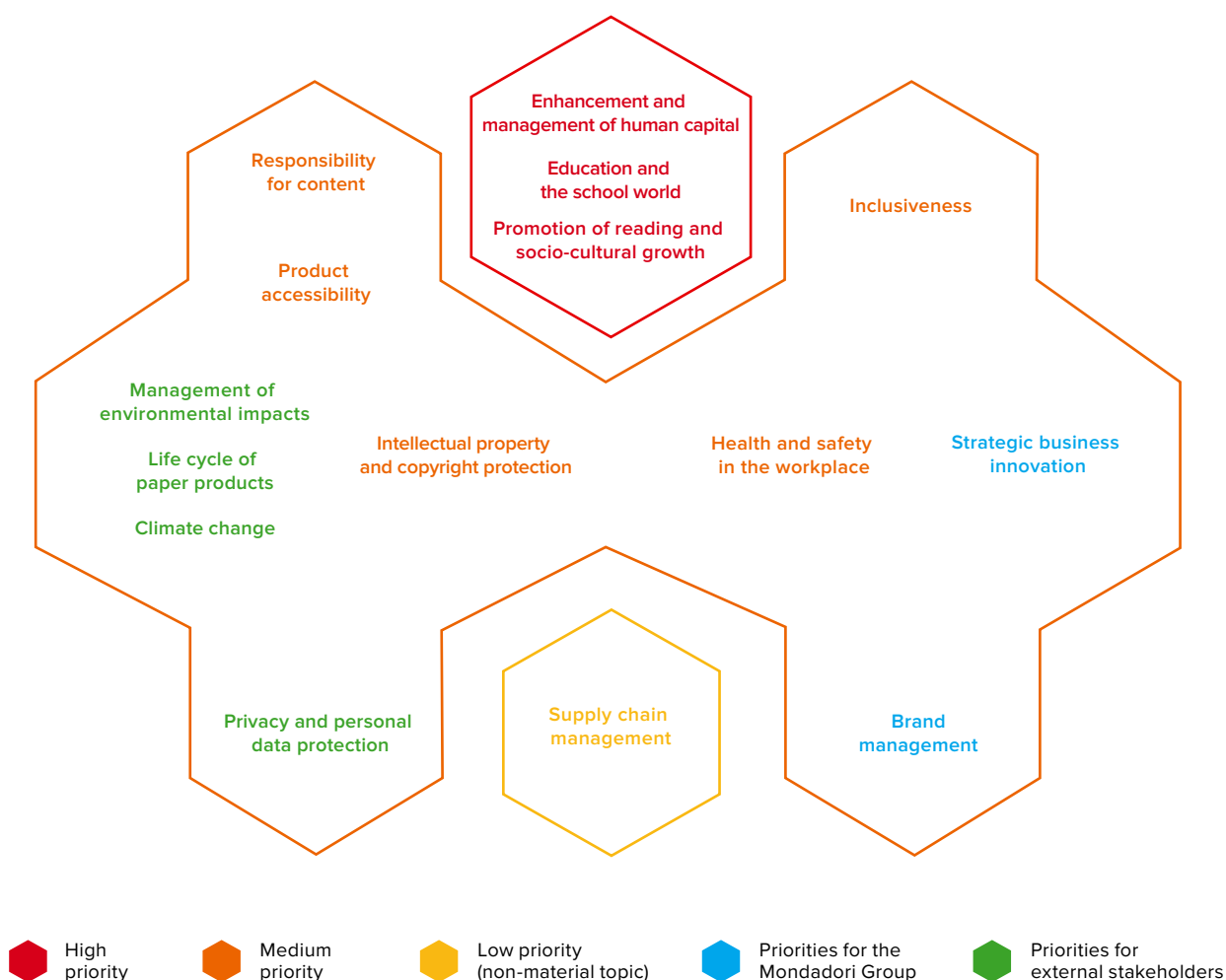
With regard to the external dimension of stakeholders, the decision was taken to involve a select sample of customers of Mondadori bookstores through the administration of an online questionnaire. The result of the engagement returned over 700 complete answers.

A question was submitted to the sample of customers on the material topics and their expectations by Mondadori on these issues.

Stakeholder opinions collected in prior years were not considered, due to the difference in topic lists and the resulting inability to match results.

The set of results of the stakeholder engagement carried out in 2020 led to the identification of the non-financial aspects that are material and necessary to ensure an understanding of the Company's activities, its performance, results and impact and, therefore, subject to reporting in the Mondadori Group's Non-Financial Statement.

The results of the 2020 materiality analysis were validated by the Sustainability Committee and submitted for review to the Control and Risk



Committee and the Board of Statutory Auditors. The graphical presentation of the materiality analysis shows a grouping of topics into priority clusters: in red, the priorities classified as high by both external stakeholders and the Mondadori Group; in orange, the priorities classified as

medium: as part of these, certain topics are more relevant for external stakeholders (green) or for the Company (blue); in yellow, the low priority topic for both external and internal stakeholders, therefore, non-material.

BUSINESS ETHICS AND INTEGRITY

The Mondadori Group's organizational and management model is designed to ensure the economic sustainability of the company and the creation of long-term value, enhancing the mission and values that guide the day-to-day management of the Group's operations; this is witnessed by the Group's compliance with the external codes and regulations that shape its governance and control system.

In applying an Organizational, Management and Control Model (for the parent company and with appropriate versions for each of its Italian subsidiaries), the Mondadori Group has set itself the goal of adopting a set of protocols which, as a supplement to the system for assigning powers and responsibilities, together with the other organizational tools and internal controlling, form a fitting system able to prevent criminal and administrative offences and raise awareness among employees and associates of the rules of conduct to follow when performing their tasks. The Model and its Guidelines are constantly updated and meet the different needs of the companies that are part of the Group.

Both of these documents refer to a set of ethical standards, identified by legislation, regulations and codes of conduct, which the company incorporated into its own regulations in 2012 with the adoption of a new Code of Ethics that extends to all Group companies. Organized by category of stakeholder, the Mondadori Code of Ethics

sets out general ethical principles (respect for human rights and law, transparency, protection of intellectual property and the independence of information) and specific principles in relation to the different stakeholders, including customers, suppliers, employees, investors, the community, institutions and the environment.

The Code of Ethics, therefore, outlines the set of principles and rules of conduct to be followed by the directors, employees and associates of Group companies within the scope of their respective roles and duties.

The Code of Ethics and its provisions are incorporated into the contractual obligations undertaken by the counterparties. Any infringement of the Code of Ethics, therefore, constitutes a breach of contract, entailing the consequences of law, including termination of the contract or engagement and claims for damages.

Compliance with the principles set out in the Code of Ethics is required not only of employees and associates, but is also incorporated into supply agreements, together with the obligation to comply with Community legislation and minimum working age laws.

As a sign of its growing commitment to sustainability, the Group has officially endorsed the more specific policies set out by industry associations, such as the Sodalitas Foundation's Charter for Equal Opportunities and the Valore

D Manifesto, undertaking a commitment to promote talent regardless of gender differences. Other steps have been taken over the years, such as the creation and constant updating of operational rules and procedures governing specific company operations, to make compliance with a changing legal framework part and parcel of daily work practices and to respond effectively to the new needs brought by the evolution of business.

In other cases, such as, for example, the issue of privacy in journalism, the Mondadori Group refers to external regulations and standards, in this specific case the *Code of Ethics for the Processing of Personal Data in the Practice of Journalism*, envisaged in Legislative Decree 196/2003 and incorporated into the *Charter of Duties of Journalists*.

With regard to environmental sustainability, in 2012 the Group adopted an environmental policy designed to reduce the impact from its operations. Such policy has delivered tangible results in terms of major cuts in greenhouse gas emissions and, *in primis*, the growing use of certified paper for its products. Specific operating rules have also been adopted for other issues of lesser or non-material relevance, such as waste management.

In 2017, guidelines for the publication of content and material on Group websites were set out and officially released in February 2018. The guidelines, together with training provided to journalists on copyright and the web and on privacy in journalism, organized by the Legal and Corporate Affairs Department, address issues connected with the handling of sensitive editorial content in newspapers and on online news channels, websites and social media accounts belonging to the Mondadori Group. For further details on the Group's privacy and personal data protection policies, see pp. 135-138.

In 2018 the Group approved its Sustainability Policy, reflecting Mondadori's values and mission, and indicates six key commitments that are consistent with the Company's activities and its role in society:

- providing our customers with the possibility of benefiting from innovative and quality products.
- Actively promoting a culture that is accessible to everyone, aware that the right to quality education and information is a crucial element in the development and growth of a country.
- Giving voice to different points of view. rewarding originality and the diversity of thought. and ensuring respect for freedom of expression in the process of developing publishing products,
- Investing in the professional development of our people. enhancing their talent and encouraging them to be creative and enterprising,
- Creating a safe workplace for our employees and associates that provides equal opportunities for personal and professional achievement and expression,
- Respecting and protecting the surrounding environment through the responsible use of natural resources and main energy carriers. reduction of polluting and climate-changing emissions. careful waste management and customer and supplier awareness on environmental sustainability issues,

With the introduction in 2019 of the whistleblowing system for reporting unlawful conduct and/or violations of Model 231 and the Code of Ethics. the related procedure was issued and the Model and Guidelines of the Parent Company and of all companies were updated. The year 2020 saw completion of the drafting of the anti-corruption procedure (under approval in 2021),

Combating corruption

Within the management and control system of the Mondadori Group, the Organizational, Management and Control Model and the rules of conduct of the Model - in the various versions prepared for each company and all constantly

updated - represent a reasonably effective system for guaranteeing business integrity and the fight against corruption in all the businesses and areas of the Group.

The project on the adoption of an *Anti-Corruption Policy and Compliance Programme*, in compliance with current legislation, was entrusted to the Internal Audit and Internal Control Departments (at the request of the Committee of Independent Directors).

During the year, interviews were conducted with company management in order to identify the risks which company processes and activities are exposed to, assess the mitigation actions underway and the areas of intervention to implement.

The goal for 2021 is approval of the Programme, as well as definition of all activities and oversight of all the steps in the Policy.

In the three-year period 2018-2020, no cases of corruption or bribery involving employees or suppliers in Italy were found to have occurred, and no legal action was initiated or completed against the Group or its employees for alleged corruption.

Additionally, no reports were received in 2020 within the whistleblowing system, which was implemented in 2019 to carry out and handle reports relating to alleged or actual illegal conduct, relevant pursuant to Legislative Decree 231/2001, and alleged or actual violations of Models 231 and/or the Code of Ethics adopted by Group Companies, in full respect and protection of the whistleblower and the reported person.

Market abuse

Following adaptations of the *Procedure on inside information* made in 2016 and 2019 in compliance with Regulation (EU) no. 596/2014 on Market Abuse Regulation, the Mondadori

Group has strengthened its control over the way it oversees, manages and circulates corporate documents and information internally, the way it communicates inside information to the market and the public in accordance with the applicable provisions of law and regulations, and the audits on the register of persons with access to inside information.

The control system was complemented by the internal dealing procedure as regards the disclosure obligations towards CONSOB, the Company itself and the market of all the transactions of an amount equal to or higher than Euro 20,000 (including all subsequent transactions, carried out on financial instruments issued by the Company, regardless of the amount, once a total amount of Euro 20,000 has been reached in the course of a calendar year), on derivatives and related financial instruments by members of Mondadori's governing or supervisory bodies, managers who have regular access to inside information and who are empowered to take decisions that may affect the outlook and prospects of the Mondadori Group and persons closely associated with them.

In 2020, the notion of Specific Relevant Information was integrated into the procedure, the notion of Relevant Information List and the related management criteria.

Roles and responsibilities relating to the inside information management process were reviewed, also assigning the role of FGIP (Inside Information Management Function) to the Group CFO.

Training programs, paid for by the Mondadori Group, were also delivered to the owners of the process.

Over the three-year period, no legal actions were initiated against the Mondadori Group for anti-competitive behaviour, violations of antitrust regulations or monopoly practices.

Penalties

In carrying on business, the Mondadori Group complies strictly with all the laws and regulations of its markets of operation. However, when doing so, cases deemed punishable may arise: specifically, publishing activities, despite the meticulous audits conducted before books or articles are

published, may in some cases give rise to legal action which, if the outcome is negative for the Group, implies the payment of penalties.

Penalties paid in 2020 amounted to approximately Euro 350 thousand, of which Euro 213 thousand in tax penalties and Euro 136 thousand in financial penalties relating to sentences.

Monetary penalties (Euro/millions)	2020	2019	2018
Tax penalties	0.21	-	0.03
Financial penalties	0.14	0.26	0.23
Total	0.35	0.26	0.26

In order to provide greater transparency to stakeholders, the Group set up a filing system for non-monetary penalties at the beginning of 2012.

Examples of non-monetary penalties include the publication of rulings.
Only one case was reported in 2020.

Non-monetary penalties	2020	2019	2018
Number of cases	1	-	1

As for Rizzoli International Publications, the company did not incur any tax, economic or non-monetary penalties during the three-year period.

Tax policy

With regard to the national tax consolidation scheme, in 2019 the Mondadori Group renewed the agreement with Fininvest S.p.A. (the Consolidating Company) for three years (2019-2021), containing a protection clause under which Arnoldo Mondadori Editore S.p.A. and its subsidiaries participating in the tax consolidation shall not be required to pay more income tax than the Group would have paid if Arnoldo Mondadori Editore S.p.A. and its subsidiaries had created its own tax consolidation agreement.

Additionally, on 29 September 2020 Arnoldo Mondadori Editore S.p.A. signed an agreement with the Revenue Agency on the so-called *Patent Box*, envisaging a reduced rate of income taxation deriving from trademarks attributable to *TV Sorrisi e Canzoni*, *Telepiù*, *Guida TV*, *Chi*, *Donna Moderna* and *Interni*.

For further details, reference is made to the *Tax Consolidation*, *Tax Transparency* and *Patent Box Agreement* sections in this 2020 Annual Report.

Income tax (both current and deferred) is calculated based on the applicable rates in each individual

country in which the Group operates, according to a prudent interpretation of currently applicable tax laws.

2020 Tax (Euro/000)	Italy	USA
Revenue from sales to third parties	707,374	36,619
Revenue from intercompany transactions with other tax jurisdictions	568	564
Pre-tax profit/loss	139	1,411
Tangible assets other than cash and cash equivalents	15,484	1,470
Corporate income tax paid on a cash basis	6,949	-
Corporate income tax accrued on profit/loss	12,257	435

Editorial independence

The Parent, Arnoldo Mondadori Editore S.p.A., is a company listed on the Milan Stock Exchange. The share capital at 31 December 2020, fully paid up and subscribed, amounted to Euro 67,979,168.40,

divided into 261,458,340 ordinary shares with a par value of Euro 0.26 each.

The majority shareholder is the holding company Fininvest S.p.A., owned by the Berlusconi family.

Relevant investments

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Shareholder	% Interest in share capital at 31/12/2020
Fininvest S.p.A.	53.3%
Silchester International Investors LLP	12.6%

In 2020 the Group received - from Italian Public Administration, the US Government, Italian and foreign bodies and private individuals - over Euro 12 million, of which approximately Euro 11 million and 872 thousand as Covid-19 relief (Euro 11 million for museum activities in Italy and \$ 872 thousand in the United States); Euro 134 thousand in refunds for the purchase of personal protective equipment; approximately Euro 35 thousand in tax receivables (Art Bonus and upgrading of cash registers); Euro 80 thousand from the ownership of the Segrate offices (Generali Real Estate Sgr S.p.A.) for building

renovation; approximately Euro 54 thousand in training grants and approximately Euro 75 thousand in grants for publishing projects.

The Group did not receive any other subsidies from PA-like entities or associations, or from other entities, associations, NGOs, non-profit organizations or private individuals. The US subsidiary did not receive any other grants or subsidies from Public Administration or from private individuals in the 2018-2020 three-year period.

Grants received (Euro)	2020	2019	2018
	12,159,916	331,072	706,080

Lastly, the Mondadori Group did not make donations of any kind to political parties or politicians during the year.

MAIN NON-FINANCIAL RISKS

In order to meet the requirements of Legislative Decree 254/2016, as part of the Group's increasing commitment to sustainability, which also took its cue from a review of the relevant stakeholders, Risk Assessment included a complete and systematic analysis of the risks associated with the social and environmental effects of the company's activities.

These risks are the result of an integration of the non-financial risks already covered by the Group Risk Assessment process and specific internal considerations.

With regard to mitigation measures, reference should be made to the section on *Internal Control and Risk Management System* (p. 76 of the 2020 Annual Report).

Amid the deep interconnection and complexity of the economic and social environment in which the business operates, aggravated by the emergency situation brought by Covid-19, in some cases the mapping of risks was reconsidered, implementing a thorough review of the strategic actions implemented to date, in order to reduce the extent of the risks and ensure business continuity.

As long as the effects of the pandemic continue, major issues include:

- the supply chain, where the main risks include the possible closure or loss of profitability of points of sale or possible insolvency on the part

of suppliers, as a result of the various situations of financial distress generated by the current economic context;

- risks related to intellectual property protection, education in schools, and product accessibility.

The above critical issues are subject to appropriate mitigation actions.

Risks associated with environmental topics

Climate change is a major issue for all industries, no less so for publishing. In the publishing industry, greenhouse gas emissions are mainly connected with energy consumption, transport (for example, the efficiency and effectiveness of processes in the logistics/distribution or business travel field) and the production cycle of paper products.

Growing concern on the part of stakeholders and institutions over climate change could lead to adjustments, in the future, to current legislative provisions governing emissions.

Alongside the risks associated with climate-changing emissions are the risks associated with energy efficiency, which if low could adversely affect economic benefits, and the risks associated with potential interruptions in paper supply.

It should also be noted that social and environmental performance is becoming increasingly important in assessing the Company's suppliers.

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Main risks	Mitigation measures
Growing pressure from stakeholders and national and international institutions with regard to climate change.	Constant oversight of the issue through continuous monitoring of overall greenhouse gas emissions produced by the various operations of the Group (such as product distribution and logistics and business travel) and the identification of effective actions for their reduction.
Loss of opportunities for economic benefits due to reduced effectiveness of energy efficiency measures.	Constant oversight of the issue through continuous monitoring of overall energy consumption, strong focus on the upgrading of IT equipment and identification of energy efficiency measures in workplaces.
Interruptions in the production process due to the shortage of paper as a raw material.	Gradual extension across the Group of the use of FSC and PEFC certified paper.

Risks associated with social topics and respect for human rights

The publishing industry inevitably involves risks associated with human rights (freedom of expression and privacy protection) and with social topics (media literacy, product accessibility), especially given the role that media companies play in promoting and spreading culture. Such risks can arise from actions taken within

the Group, but also from conduct deriving from external causes.

There is no question that in such circumstances, the crucial aspect will be to monitor the growing risks in terms of personal freedom, well-being, educational prospects and wealth of the younger generations.

Main risks	Mitigation measures
Critical issues related to potential restrictions on the freedom of expression of authors.	Continuous monitoring of the variety of titles published.
Critical issues related to the publication of editorial content considered sensitive, the loss of customer data and changes in the relevant legislation (GDPR, e-privacy, etc.).	Constant monitoring of sensitive data management practices and continuous improvement through the development of specific initiatives across the various company functions and the various Group companies.
Critical issues related to the change in the way consumers purchase books, who have opted, during the lockdown period of the pandemic, and the resulting closure of bookstores, for the online channel	Efforts should be made to develop the online channel, in order to be competitive on the market and enhance customer purchasing experience, by leveraging on multi-channel benefits, understood as the concurrent use of online and traditional channels (e.g. the "Libreria Infinita" portal; pick up point; "book and collect" service).
Growing pressure from the public to distribute quality publications, which are impartial and respectful of diversity.	Continuous improvement in editorial content and product quality.
Changing demands from the audience as regards tools for accessing editorial content.	Monitoring of the accessibility demands of the audience and the ability of the company to respond to such needs.
Critical issues related to the inability by readers to grasp the value of products sold, where suitable instruments are not provided to facilitate a fair understanding of media.	Continuous improvement in initiatives to raise awareness and educate the public as to the need to critically assess and analyze media.
Critical issues related to a potential increase in competitive pressures in relevant markets, which could lead to unfair conduct by competitors.	Constant oversight of the issue through specific training for internal personnel and networking activities with trade associations.

Risks associated with the fight against corruption and bribery

National and international institutions and organizations are leading the battle against corruption and bribery. As the phenomenon remains widespread, it represents a major hurdle to development, with an enormous impact on economic growth, both in the private and public sectors.

Against this backdrop, even for the Mondadori Group, the risks associated with the infringement of internal rules and relevant laws in force are of priority concern.

Main risks	Mitigation measures
Critical issues related to conduct infringing the laws in force by those who act in the name or on account of the Group.	<p>Constant oversight of the issue through organizational measures and controls to help ensure and spread proper conduct (personnel training, selection of non-publishing products bundled with the publications, monitoring of the legal framework, networking with other companies in the sector).</p> <p>Adoption of the whistleblowing procedure, with the relating implementation of an IT system managed externally (to guarantee violator and whistleblower privacy) as a communications channel to handle reporting; amendment of Model 231 of the parent company and its subsidiaries; employee training plan.</p> <p>Strong commitment by Top Management to the activities of the Procedures Committee.</p> <p>Drafting of a specific anti-corruption procedure following a specific risk assessment.</p>

Risks associated with personnel management

The success of the Mondadori Group is built squarely on the shoulders of the people who act in its name or on its account. Their skills and motivation are fundamental factors in the development of innovative solutions able to correctly interpret changes in relevant markets and in society, which are necessary to guarantee

the financial performance of the Group and its competitive standing.

This is why the Mondadori Group is committed to establishing true dialogue with its people, to encourage a greater understanding of the respective needs and to find solutions to any existing issues.

Main risks	Mitigation measures
Risk that technological development, changes in the competitive scenario and low turnover rates may lead to a gradual skills gap in personnel.	Creation and implementation of engagement and training plans able to provide the skills needed to develop innovative solutions that can correctly interpret changes in the market and in society.
Risk that a more dynamic jobs market may make it harder to retain people and attract new talent.	Continuous improvement in human resources management practices, in terms of negotiation, career management support, training, retention and job rotation policies.

STRATEGIC BUSINESS INNOVATION

The path of strategic repositioning undertaken by the Mondadori Group until 2019 defined a business model focused on the publishing and sale of books, alongside the world of both physical and digital brands.

As for Mondadori Libri S.p.A. and Mondadori Retail S.p.A., which oversee book publishing activities and the chain of stores respectively, the creation of Mondadori Media S.p.A., dedicated to the print and digital brand business, has completed the setup of companies covering the three distinct businesses of the Mondadori Group, allowing an even more efficient and targeted management of operations, enhancing their specific peculiarities. Mondadori Media is a social multimedia company that focuses on people, their passions and interests, connecting them: from the magazine's community of readers, to social gatherings, events and physical experiences on the ground. Each system gravitates around a brand leader in its specific segment, spread over several channels (print, digital, social and local), and able to reach vast audiences despite its specificity. The impacts of Covid-19 on these segments, and more generally on all facets of the company's

activities, have placed even more emphasis on the need for constant and strategic innovation aimed at seizing and creating further development opportunities. Added to this is the responsibility to generate shared value over the long term and the resulting implications of the Group's activities for multiple stakeholders.

Specifically, the measures taken to contain the pandemic also had major repercussions on the Group's businesses (see p. 28 of the *2020 Annual Report*), but at the same time encouraged the launch of new initiatives and helped to contain costs and consumption. The rationalization of book and magazine production, for example, resulted in a sharp reduction in paper consumption and GHG emissions linked to distribution processes; likewise, the closure of offices and bookstores during the lockdown period and the only partial repopulation of company offices during the rest of the year resulted in a reduction in natural gas and electricity consumption. The ongoing restrictions offer the possibility of rethinking all the activities from a different perspective that is more mindful of the environment and society, as shown by a number of initiatives taken in March and April 2020

for the supply chain (bookstores and newsstands, see p. 32 of the *2020 Annual Report*). Or again, by the development of a mixed work model that brings together the numerous advantages of smart working: for the company, for the workers, for the environment (see p. 123).

Brand management

The issue of brand management should also be considered in this perspective: an approach that transcends, but does not ignore, the idea of protecting the Company's intangible assets, but which aims to explore their further potential and is inevitably tied to the actions taken to increase product accessibility, in a year strongly impacted by physical and economic limitations to content in the print version.

Aside of the various initiatives described below (see paragraphs on pages 132, 133 and 134), there are at least three noteworthy events linked to three different brands of the Group which combined, in the pre-Christmas period, brand reputation and solidarity:

- **#CucinaEDonaConGiallo**, the first social charity challenge spearheaded by the food media brand Giallo Zafferano in support of Fondazione Progetto Arca onlus: a five-hour Christmas cooking marathon, which peaked in 5,000 litres of milk and almost a ton of Grana Padano donated to enrich the Progetto Arca Onlus food parcels for 1,500 families in distress throughout Italy;
- **Sorrisi Live – Un Sorriso per Natale**, an exclusive musical event offered by *TV Sorrisi e Canzoni*, the Mondadori Group brand and point of reference in the world of music and entertainment, to all its readers and users for the Christmas holidays; the initiative, broadcast on the *sorrisi.com* website, on the magazine's Facebook page and Instagram account, was graced by the presence of some of the most popular Italian singers; the event was an

opportunity to bring a moment of respite also to children in hospital and their families, thanks to the support of Fondazione Dottor Sorriso, which has been fostering for 25 years now the smile therapy in Italy, with the mission of cheering up the hospital stay of younger patients, helping them to face illness and hospitalization with greater strength;

- **Impacchettiamo un sogno**: the sixth edition of the initiative by Cesvi Foundation - a humanitarian organization that has been working for 35 years in Italy and around the world - hosted by Mondadori Store: more than 500 volunteers in over 40 Mondadori Store bookstores in the main Italian cities to make gift packages and support the Foundation's program to prevent and combat child abuse in the cities of Bergamo, Bari and Naples.

ENHANCEMENT AND MANAGEMENT OF HUMAN CAPITAL

As in 2019, and in particular based on the engagement carried out on the Mondadori Group employees, the enhancement and management of human capital was considered a priority also in 2020. The risk analysis on these topics also places emphasis on the need to evolve personnel in line with the Company's development prospects, encouraging their growth in terms of new skills. Therefore, alongside initiatives for improving the quality of working life and for promoting work-life balance opportunities, the Company has continued its commitment towards creating training and professional development programs consistent with the evolution of its business. The onset of the pandemic and the multiple social consequences have led to organizational and operating changes, placing emphasis on remote working procedures, the safety of working environments and possible preventive measures.

Headcount

Group employees at 31 December are split up as follows by geographical area:

Employees (no.)	2020	2019	2018
Italy	1,798	1,964	2,083
USA	47	54	49
Total	1,845	2,018	2,132

In addition to the employee headcount, figures are also provided, for Italy, on the average number of temporary workers for the year, divided by business area (temporary worker numbers show seasonal

trends, in particular as regards retail and the Christmas season). The U.S.-based illustrated books publisher, Rizzoli International Publications, does not employ temporary or seasonal workers.

Italy	2020	2019	2018
Temporary workers (no.)			
Corporate	6	9	14
Books	21	21	33
Magazines	15	15	29
Retail	56	164	84
Total	98	209	160

Hires and terminations Italy		2020		2019		2018	
Gender	Age	Number	%	Number	%	Number	%
HIRES							
Women	<30 years old	12	28%	25	24%	23	20%
	30-50 years old	15	35%	44	42%	39	35%
	>50 years old	1	2%	3	3%	2	2%
Total women		28	65%	72	68%	64	57%
Men	<30 years old	5	12%	12	11%	12	11%
	30-50 years old	9	21%	22	21%	31	28%
	>50 years old	1	2%	-	-	5	4%
Total men		15	35%	34	32%	48	43%
Total hires		43	100%	106	100%	112	100%
Turnover rate (new employees)		2.39%		5.40%		5.38%	
TERMINATIONS*							
Women	<30 years old	6	3%	14	6%	9	3%
	30-50 years old	48	23%	63	28%	84	33%
	>50 years old	51	25%	67	30%	52	20%
Total women		105	50%	144	65%	145	56%
Men	<30 years old	-	-	7	3%	1	1%
	30-50 years old	31	15%	44	20%	60	23%
	>50 years old	72	35%	28	13%	51	20%
Total men		103	50%	79	35%	112	44%
Total terminations		208	100%	223	100%	257	100%
Turnover rate (leaving employees)		11.57%		11.35%		12.34%	

* The number of terminations does not include any employees seconded to other companies not part of the Group. As this is a secondment with a clearing entry for costs, the employees are not included in the total headcount at 31 December
Specifically, one employee for 2020 and two employees for 2019

Hires and terminations USA		2020		2019		2018	
Gender	Age	Number	%	Number	%	Number	%
HIRES							
Women	<30 years old	2	29%	4	36%	4	50%
	30-50 years old	-	-	2	18%	2	25%
	>50 years old	-	-	-	-	-	-
Total women		2	29%	6	55%	6	75%
Men	<30 years old	3	43%	2	18%	-	-
	30-50 years old	2	29%	3	27%	2	25%
	>50 years old	-	-	-	-	-	-
Total men		5	71%	5	45%	2	25%
Total hires		7	100%	11	100%	8	100%
Turnover rate (new employees)		14.89%		20.37%		16.33%	
TERMINATIONS							
Women	<30 years old	2	14%	5	42%	2	33%
	30-50 years old	3	21%	1	8%	4	67%
	>50 years old	-	-	-	-	-	-
Total women		5	36%	6	50%	6	100%
Men	<30 years old	4	29%	2	17%	-	-
	30-50 years old	4	29%	4	33%	-	-
	>50 years old	1	7%	-	-	-	-
Total men		9	64%	6	50%	-	-
Total terminations		14	100%	12	100%	6	100%
Turnover rate (leaving employees)		29.79%		22.22%		12.24%	

The following tables show the percentage breakdown of the workforce by gender, age, business area, qualification and type of contract over the three-year period.

Workforce by gender (Italy + USA)

2020		2019		2018	
Women	Men	Women	Men	Women	Men
63%	37%	62%	38%	62%	38%

Workforce by age (Italy + USA)

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
<30 years	3%	57%	43%	3%	55%	45%	2%	56%	44%
30-50 years	58%	64%	36%	59%	64%	36%	62%	63%	37%
>50 years	40%	62%	38%	38%	59%	41%	36%	60%	40%

Workforce by business (Italy + USA)

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Corporate	17%	56%	44%	20%	53%	47%	19%	51%	49%
Books	35%	70%	30%	32%	70%	30%	31%	69%	31%
Retail	19%	59%	41%	18%	60%	40%	18%	59%	41%
Magazines	30%	62%	38%	30%	61%	39%	32%	63%	37%

Workforce by grading, gender and age

Italy

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Executives	5%	29%	71%	5%	24%	76%	4%	22%	78%
Middle managers	14%	55%	45%	13%	54%	46%	13%	53%	47%
White collars	71%	66%	34%	72%	65%	35%	71%	65%	35%
Journalists	9%	73%	27%	9%	71%	29%	11%	74%	26%
Blue collars	1%	20%	80%	1%	17%	83%	1%	15%	85%

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Italy

	2020				2019				2018			
	Total	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old
Executives	5%	-	45%	55%	5%	-	46%	54%	4%	-	47%	53%
Middle managers	14%	0.4%	54%	46%	13%	-	53%	47%	13%	-	55%	45%
White collars	71%	0.3%	63%	33%	72%	3%	65%	32%	71%	3%	68%	29%
Journalists	9%	-	35%	65%	9%	-	39%	61%	11%	-	39%	61%
Blue collars	1%	-	40%	60%	1%	-	33%	67%	1%	-	54%	46%

USA

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Executives	6%	33%	67%	7%	25%	75%	6%	33%	67%
Office workers	94%	55%	45%	93%	54%	46%	94%	52%	48%

USA

	2020				2019				2018			
	Total	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old
Executives	6%	-	-	100%	7%	-	-	100%	6%	-	-	100%
Office workers	94%	16%	34%	50%	93%	14%	48%	38%	94%	17%	48%	35%

Workforce by type of contract and geographical area

Italy

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Permanent ¹	99.6%	63%	37%	99%	62%	38%	99%	62%	38%
Fixed-term	0.4%	75%	25%	1%	84%	16%	1%	67%	33%

¹ including apprenticeship contracts (in Italy)

USA

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Permanent	89%	52%	48%	93%	50%	50%	100%	51%	49%
Fixed-term	11%	60%	40%	7%	75%	25%	-	-	-

Workforce by professional category (full time/part time - Italy + United States)

	2020			2019			2018		
	Total	Women	Men	Total	Women	Men	Total	Women	Men
Full time	89%	60%	40%	88%	58%	42%	88%	58%	42%
Part time	11%	85%	15%	12%	85%	15%	12%	85%	15%

Almost 3% of employees (mostly women, 74.5%) took **parental leave** (a right that extends to all the workforce, regardless of contract type).

	2020			2019			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees entitled to parental leave ¹ (no.)	1,163	682	1,845	1,244	774	2,018	1,315	817	2,132
Employees who took parental leave (no.)	38	13	51	98	18	116	98	4	102
Employees returning to work after parental leave (no.)	38	13	51	95	18	113	86	4	90
% returning after parental leave	100%	100%	100%	97%	100%	97%	88%	100%	88%

¹ For consistency with other workforce tables, figures are shown at 31 December; as regards the employees that took parental leave, the total number includes those not appearing in end-of-year headcounts due to terminations/resignations

Organizational developments and industrial relations

The major organizational change implemented in 2020 is the establishment in January 2020 of Mondadori Media S.p.A., a corporate unit dedicated to the business of print and digital brands. This type of setup, with companies specifically tasked with managing the Mondadori Group's three distinct businesses, allows for an even more efficient and targeted management of operations, enhancing and taking account of the peculiarities of each business, and is more functional to the achievement of strategic opportunities and partnerships.

With regard to the adoption of the new company contract covering workers under the Graphics Publishing collective labour agreement signed by the parties in July 2018, as from June, the beneficiaries of the 2019 performance bonus (approximately 1,100 employees) were able to use the services made available by the MyWelfare platform to manage flexible benefits. Participation in the initiative made available by the Group stood at 48% of those eligible (approximately 30% higher than the national average - source: Welion Generali) and approximately 35% chose to convert 100% of the gross premium into a welfare credit. At end December 2020, approximately 58% of the total amount of welfare credits appeared to have been spent on initiatives made available to beneficiaries in full compliance with current regulations.

In response to the lockdown brought by the Covid-19 pandemic, in March the Group enabled its employees to continue working, albeit remotely, by providing them with the IT, technological and communications infrastructure needed to guarantee business continuity. As explained in greater detail in the *Training and development* section (p. 119), a training plan was developed and delivered to all Mondadori personnel aimed at enhancing the soft skills and digital skills typically required by a working model that involves the concurrent presence of people who carry out their work on site (in full compliance with social security regulations) and remotely. The program will continue throughout 2021 based on a comprehensive plan to be financed through the New Skills Fund. The Group has in fact decided to

structurally adopt the working model used in the emergency context, with implementation methods that fully satisfy, while respecting common guiding principles and guidelines, the different needs of the various Business Units in which it is structured.

In the HR area, the digital transformation project continued with the steady integration of the functions of HR Portal (the integrated suite for the management of HR processes), which took place with the adoption of the Learning Management System module for the management of training processes (including e-learning), the preparation of the MBO module to be used in the management of the MBO process in 2021, and the planning of the Talent Management module, scheduled to gradually enter production in 2021.

On the industrial relations front, 2020 was a year marked by the health emergency, which involved the management of the Covid-19 redundancy fund, both ordinary and by way of derogation, for all the Group's companies.

March 2020 saw the opening of trade-union procedures, which led in April 2020 to the signing of 31 agreements with local and national trade unions representing workers under the Graphic, Publishing, Trade and Journalists contracts, which were then extended from time to time until the end of the year.

The year 2020 was also marked by the start of the early retirement program for Arnaldo Mondadori Editore, Mondadori Media and Press-di. In December 2020, a total of 58 people were able to take early retirement upon reaching the requirement (35 years of contribution years).

The Retail segment continued to rationalize points of sale, with the closure of the Milan store in Via Marghera at the end of the year. The operation ended with an agreement signed with the trade unions envisaging, on the one hand, the preservation of a large part of the workforce through relocation to other points of sale in Lombardy and, on the other, the opportunity of voluntary redundancy.

Lastly, in November 2020 union agreements were signed for all Group companies aimed at presenting the training plan in order to qualify for the New Skills Fund.

The Company and the trade union representatives, which cover all of the Group companies, engaged in a constant and open dialogue that took place through meetings on specific topics as well as annual corporate events.

All the employees in Italy are covered by collective bargaining agreements: the Graphics Publishing CBA (covering 73% of employees and including Industry managers), the Journalists CBA (9% of the corporate population) and the Trade CBA (applied to 18% of employees, including Trade managers). In the United States, sectoral trade union agreements are not as common as in Europe; the general protection provided by federal laws obviously applies to all workers.

The minimum notice periods required by the applicable collective bargaining agreements (30 days for Graphics Publishing and 70 days for trade) were respected in all cases of the transfer of

business units and/or organizational change, with negotiations launched several months in advance.

Training and development

The table below shows the number of hours of training delivered and the number of attendees over the three-years in Italy; it should be noted that all employees at Rizzoli International Publications were delivered a course on harassment in the workplace, for a total of 48.5 hours, equal to 1.03 hours per person (approximately one hour on average for both women and men). Specifically, the course lasted an hour and a half for executives and an hour for office workers.

Hours delivered (no.)	2020	2019	2018	Attendees (no.)	2020	2019	2018
Total	11,185	17,959	14,323	Total	2,006	1,963	1,139

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The training programs adopt, this year too, a business-oriented approach to provide the necessary skills and tools to effectively cope with the changes in the relevant markets and to ensure the development of the Company.

Requirements were defined within the scope of the Group's people strategy objectives, which set and steered the projects and activities of the personnel department, consistent with the Group's business strategy and the strategy of the individual business units. The primary needs involved digital upskilling to adjust skills to technological and organizational innovation.

The onset of the pandemic and the lockdown accelerated the widespread adoption of smart working and brought out new needs and requirements. Planned programs were amended in both teaching methodology and content.

Only 20% of the people involved in remote working had previously had other smart working

experience, so the Company was suddenly faced with an unplanned contingency. For such reason, efforts were made not only to provide the tools needed to work from home, but more importantly to provide support to people and try to create a sense of community among employees through specific participation-related communication.

Over the weeks and months, targeted actions were planned and implemented to overcome the difficulties and problems, providing various tools:

- e-learning programs delivered through the LMS (Learning Management System) platform, integrated into the HR Portal for the use of training content;
- webinars (addressed primarily to management and middle management);
- implementation of listening tools ("#aiutaciadaiutarti" campaign, satisfaction surveys, interviews, listening groups) to identify the requests and needs of employees

and to design new training and professional development paths;

- voluntary psychological counseling service provided online by specialists;
- WhatsApp groups for engagement and exchange of experience among managers;
- Company digital & social networking systems.

Specifically, training was developed in different ways and addressed different company targets, based on the needs identified by the Group's Human Resources and Organization Department:

- **Employee kit:** containing an operational document to explain to all employees how to manage work in the new emergency situation;
- **training via e-learning**, with different courses and content to manage smart working, not only the working aspects, but also the behavioural ones related to the new working mode, through five specific modules:
 - **smart leader:** targeted training for middle and senior management (approximately 170 people), to support managers in facing the changed context and remote work requiring a new managerial approach hinged on work by objectives, greater delegation, new relational and communication skills and a new way of managing the team. These are the topics covered in both the e-learning courses (12 videoclips) and the webinars (four lasting one and a half hours each): **Smart management** - planning, goal

setting and delegation; **Team communication & engagement, Leadership for change, Work by objectives** and **Remote team management**.

The content was defined in keeping with the *LeaderMe* path launched in 2018;

- **smart working support:** a community created on the HR Portal to support people (approximately 1,700) in quickly learning new skills relevant to remote work. The topics covered in the courses ranged from work and safety aspects related to smart working, but also behavioural aspects related to the new working mode. The programs were structured in eight modules: Smart working: working effectively at a distance; Digital skills for smart working; Emotional skills for smart working; Smart working: regulations and safety; Self Efficacy in Smart working; Communicating in smart working; Working as a Smart Team.

In 2020, a number of training programs launched in 2019 were completed alongside those listed above, totaling more than 10,000 hours of specialized and management training:

- **Academy Editor:** a modular path addressed to approximately 80 Editorial Managers and Junior Editors, which made use of both external and internal trainers. The modules offered during the year developed distinctive professional skills such as editorial scouting, and technical skills relating to tools and knowledge regarding the book production chain: from acquisition to

creative publishing, and from economics to sales management. In the early months of 2020, the final days were dedicated to the topic of Creative Publishing and to the new trends and tools for rethinking the communication and graphics of a book, with the contribution of testimonials from internationally renowned Art Directors, who explained the new trends and new codes of communication, influenced by the social world.

- **Inspirational Talk:** a cycle of workshops graced by main speakers including sociologists, economists and experts in work organization of national renown to share their vision of the future and spark discussion and debate on the main changes imposed by the pandemic, new business models, organization and way of working, as well as society in the post Covid world (three open sessions for N-2 and N-3).
- **Lean Six Sigma path** (with Green and Black Belt certification): the path implemented represents the continuation on the Media BU of the long-term Lean Six Sigma program aimed at spreading across the Group the culture and bent for continuous improvement in the management of business processes in order to motivate, promote and facilitate development and innovation, maximizing the effectiveness and efficiency of recurring tasks.

The course implemented in 2020 addressed a new team of 15 people with certified Lean Six Sigma skills, who can implement improvement

projects synergistic with the Mondadori Business Plan objectives. Specifically, the practical part of the course involved the development of two projects in the magazines area based on a L6S logic, one on the circulation front and the other in the add-ons area, in order to bring results in terms of cost reduction and revenue enhancement.

- **Diversity & Inclusion path:** training path on female empowerment, spanning from training webinars to develop awareness of their resources and strengthen managerial skills relevant to career development, to inspirational talk with role models to inspire and transfer strategies and tools of managerial practice.

The training plan of the Academy system was complemented by language training (over 330 hours), delivered either traditionally through one-to-one lessons, or in blended mode, i.e. through digital platforms.

Complementing the programs, workplace safety training, delivered both in the classroom and via e-learning (see p. 130).

Hours delivered (no.)	2020	2019	2018	Attendees (no.)	2020	2019	2018
Ad hoc training	10,091	7,595	11,786	Ad hoc training	1,617	423	866
Executives	643	1,556	2,017	Executives	98	49	42
Middle managers	2,639	1,687	2,838	Middle managers	260	97	132
White collars	6,574	4,308	5,373	White collars	1,172	273	566
Journalists	213	44	1,558	Journalists	83	4	126
Blue collars	22	-	-	Blue collars	4	-	-
% hours delivered to women	68%	57%	56%	% women	65%	65%	67%
% hours delivered to men	32%	43%	44%	% men	35%	35%	33%
Language courses	331	1,263	1,042	Language courses	24	46	40
Executives	147	219	354	Executives	11	8	13
Middle managers	92	382	66	Middle managers	7	10	4
White collars	68	180	20	White collars	5	6	1
Journalists	25	482	602	Journalists	1	22	22
% hours delivered to women	72%	80%	65%	% women	58%	76%	68%
% hours delivered to men	28%	20%	35%	% men	42%	24%	32%
Safety training	763	9,101	1,495	Safety training	367	1,494	224
Executives	2	226	-	Executives	2	38	-
Middle managers	48	1,090	84	Middle managers	37	180	14
White collars	676	6,859	1,351	White collars	311	1,123	202
Journalists	28	870	40	Journalists	14	144	5
Blue collars	9	56	20	Blue collars	2	9	3
% hours delivered to women	52%	62%	51%	% women	56%	62%	53%
% hours delivered to men	48%	38%	49%	% men	44%	38%	47%
Total hours of training delivered	11,185	17,959	14,323	Total attendees	2,006	1,963	1,130
Executives	736	2,001	2,371	Executives	111	95	55
Middle managers	2,778	3,159	2,988	Middle managers	304	288	150
White collars	7,318	11,347	6,744	White collars	1,488	1,402	769
Journalists	266	1,396	2,200	Journalists	97	170	153
Blue collars	31	56	20	Blue collars	6	9	3
% hours delivered to women	67%	61%	56%	% women	63%	63%	65%
% hours delivered to men	33%	39%	44%	% men	37%	37%	35%

Average hours of training per capita (no.)	2020	2019	2018
Total	6.22	9.14	6.88
Women	6.56	8.98	6.23
Men	5.64	9.41	7.92
Executives	7.75	20.42	24.44
Middle managers	11.29	12.06	11.03
White collars	5.70	7.98	4.58
Journalists	1.62	8.21	9.61
Blue collars	3.1	4.67	1.54

With regard to staff assessment and development, activities carried out in 2020 include:

- **assessment for middle management** (a project launched before the emergency, but continued with new online delivery methods) for a further 60 middle managers, via individual interviews, group simulations, assessment interviews and calibration with department heads. The initiative aims to bring to light the strategic and operational skills of managers; identify people with present and future potential to shape Mondadori in the coming years; identify the gaps on which to focus individual and collective intervention plans. The skills measured are those of the Mondadori Leadership Model, defined taking account of the Group's new and necessary challenges to enable the transformation and innovation process required.
- **development plans:** definition of a process for managing development plans consistent with smart working for managers who have not undergone assessment yet (based on a self-development logic) and completion of individual development plans for people who have already undergone assessment.

These initiatives also stemmed from analyzing the results of a **survey** conducted at the peak of the lockdown to understand how our employees were living the new experience of working remotely without having been previously prepared and trained. The responses gave us an initial snapshot of how our people were approaching work from home. In autumn, we once again involved the Mondadori Group people in the second part of the survey, to know their point of view on the switch between smart and physical working, in order to shape together a new way of collaborating for the future. The results of the survey confirmed how smart working is an important resource for the company and the worker. The main findings were: the opportunity to juggle professional and personal commitments in an easy and balanced way, the increase in efficiency and productivity, thanks to flexible timetables, the possibility of choosing a more comfortable location and the reduction of commuting costs: 94% of Mondadori people believe that smart working should be pursued in order to avoid having to reach the

workplace when not required and, among other things, to reduce CO₂ emissions caused by travel between home and the company premises. For all these reasons, 96% of our people believe that the new mixed work model is the best way forward for the Mondadori Group. These findings and the objective of capitalizing on the experience and learnings of these months led to the development of the Hybrid Working Model project, to lay the foundations of the Group's new way of working when we come out from the current emergency. The Hybrid Working project has the following targets:

- to enhance and spread a management style based on delegation skills, clear objectives and accountability on results;
- to reshape a new way of working based on greater flexibility and autonomy in choosing work space and time, widespread decision-making, enhancement of skills, and of work responsibility and autonomy.

A process for mapping the know-how of the Group's people (professional/training experience gained by each person in Mondadori or in other contexts) was concurrently launched. This process allowed us, on the one hand, to initiate a permanent process of search, management and development of talent within the Group, which facilitates internal mobility processes, and, on the other, enables us to design evolutionary itineraries, monitor any gaps, support line managers in enhancing the value of their staff and accompany the Mondadori Group people in their professional growth.

Welfare and benefits

The company agreement covering employees under the Graphics Publishing collective labour contract signed in 2018 introduced effective work-life balance tools, such as smart working, which switched from the experimental stage in 2019 to the mainstream tool in 2020 due to the spread of the pandemic, and measures to support households, with the aim of providing more favourable conditions to combine work and family needs. Special attention was paid to maternity protection, with the reduction of working hours in the six months following return

and the anticipation of full pay for periods with reduced remuneration, while new fathers' paid leave has been increased to 10 days. In cases of serious illness too, the period of respite is suspended with a view to job retention.

The agreement also provides for the establishment, over the 2019-2021 three-year period, of an annual variable performance bonus common to all Group companies, part of it made available through a corporate welfare system that provides employees with a series of services and initiatives to facilitate the well-being of workers and their family. The platform came into operation in 2020 (see p. 118).

A number of initiatives were set up to meet the needs of smart working staff: the possibility of claiming free annual subscriptions to the Group's magazines; the purchase of books from home with the same discounts applied in the company bookstore; remote assistance in filing tax returns.

Lastly, March 2020 saw the inauguration of the **Health Point**, an outpatient facility of excellence, which offers Mondadori Group employees a wide range of services to take care of their health at special prices. In addition to all the nursing and occupational health services already in operation, the new company health point allows employees to receive check-ups and various health services (in the Segrate office and in about ten local Health Point clinics) and provides specialist care via video and telephone advice with specialized doctors.

Internal communications

The activities carried out by the Communications and Media Relations Department also include communication addressed to employees and associates, developed on most of the channels of the Mondadori Group's communication ecosystem. Aside from purely operational factors, the involvement of personnel helps to offer the overall picture of the Company and its development, as well as strengthen the sense of belonging. In 2020, these objectives were complemented by the need to inform the corporate population in real time about the measures and steps taken to contain the pandemic. To this end, a special website was developed, accessible anywhere, anytime and from any device and, supplemented by a digital assistant service accessed from the HR Portal and intranet, to receive clarifications in real time. With this same "total accessibility" logic, the year saw the release of the new version of the Mondadori Network corporate intranet, a service communication platform for employees and associates. The site is the result of all the efforts in the development work made together with the Cattolica University of Milan, in addition to the contribution from all the people from our company. Focus groups were organized on site to listen to the needs and ideas of end users, at the end of which a questionnaire was administered to all those involved on the points raised.

In addition to the accessibility requirements (anywhere, from any device, at any time), the new Mondadori Network interacts effortlessly with the tools of the G Suite, already adopted by the Mondadori Group, and integrates platforms and channels, collecting links and methods for accessing useful systems for working life and corporate communication channels. The new platform also addresses the need to constantly keep abreast of things, a need that has forcefully asserted itself throughout the remote working period.

The Intranet and e-mails to all employees in Italy and around the world are the main tools used by the CEO to share the Group's performance and financial results with all employees and associates.

In a broader communication perspective, which transcends the traditional distinction between external and internal communication, the use of the Group's social accounts in 2020 strengthened the narrative of the company with posts dedicated to new appointments and organizational changes.

INCLUSIVENESS

Publishing has traditionally been an industry in Italy with a heavy presence of women in the general workforce. This presence is not always accompanied by true gender equality in top positions and remuneration. There is growing attention, however, in the Mondadori Group to the different issues tied to the notion of diversity.

This translates into careful monitoring of any case of discrimination, in efforts to increase gender equality, and the enhancement of diversity - of any diversity - as a potential enrichment and renewal of the Company. A noteworthy initiative in this sense is the training program set up at the end of 2019 on Diversity Management, Diversity & Inclusion. In its first edition, developed in 2020 in web mode, the program was addressed to women middle managers of the company to help them bring out the hallmarks and potential of female leadership.

Aside of the details on the percentages of women and men appearing in the above tables and in the section on training, the following are the figures on diversity in the Board of Directors, the ratio expressed in percentage of women's remuneration to men's remuneration by position in Italy (figures on Rizzoli International Publications are unavailable), the percentages of staff with disabilities, and the gender distribution of top positions in magazines in Italy.

Board of Directors

	2020			2019			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<30 years old	-	-	-	-	-	-	-	-	-
30-50 years old	1	-	1	1	-	1	1	1	2
>50 years old	4	9	13	4	9	13	4	8	12
Total	36%	64%	14	36%	64%	14	36%	64%	14

Ratio of basic salary of women to men by category

	2020
Executives	65%
Middle managers	92%
White collars	98%
Journalists	81%
Blue collars	81%

The calculation of the basic salary ratio is based on the average annual gross salary. In order to calculate the ratio, the basic salary of employees belonging to the "part-time" professional category was re-proportioned to make it comparable to the salary of full-time employees

Ratio of the remuneration of women to men by category

	2020
Executives	61%
Middle managers	88%
White collars	95%
Journalists	76%
Blue collars	81%

Remuneration considers the average annual gross salary as well as any MBO bonuses paid for specific gradings of employees at 31 December. Additionally, in order to calculate the ratio, employees falling in the "part-time" professional category have been brought back to "full time"

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Employees with disabilities

	2020			2019			2018		
	% of total employees with disabilities	of whom % women	of whom % men	% of total employees with disabilities	of whom % women	of whom % men	% of total employees with disabilities	of whom % women	of whom % men
Middle managers	5%	75%	25%	6%	60%	40%	6%	60%	40%
White collars	84%	47%	53%	84%	50%	50%	85%	47%	53%
Journalists	4%	100%	-	3%	100%	-	2%	100%	-
Blue collars	8%	33%	67%	7%	33%	67%	7%	33%	67%
	% of total employees	of whom % women	of whom % men	% of total employees	of whom % women	of whom % men	% of total employees	of whom % women	of whom % men
	4%	49%	51%	4%	51%	49%	4%	48%	52%

Top positions in magazines

	2020	
	Women	Men
Editors-in-Chief	57%	43%
Deputy Editors-in-Chief	25%	75%

HEALTH AND SAFETY IN THE WORKPLACE

Ensuring safety in the workplace and safeguarding the health of Mondadori Group employees has always been one of the core purposes of the prevention and protection service.

In 2020, the activities aimed at countering the Covid-19 pandemic took on a key priority for the Group Safety Coordination, a body set up by the parent company in 2016 to coordinate the planning and assessment of the ordinary legal obligations under Legislative Decree 81/08 - Consolidated Law on Work Safety.

The various measures taken by the Mondadori Group to combat the spread of the virus were readily implemented through the ceaseless work of the Covid-19 Crisis Committee, set up from the onset of the emergency and saw the ongoing participation of employers, the head of the prevention and protection service, the departments heading Human Resources and Organization, Procurement, Legal, Group Communications and representatives from the business areas: in addition to monitoring the developments of the emergency, the measures to be implemented immediately to guarantee the safety and health of all workers were assessed, defined and concurrently authorized, in collaboration with the coordinator of the competent medical officers, who played a fundamental role in setting the guidelines to follow.

In accordance with the regulatory provisions issued by the competent public authorities and,

in particular, with the measure contained in Prime Ministerial Decree of 11 March 2020, as well as with the provisions, on 14 March 2020, of the *Shared Protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace*, the Mondadori Group drew up and validated its own corporate anti-contagion protocol, listing the measures adopted in 13 points:

Information

All communications, news and information related to the Covid-19 emergency were circulated to all employees and associates of the Mondadori Group, both through e-mails sent to workers and by setting up an ad hoc website <https://sites.google.com/mondadori.it/covid-19>; in addition to the constant updates, the site also contains the latest version of the Group's Anti-Contagion Protocol.

Guidelines on entry to premises

By forwarding specific communications via e-mail and posting *Our Rules of Conduct* at the entrances to the offices, the staff and all those who needed to enter the company were informed of the no access notice for those who, over the last 14 days, had had contact with persons who tested positive to Covid-19 or came from areas at risk according to WHO indications.

Entry into the company was restricted to workers formally authorized by their managers,

in compliance with the distancing between workstations set out in the plans agreed with the competent medical officer.

External guests were allowed to enter the company only when strictly required.

In agreement with the competent medical officer and in compliance with privacy regulations, a system for monitoring body temperature at the entrance to the offices was set up, through installation of dedicated thermal scanners.

All those recognized by the competent medical officer as experiencing emotional situations were released from on-site work until the end of the state of emergency ordered by the Government.

Guidelines on entry of external suppliers

All external suppliers, before entering the premises, signed and followed the entry and parking procedures, in order to reduce the possibilities of contact with on-site personnel; likewise, the couriers and truckers were made to sign the directives for guaranteeing the respect of an at least one metre distance from the personnel inside the premises to carry out loading and unloading operations.

Cleaning and sanitization of locations

The company increased daily cleaning and scheduled regular sanitization of the spaces, common areas, equipment and workstations, more often for the workstations actually used through daily reporting by the person involved. In the event of the presence/reporting of a person with Covid-19 within company premises, a cleaning and sanitization procedure was defined according to the provisions of Circular no. 5443 of 22 February 2020 of the Ministry of Health.

At the Mondadori Group offices, where it was technically possible, recirculated air was not used; all air handling units, their respective ventilation ducts and work environments were sanitized as a preventive measure.

Personal health precautions

Information was circulated regarding all health precautions to be implemented as defined by the Ministry of Health; the company provided all personnel with suitable hand cleaning and disinfecting equipment.

Personal protective equipment

All personnel were provided on a daily basis with surgical masks at the entrance of the premises, with the obligation to wear them in all common areas, corridors, lifts, stairs and whenever it was not possible to maintain the interpersonal distance of at least one meter; in the different premises, more than 700 plexiglass panels were installed to separate workstations and further increase the level of containment of the spread of the virus.

Management of common areas

Access to the company canteen in Segrate was restricted and limited to workstations that were set up to guarantee an interpersonal distance of at least one meter and after booking one's turn through a dedicated digital app; those who wished to do so could collect a packed lunch to be eaten at their own workstation or in another isolated place.

The tables in the canteen areas were sanitized always after being used and the push buttons

on the vending machines, photocopiers and lifts were cleaned daily with special detergents. Beverage dispensers in the canteen and lift buttons were replaced with touchless devices.

Company organization

Agreements with company trade union representatives were fostered, encouraging and facilitating the resort to agile working: staff were readily put in a position to carry out their activities in smart working mode using the necessary equipment.

A free online psychological counseling service was set up to help those going through a state of stress or discomfort related to the specific situation experienced.

Employee entry/exit management

Different entry/exit routes were identified to limit contact; hand sanitizers were placed at all entrances and in transit areas, in addition to signage for adopting the appropriate behaviour to contain the virus.

Internal movement, meetings, internal events and training

In-person meetings, when necessary, were limited to the persons strictly required in compliance with interpersonal distancing and the rules for the use of the rooms posted at the entrance to the premises; at the end of the meetings, adequate cleaning of the premises used was guaranteed; remote connections were given priority over in-person meetings.

Safety training activities, if not available via e-learning, were conducted in the classroom with

a small number of attendees and in accordance with procedures aimed at containing the virus. Scheduling of all events with public attendance was suspended.

Management of a symptomatic person in the company premises

The Mondadori Group's corporate code of conduct, which is constantly updated as new regulations are issued by the authorities, establishes that if a person physically present in the company develops a fever and respiratory infection symptoms, he or she must immediately report it to the company's emergency number, which runs 24 hours a day, and to the dedicated e-mail address, in order to initiate the procedure for managing a symptomatic person, defined in collaboration with the competent medical officer.

Health surveillance / competent medical officer / WSR

Health surveillance visits, after a suspension imposed by the context, were rescheduled in accordance with the provisions of the protocols.

In keeping with the measures adopted to combat the spread of the Covid-19 virus, in 2020 the Mondadori Group launched a diagnostic screening program, offering employees the opportunity to perform and repeat free of charge over 2,550 serological tests, molecular swabs and antigenic swabs.

Despite the difficulties in finding doses, free flu vaccine (approximately 1,300 doses) was offered to all employees and their families in November 2020. The competent medical officer also administered the pneumococcal vaccine to all those over 55 and to people with particular pathologies who requested it.

Regulatory Enforcement and Assessment Committee

On 19 March 2020, under the provisions issued by the Presidency of the Council of Ministers, the Committee for the enforcement and assessment of the rules of the regulatory protocols was set up: the core structure of the Committee saw the participation of the members from the Committee previously set up within the company on 25 February 2020, with the trade union representatives and the workers' safety representatives; additionally, a safety contact person was identified for each location with the task of monitoring and reporting on compliance with the rules of conduct defined in *Our rules of conduct*.

The state of emergency that changed the priorities of the Group's Safety Coordination in 2020 did not, however, affect the observance and planning of the annual obligations required by Legislative Decree 81/08:

- **Regular meetings:** regular safety meetings were held remotely and minutes were taken of these meetings, concerning 31 retail stores and 13 Mondadori Group premises, involving the employers (or their delegates) of the respective subsidiaries, the health and safety managers and health and safety officers, and 17 workers' safety representatives.

- **On-site workplace inspections:** in 2020 the competent medical officers carried out and took minutes of the workplace inspection of 16 company premises.
- **Evacuation drills:** in addition to the testing of emergency plans in the Retail stores, the safety officers of the Mondadori Group sites coordinated annual evacuation drills involving the personnel in attendance. Feedback received on the drills was then used to identify and formalize the actions needed to improve emergency procedures.

The refresher courses for professionals from the prevention and protection service involved 15 workers including first aid and firefighters, workers' safety representatives, supervisors, health and safety managers, health and safety officers for a total of 82 hours delivered by teachers in the classroom, complying strictly with the provisions to guarantee the containment of the spread of the virus; as for the refresher programs on the remaining mandatory safety training, e-learning courses were organized involving 373 employees, associates and interns for a total of 823.5 hours. The occupational medicine service was guaranteed by the San Raffaele Resnati Hospital in compliance with interpersonal distancing: the competent medical officers in 2020 issued the work ability at the end of the visit of 335 workers subject to health surveillance for risks from the use of video terminals for over 20 hours per week.

Accidents in the workplace

Owing to the nature of the activities carried out at the premises (offices and bookstores), the risk profile for accidents in the workplace for the Group is low. Below is the table on accidents in the two-year period 2019-2020 for Italy. During

the period, no cases of occupational illness or deaths resulting from accidents were reported: the relating rates are therefore equal to 0. No accidents were reported in the United States in 2020; figures for 2019 are not available.

Accident rates	UoM	2020	2019
Hours worked	no.	1,417,658 ⁴	3,145,524
Number of accidents in the workplace	no.	1	6
<i>of which with severe consequences¹</i>	no.	-	-
Rate of accidents in the workplace ²	-	0.14	0.38
Rate of accidents in the workplace with severe consequences ³	-	-	-
Accidents from work-related travel	no.	6	15 ⁵

¹An accident with severe consequences is understood as an accident in the workplace that has caused an impairment which the employee cannot heal from, does not heal from, or is not likely to fully heal from within 180 days

² The rate of accidents in the workplace is calculated as follows: number of accidents in the workplace/hours worked 200,000

³ The rate of accidents in the workplace with severe consequences is calculated as follows: no. of accidents in the workplace with severe consequences/hours worked 200,000

⁴ The decrease in hours worked in 2020 versus 2019 is explained by the reduction in headcount (-8.5%) and the measures taken as a result of the health emergency: plan to use up outstanding holidays, redundancy fund and Covid leave

⁵ In 2019, an accident from work-related travel was reported for an associate

EDUCATION AND THE SCHOOL WORLD

It was "the" topic of 2020, second probably only to the Coronavirus. The Group's school textbook publishers acted quickly and effectively. Attention to the context, adaptability and responsiveness are the elements that marked the work of Mondadori Education and Rizzoli Education, providing students, teachers and families with the entire wealth of digital content of their catalogues to enable and facilitate distance learning. An open digital environment, constantly updated, to use and download freely, with no registration, over 40 gigs of content available for immediate use for Distance Learning. More than 12,000 pieces of content including videos, audios, customizable maps, playlists, inclusive books, and many other multimedia resources. All the content was selected and organized by the editors to make things easier for teachers; they are divided by school level (from primary to secondary schools) and by subject, to be easily identifiable.

Additionally, as a tangible help to teachers, lesson plans were made available on specific topics to spark ideas and provide teaching tips to start off quickly with distance lessons.

In order to better manage the increase in traffic and accesses generated during the DAD (distance teaching), the technological infrastructure of HUB Scuola, the platform for digital education in the Education area, was more than doubled; furthermore, the reading apps HUB Young and HUB Kids were redesigned and republished to ensure better usability and improved user experience, further improving the accessibility of these tools for students with special educational needs.

The digital content appearing on the HUB Scuola platform was then made available free of charge to RAI to enhance the educational offerings on traditional television channels. The RAI project, developed in association with the Ministry of Education, addresses children and young people who are unable to access distance learning either because they lack a device on which to study or live in places and situations where the Internet is unavailable, and to counter the rising trend during the months of lockdown of dropouts.

During the lockdown period, a detailed survey was conducted by the Group's Education area among the teachers of the three school levels on their experience during the DAD, on their fears and hopes for the future, and cast a spotlight on the one hand on the shortcomings and lack of familiarity of the teaching staff with technology; on the other hand, the awareness of the great potential offered by the integration between digital and traditional education.

Based on these results, with the resumption of the new school year 2020/21, the Group's school textbook publishers continued their support of teachers and students, offering on their sites and on the HUB Scuola platform a series of new tools designed specifically for teachers from all school levels, from primary to first and second-level secondary schools:

- **entry tests**, designed to assess the level of preparation of students on their return to school, all in editable format to allow maximum customization; also available are specific tests for students with Special Educational Needs,
- **planning insights**, to deal with the core foundations of the various subject areas for each school level, instrumental in better preparing the learning paths and setting up flexible planning, even for blended teaching.
- **digital lessons**, designed to offer tangible support for Integrated Digital Teaching, collect both digital and textbook resources, with specific attention to inclusive teaching.

And lastly, 2020 marked the opening of *#Leparolechesiamo, la scuola che vogliamo*, the competition for schools, now in its third edition, promoted by Mondadori Education and the Nuovo Devoto-Oli; in an unprecedented joint effort, it sees the collaboration of the Cattolica University, for the scientific research side, and Intesa Sanpaolo, the institute that has today the greatest impact on the promotion of concrete social initiatives. It is a collaborative project where, for the first time ever, students speak out on what they think about the school of today and how they would like the school of tomorrow. The first phase - the listening phase - of the competition involved 190 fourth graders in 13 schools, from Enna to Foggia, from Lecce to Milan, from Prato to Naples, from Rho to Catania and

Caltanissetta. The results of this unprecedented survey - the first qualitative analysis of such a large sample of children in the Covid-19 age, a moment of major disruption - will be used to develop the indications of the second step hinged on restitution: a call to action to schools of all levels across Italy, which calls on students in a challenge to work on a tangible project on the school they want, gravitating around the three fundamental guidelines for harmonious development: innovation, sustainability, inclusion. A project that re-asserts the pivotal role of school in the building of a future, that offers the possibility of involving young people from all social classes and backgrounds, that aims to bridge economic, cultural and social gaps.

In the third step of the competition, the implementation phase, the three winning projects will be submitted to the school institutions and, through appropriate funding, brought to their accomplishment.

PROMOTION OF READING AND SOCIO-CULTURAL GROWTH

The dissemination of culture and ideas is part of the Mondadori Group's mission and is ingrained in its products and services. It forms not only the basis of its business activity, but permeates the very logic underlying the creation of its offer to the public. As a result, it also gives shape to a great many initiatives, either sector-specific or specific to the Group, which aim to bring a wider and wider audience closer to reading and information.

Ever since the first edition (2015), the Company has taken part, with its chain of local bookstores and its publishing houses, in **#ioleggoperché**, the major national event for the promotion of reading organized by AIE (Italian Publishers' Association). 2020 figures: 300 thousand books donated by citizens and publishers (200 thousand by Italians and 100 thousand by publishers), 13,109 schools listed throughout the country and 2,577 participating bookstores, this year also through remote donation (1,138 bookstores).

Additionally, the Group regularly donates books to school and municipal libraries, located in prisons or welfare facilities.

The growing attention to books and reading was another of the many fallouts of Covid-19 and also the inspiration for an institutional communication campaign by the Mondadori Group.

The *Io esco con la fantasia* ad, created by the Mondadori Group, reminds us - in a cheerful way - that reading allows us to grow and free our minds. At the heart of the ad's narrative is the importance and value of reading, even in the emergency situation experienced during the lockdown. The pages of a book can unfold into endless stories without leaving home, as the hashtag that signs the project says: **#IEscoConLaFantasia**.

Even though in an online version only, 2020 saw the continuation of the media literacy activities carried out for several years now by the magazine *Focus Junior* to teach children and young people about the world of publishing and journalism, **Focus Junior Academy**: the initiative, in its 2021 edition, casts a spotlight on the objectives of the UN 2030 Agenda.

RESPONSIBILITY FOR CONTENT

The Mondadori Group is committed to providing accurate, meticulous and truthful information through its editorial products - books, magazines, websites and digital media/products - while respecting the tastes and sensitivity of the general public.

In the creation of content for miscellaneous book production (i.e. production intended for bookstores), the guiding principle is the possibility of offering the widest range of voices, ideas, and expressions; the publisher acts, in this case, as a vehicle for the authors, who are the true "owners" responsible for the published work. They are given the widest possible freedom of expression, but where necessary, legal audits are made on content that may be deemed defamatory.

Content auditing and conformity is, instead, paramount in school textbooks production, as it is linked to ministerial guidelines on curricula and didactics.

Lastly, in the magazine and web segment, content responsibility is ensured by the organization

of the editorial offices and the hierarchy of text approval, as well as by the Consolidated Act on Journalist Duties.

Additionally, in order to directly verify readers' appreciation of the Group's magazines and to gather ideas for improvement, each year surveys are conducted on representative samples. In 2020, 13 surveys were conducted for the titles *Donna Moderna* (comparative surveys on the women's magazine segment and on reading/purchasing habits during the lockdown), *Focus* (coverage of three issues for the restyling and on the cover, survey on science dissemination), *Focus Junior* and *Focus Scuola* (survey on subscribers) and *TV Sorrisi e Canzoni* (qualitative survey on the relaunch project), and nine additional market surveys on purchasing habits and cultural consumption during and after the lockdown, environmental sustainability in the consumption of beauty, mobility and food, other brands.

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

The Mondadori Group's digital communication strategy at the corporate level hinges on an integrated and consistent ecosystem that leverages on the potential of a range of physical and online channels: the corporate website and social media, the corporate Intranet and monitors in the locations, the multi-purpose area Agorà and Wikipedia, internal and external media. Each social channel has a specific editorial plan outlined, which addresses ad-hoc communication goals:

- showing life inside the company and the people who work there by involving employees (Instagram, Facebook, LinkedIn)
- narrating books avoiding overlaps with publishing houses (Twitter, Instagram Stories, LinkedIn)
- enhancing the spontaneous relationship of employees with Palazzo Mondadori (Instagram)

The Mondadori Group has a total of 105 social profiles (most of them linked to individual product brands) for a total of approximately 33.9 million fans.

INTELLECTUAL PROPERTY AND COPYRIGHT PROTECTION

The Group's commitment to protecting the rights associated with intangible assets resulting from creativeness and inventiveness is enshrined in the Company's Code of Ethics, as the cornerstone of publishing activities. But the customary notion of copyright, effectively protected by Italian legislation, has been complemented in recent years by a heated debate that pits traditional content producers against the new web players who use this content. Against this backdrop, the Group collaborates with national and international trade associations (FIEG - Federazione Italiana Editori Giornali, and EMMA - European Magazine Media Association) in order to effectively transpose the European Directive on Copyright in the Digital Single Market (Directive 2019/790) into the legislation of the Member States.

PRODUCT ACCESSIBILITY

In offering quality content to a widely differing audience base, the Mondadori Group takes heed of the demands originating in the changes in society, the use of technology, and the removal of once critical language and geographical barriers.

The desires and expectations of the customer play an increasing role in every sector, but particularly so in publishing: the participatory dimension of consumption and the instant interaction with the end user have disrupted the way we create and distribute products.

The need to reach out to one's audience during and after lockdown has engendered various initiatives that have made accessibility the winning ingredient.

All business areas provided free online content and offered opportunities for insights, new content formats, and alternative ways for meeting:

- free e-books from the trade book catalogue;
- free access for three months to the New Devoto Oli (online version);
- digital magazine subscriptions and premium content;
- events on social channels organized by the most followed brands;

- e-books for public, school and academic libraries that are members of the MLOL (Media Library On Line, the daily digital library) lending network;
- the new free phone personal shopping service "Il tuo libraio": a hot line to the Mondadori Store booksellers, offering customers reading tips, targeted advice based on their likings and passions or new ideas, with the possibility of buying and receiving the suggested title directly at home, whether for themselves or as a gift;
- #puntoeacapo, the new format of digital art stories in the form of short videos created by Electa;
- the 2020 edition of *Focus Live*, *Focus*'s science popularization festival that took place in Milan from 19 to 22 November. 40 hours of streaming on *Focus*'s digital and social platforms, live from the Leonardo Gallery (inside the National Museum of Science and Technology). Over four days, 57 events with 86 guests went live online, with speeches delivered from all over the world focused on the core theme of the event: Frontiers.

A wealth of innovative proposals that complement the traditional portfolio and will help reshape the accessibility of the Group's products and services in the future.

PRIVACY AND PERSONAL DATA PROTECTION

Privacy and personal data protection are fundamental elements for the Mondadori Group as a whole, in which each company is committed to ensuring that the collection and processing of personal data is performed in accordance with the principles and applicable laws.

In pursuing its business, therefore, since 2017 the Mondadori Group has implemented a process of adaptation, updating its internal tools and procedures to ensure full compliance with Regulation (EU) 2016/679 ("GDPR"), with Legislative Decree 196/03 ("Data Protection Code") as subsequently amended by Legislative Decree 101/2018, and with the indications and provisions issued by the Data Protection Authority. Specifically, the Group has put in place new disclosures provided to interested parties and new contractual models; it has adopted a series of procedures updated to the new legislation - in the areas of data retention, privacy by design and by default, data protection impact assessment, data breach, feedback to interested parties and the appointment of data processors pursuant to and for the purposes of Article 28 of the GDPR; it has identified and appointed the Data Protection Officer for the Mondadori Group as a whole, formalized on 14 March 2018 by the Board of Directors of the Parent Company and then endorsed by each subsidiary.

The websites of each Mondadori Group company all have privacy and cookie policies available for consultation, which are kept constantly updated. The www.mondadori.com website also features a section that illustrates the personal data management policies implemented by the entire Mondadori Group.

With regard to the protection of personal data, with a view to continuing and improving the process of compliance with the privacy legislation established by the GDPR and national legislation, in 2020 the Mondadori Group carried out a number of activities. These include:

- the use of the tool adopted since 2019 for the daily, constant computerized management by data controllers and the DPO unit of data processing registers;
- the updating of previous Data Protection Impact Assessments (DPIA) and the performance of specific DPIAs for new processing activities that may pose risks to the rights and freedoms of the individuals involved;
- the updating of existing security measures, and the adoption of new ones, aimed at preventing the loss of personal data and any data breaches and data incidents;
- the updating of the disclosure formats provided to interested parties in accordance with Articles 13 and 14 of the GDPR;
- the performance of a compliance audit - conducted externally - on the processing of personal data relating to the processing of the personal data of data subjects as part of the processing conducted and managed by Mondadori Education S.p.A. and Rizzoli Education S.p.A., aimed at assessing the degree of compliance of the company's privacy management system with the GDPR, as well as with internal company procedures;
- the performance, currently underway, of a compliance audit - conducted externally - on the processing of personal data of data subjects in the magazines and digital areas, which involved Mondadori Media S.p.A., Direct Channel S.p.A., Press-di S.r.l. and AdKaora S.r.l.;

- the performance, currently underway, of a compliance audit - carried out externally - on the processing carried out by specific suppliers outside the Mondadori Group, appointed for the purpose as data processors pursuant to Article 28 of the GDPR by the companies acting as data controllers;
- the organization of training on privacy issues of Mondadori Group employees, aimed at raising awareness of the correct daily management of personal data in the workplace;
- the preparation of an annual report by the Data Protection Officer, submitted to the Board of Directors of the Parent Company on 30 July 2020 and distributed to all delegated controllers and members of the boards of statutory auditors of the subsidiaries.

In 2020, the Mondadori Group, as part of the risk prevention and management of operations to contain the spread of Covid-19 inside its premises, was from the outset well aware that the collection of personal data of employees, suppliers and visitors, required by the emergency situation, had to be carried out in compliance with the GDPR as well as with all applicable regulations on the protection of personal data, also in light of the clarifications and indications provided by the Data Protection Authority.

In order to provide tangible support to the entire company organization, the Legal and Corporate Affairs Department, aided by the Group's Information Systems Department, drew up a special guide regarding the processing of personal data in the context of the company management of the Covid-19 emergency and smart working (hereinafter the "Guide").

In the context of the Guide, with regard to the possibility and/or need to carry out work in Smarting Work mode, all employees were cautioned to pay the utmost care and attention to monitoring personal and/or company devices and network connections used, in order not to leave them unattended with active access to the network and systems of the Mondadori Group.

With regard to the growing number of computer attacks - phishing attacks in particular - that exploit the general concern related to the spread of Covid-19, particular emphasis was placed on the attention that each employee should pay in opening and executing attachments appearing in suspicious e-mails with the subject of communications on the Coronavirus from apparently legit senders (e.g. WHO or Ministries). In this regard, the Guide re-asserted the indication to report suspicious e-mail content to the DPO of the Mondadori Group, by writing to dpo@mondadori.it and to the Group's Information Systems Department.

Also in light of the Guide, the Mondadori Group took steps to further guarantee the rights and freedoms of those concerned, such as, by way of example but not limited to: (i) placement of notices at the entrance to company premises, inviting people to refrain from entering in the presence of flu symptoms; (ii) sending of e-mails to company personnel and suppliers, concerning rules of conduct aimed at preventing the risks of infection within the company, as well as information on the state of emergency and updates on all measures taken in this regard. Additionally, the competent medical officer was duly involved in the processing of health-related personal data.

Owing to the developments in the emergency situation, the Mondadori Group put in place measures to detect and control the body temperature of people entering its premises, in order to allow the containment of the spread of Covid-19, preserving the safety and safeguarding the health of its employees and associates.

In view of the above, the Mondadori Group installed special thermal scanners near each access to the premises. All persons wishing to access the premises of the Mondadori Group must undergo a body temperature measurement, duly and previously informed by a special notice issued by the data controller pursuant to Article 13 of the GDPR. If a temperature higher than 37.5°C is read, the thermal scanner sends an appropriate alert to the persons in charge and the person concerned is denied access to the

Mondadori Group's premises. In the case of an employee, the employee is encouraged to follow the instructions that the employer has established in the documentation circulated to employees as part of the prevention of the Covid-19 pandemic (e.g., contact primary care physician). Processing, in the latter case, falls within the normal management of the employment relationship as also regulated by the privacy policy provided for this purpose. Body temperature measurement, also in light of the clarifications provided by the Data Protection Authority, was planned by the data controller, based on the principles of privacy by design and privacy by default, and in accordance with the principle of data minimization referred to in Article 5, par. 1 lett. c) of the GDPR; the personal data collected are not stored.

For body temperature measurement, the data controller also conducted a special impact assessment pursuant to Article 35 of Regulation (EU) 2016/679, which found no critical issues.

In line with the measures taken to combat the spread of the Covid-19 virus in the workplace, in June 2020 the Mondadori Group also decided to comply with a diagnostic screening program, offering its employees the opportunity to take a free serological antibody test and, if required, a nasal/oropharyngeal swab. The protocol was launched in Lombardy with the collaboration of the San Raffaele Resnati Hospital (HSRR), acting as the independent data controller. The Mondadori Group's decision to do so was also taken in light of the clarifications provided by the Data Protection Authority on the matter, as well as the principles set out in Regulation (EU) 2016/679 and further applicable legislation.

All processing activities implemented by data controllers in the context of managing the emergency situation brought by the spread of Covid-19 were duly entered in their respective registers of personal data processing activities, which are constantly updated.

In 2020, the Mondadori Group handled numerous requests for the exercise of rights by data subjects, including, in particular, requests for access to and the deletion of personal data. No personal data breaches that could be considered data breaches were reported.

Source of complaints (no.)	2020	2019	2018
Supervisory bodies	1	-	-
External parties	1	1	4
Total	2	1	4
Losses or theft of customer data	-	1	-

With regard to Rizzoli International Publications, no privacy or data loss complaints were reported in the three-year period.

the Group's commitment and targets for reducing its environmental footprint and provides the framework for the setting of Group strategy and target areas for environmental action.

The guidelines identified in the environmental policy steer the operational decisions and practices of the Group, from the purchase of paper to the management of stores, with each company unit responsible for applying the guidelines in its day-to-day operations.

As in the rest of the NFS, the figures referring to the scope of continuing operations are shown (Italian consolidated companies and Rizzoli International Publications).

MANAGEMENT OF ENVIRONMENTAL IMPACTS

The Mondadori Group has always attached great importance to environmental issues, especially as regards the life cycle of paper products, energy efficiency, and the reduction of climate-changing emissions. The relevance of these issues for the Group is tied primarily to the main environmental impacts of its operations, in relation mainly to the consumption of paper and energy and the distribution of products.

The Group's firm commitment to managing these aspects is underpinned by the will to anticipate future developments connected with these issues and the need to respond effectively to the information demands of the many stakeholders of the Company. Generally speaking, sustainability matters, and hence issues connected with environmental impacts, are referred to the Sustainability Committee (see *Governance System*, pp. 154-155), which in 2012 prepared a Company environmental policy, published on the Mondadori Group corporate website (www.mondadori.com/sustainability/climate-change). The policy outlines

LIFE CYCLE OF PAPER PRODUCTS

As a publishing group, paper consumption and the management of the life cycle of paper products are major factors in the assessment of environmental impacts for Mondadori, especially considering the strategic focus placed in recent years on the company's Books and, on a smaller scale, Magazines businesses.

This section looks at the environmental impacts connected with the life cycle of paper products, from the use of paper as a raw material to the management of unsold copies of editorial products published and their pulping, including their logistical management and distribution.

The life cycle of paper products starts in paper mills, where paper is manufactured and then sent to the printing company that prints the products. Printed paper products are stored in warehouses and dispatched, through a logistics network, for delivery to distributors and end consumers.

Once a book or magazine is in the hands of a reader, the life cycle of paper products can take one of three turns:

- the book or magazine remains in the reader's home and may be re-used (e.g., re-read, given as a gift, donated to schools and/or libraries);
- the book or magazine is collected as waste paper for recycling, thus becoming valuable raw material that can be reused as pulp by paper mills;
- the book or magazine is collected as general waste.

The raw material: the paper used to print editorial products

In 2020, the total amount of paper purchased for the printing of editorial products in the scope of continuing operations (Italy and the United

States) amounted to approximately 52,760 tonnes (-20% versus 2019). Leveraging on the strategy of purchasing goods and services that started in 2014, Mondadori has strengthened its commitment to rationalizing the use of paper in the printing of its products, and to have greater control over the supplier selection process, to ensure that their work is consistent with the sustainability principles of the Group. Supplier selection criteria require that paper is certified by the PEFC and FSC, the two main certification schemes adopted worldwide, in order to gradually increase the percentage of certified paper used over time.

Italy

The table shows paper consumption by type of paper (certified, traditional and recycled) for the 2018-2020 period.

In the three-year period, the breakdown by type of paper shows a slight by constant reduction in the use of traditional paper (0.01% of the total versus 0.02% in 2018) in favour of certified paper (99.99% of the total versus 99.94% in 2018).

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Total printing paper

Type of paper	2020		2019		2018	
	t.	%	t.	%	t.	%
Certified	49,256	99.99%	62,643	99.98%	67,325	99.94%
Recycled	1	0.00%	5	0.01%	32	0.05%
Traditional	6	0.01%	7	0.01%	11	0.02%
Total	49,263		62,655		67,367	

USA

Rizzoli International Publications purchases its raw materials indirectly through printers, based primarily in China and, to a lesser degree, in Italy. Given the type of products it publishes and its international markets of operation, the company has not attached much significance so far to the use of certified paper. However, greater attention has been placed as early as 2018 to the use of certified paper, to align the company's standards with those of the Group. Based on estimates, in 2020 approximately 85% of paper used will be certified, up versus the prior year (in 2019, approximately 80%); below are paper consumption estimates for 2018-2020.

Total printing paper¹

	2020	2019	2018
Tonnes	3,500	3,500	3,249

¹ Figures on RIP 2018, 2019 and 2020 paper consumption are estimated on the basis of the copies produced and the average weight per copy, as detailed figures on actual consumption of paper for printing are not available in the documents received from suppliers, nor was it possible to trace the cost of paper alone in the figures appearing in the purchase invoices

Logistics and the end of life of editorial products

The Mondadori Group's distribution logistics takes the form of a series of overlapping networks that cover the entire country and differ in terms of the type of product managed and transported. These can be divided into the following channels: magazines (newsstands, subscriptions, daily newspapers), books (trade and educational), book clubs (Mondolibri products) and e-commerce.

Many of the logistics processes include both direct shipping to the destination points of the relating 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), or be destroyed or disposed of.

The various distribution processes are described

below for each channel, with details provided of the main associated environmental impacts. Specifically, in 2020, regarding the Italian scope, a total of just less than 2,200 tonnes of renewable packaging materials (wood and cardboard) was consumed, while non-renewable packaging materials (polyethylene, polypropylene and expanded polystyrene foam) amounted to approximately 280 tonnes (-24% versus 2019). Figures on material consumption used for shipping are unavailable for Rizzoli International Publications.

Magazines – Italy

Logistics for the Magazines Italy Area is managed by Press-di Distribuzione Stampa e Multimedia S.r.l., a wholly-owned subsidiary of the Mondadori Group, which manages the distribution of Mondadori magazines and the magazines and newspapers of other publishers for the newsstands channel and subscribers.

Press-di's logistics processes, including transport management, are all outsourced to select suppliers. Specifically, the logistics processes for the magazines were entrusted at end 2019 to Di2, of which Press-di Distribuzione Stampa e Multimedia S.r.l. is a 50% partner.

With regard to magazines, in 2020, approximately 55,027 tonnes of product were transported (-15% versus the prior year), entirely by road transport (with the additional use of ship transport for distribution to islands, involving the roll-on/roll-off of vehicles onto ships). The strong cut in the number of pallets transported, from 114,355 to 85,145 (-26%), is more than proportional to the drop in weight (-15%), thanks to the logistical efficiencies in warehouse and load management brought by Di2, with resulting benefits in terms of environmental impact due to the reduction in the number of vehicles required for transport.

The magazines logistics process in Italy involves four steps:

- film wrapping and shipment preparation: in 2020 this process was applied to approximately 28.36 million copies, using 116 tonnes of cellophane wrapping, approximately 85,145 pallets (equal to 553 tonnes of wood), and 21 tonnes of film; the

activity was discontinued in November 2020 by Press-di and returned directly to the user companies (captive and third parties) through an agreement managed centrally by the Group Procurement Department.

- primary transport: from distribution logistics centres (Cinisello Balsamo, Milan, Rome) to local distributors (43 local distributors in 2020);
- 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 to the Press-di national returns centre or for local pulping;

- transport of returned products: unsold products subject to return to the publisher are transported to the national returns centre of Bregnano (Como) through the Press-di primary transport network.

The table below shows consumption figures for materials used in the transport of magazines to newsstands.

Raw material (t.)	Detail	Press-di		
		2020	2019	2018
Wood	Pallets ¹	553	687	2,103
Cardboard	Cardboard boxes and packaging materials	-	-	-
Polyethylene	Film	138	206	268 ²
	Package filling	-	-	-
	Pallet covers	n.a.	n.a.	n.a.
Polypropylene	Tape	n.a.	n.a.	n.a.
	Strapping	n.a.	n.a.	n.a.
Expanded polystyrene foam	Filling of packages with polystyrene	-	-	-

¹ The downward trend in 2018-2019 is explained by the availability of more detailed information on the average weight of wooden pallets for 2019

² The figure on film in 2018 was estimated on the basis of consumption in 2017

The daily newspapers produced by third-party publishers (including *Il Giornale*, *Libero*, *Avvenire* and *Il Fatto Quotidiano*) are distributed by a different logistics network from the one used for magazines. This network includes a number of printing centres scattered across Italy, delivering to local distributors. The network, designed to ensure fast delivery times, is shared with other distributors to guarantee greater efficiency.

The lower operating costs (deriving from the

progressive reduction in transported weights) correspond to a proportional reduction in emissions due to transportation. Added to that is the effect of the certified returns process, by which unsold copies of publications are sent for pulping by local distributors. The process, while ensuring the processing of returns for statistical and accounting purposes for the publishers, does not require the need for the unsold copies to return physically to the warehouse, thereby reducing both costs and emissions.

The following table shows the estimated CO₂eq emissions deriving from the transport of magazines from the distribution logistics centres to local distributors in the three-year period 2018-2020 (in 2020 from Melzo and Rome, in 2018 and 2019 from Melzo, Verona and Rome). In 2020, these emissions decreased significantly, reaching 908 tonnes of CO₂eq, thanks mainly to logistics rationalization, which brought environmental as well as economic benefits. Specifically, the number of journeys fell, thanks to careful planning aimed at making the most of the vehicles' load capacity.

CO₂eq emissions from primary transport

	2020	2019	2018
tCO ₂ eq ¹	908	5,769	5,378

¹Primary transport emissions have been calculated taking into consideration the greenhouse gases CO₂, CH₄ and N₂O

Emission factors used

Transport of magazines	Source 2020	DEFRA: 2020 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, 100% laden)	0.92 kgCO ₂ eq/km
	Source 2019	DEFRA: 2019 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, average laden)	0.80 kgCO ₂ eq/km
	Source 2018	DEFRA: 2018 UK Government GHG Conversion Factors for Company Reporting (Freighting goods - All rigids, average laden)	0.81 kgCO ₂ eq/km

With regard to the management of returns, Mondadori has a high local pulping rate: Press-di (in agreement with the Group and third-party publishers distributed) has, in fact, encourages the widespread take-up of certified returns processes by local distributors. At the same time, however, the ongoing decline in newspaper and magazine readership, which has led to a general reduction in returns, has also affected the number of intermediaries – local distributors and newsstands – over the years, lowering both their total number and those that guarantee certified returns.

In 2020, local pulping amounted to approximately 12,483 tonnes for magazines (-34% versus 2019) and approximately 8,834 tonnes for newspapers (-18% versus 2019). Currently, out of the 43 local distributors used by Press-di, 40 guarantee certified returns (versus 48 out of 51 last year).

Trade books

Logistics operations for Trade Books (for the Mondadori, Einaudi, Electa, Frassinelli, Piemme, and Sperling & Kupfer brands, managed until April 2017 by Mondadori Libri S.p.A. through the Verona logistics hub) were sold as a business unit to Ceva Logistics S.p.A. in May 2017. The supplier has gradually transferred restocking, counting, and returns selection operations to its City of Books logistics hub in Stradella (in the province of Pavia), where it already managed operations for Rizzoli Libri. Operations for the launch of new books are also managed by Ceva Logistics, but performed by an external provider located in the Verona area.

November 2020 saw the start of the relocation of supply activities from the Stradella warehouse to a new dedicated warehouse located in Broni (PV). This transfer will end in March 2021.

In this context, the returns process (see the corresponding table for figures relating to shipping volumes, pallets and copies handled) is worthy of attention: returns are registered, classified based on quality, recorded, and stocked. The owner of such stock, i.e. the publisher, pays for storage and decides when to pulp the product.

Returns Trade books (no.) ¹	2020	2019	2018
Copies	9,683,088	12,788,000	9,925,000
Packages	302,597	399,000	325,000
Shipments	33,275	43,900	35,200

¹ Figures on pallets and shipments are based on estimated number of copies

All 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.

School textbooks publishing

In 2020, Mondadori Education distributed approximately 5.53 million textbooks and teachers' guidebooks. In 2020, distribution operations for all Mondadori Education publications were performed at the Verona logistics hub, managed by Ceva Logistics.

The logistics for Mondadori Education publications is connected with specific school education activities (promotion, adoption, and sale of books):

- through a network of promoters, school textbooks 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, reaching just under 130 destinations; lastly, the promoters are in charge of delivering or shipping the sample books to teachers. Mention should be made in this sense of the introduction of digital sample books (connected with the development of multi-device digital school books), which may lead to a reduction in the production and shipment of print 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 20

destinations. Additionally, starting in September, when the school year starts, the promoters are supplied with books and guides to deliver to teachers for classroom trials;

- as well as making shipments to decentralized distribution centres, the central warehouse in Verona directly supplies a number of top accounts and approximately 800 bookstores with university texts and L2 books (Italian as a foreign language);
- although returns are less frequent for school textbooks, total returns in this segment came to approximately 591,000 copies in 2020.

The distribution processes adopted by Rizzoli Education are similar, with the exception of the relevant logistics hub, which in the case of the publisher is Stradella.

As for the number of copies transported, approximately 6,217,000 copies were distributed in 2020, while returns amounted to 901,062 (both figures refer to sale copies and to classroom trial copies).

Bookclub

For products distributed through the bookclub channel, logistics (warehousing and preparation of orders) and all business support processes are managed at the Verona logistics hub. Orders are shipped by mail.

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

E-commerce

With regard to products sold on the website www.mondadoristore.it, B2C logistics activities include product management (for both Mondadori books and third-party publishers) at the Verona logistics centre (now Ceva Logistics); products are prepared according to customer orders and shipments

are made by express courier directly to the end customer's address. In this channel there are practically no returns.

The table below shows consumption figures for materials used in the transport of Trade books and school textbooks.

Materials consumption for Trade books, Retail and school textbooks¹

Raw material (t.)	Detail	Verona and Stradella logistics hub		
		2020	2019	2018
Wood	Pallets	734	802	1,523
Cardboard	Cardboard boxes and packaging materials	954	1,050	1,316
Polyethylene	Film	58	60	39
	Package filling	12	15	8
	Pallet covers	30	36	4
Polypropylene	Tape	8	9	22
	Strapping	22	25	11
Expanded polystyrene foam	Filling of packages with polystyrene foam	13	15	38

¹ The consumption figure for Mondolibri is not available

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Reducing energy consumption and combating climate change

The emission reporting process implemented in recent years by the Group has enabled the consolidation of calculation methods, and has acted as a baseline for raising internal awareness about possible policies for the reduction of greenhouse gases generated by its operations. In this regard, the Group has already launched a number of projects to cut its emissions, both in 2020 and in the past. These include the implementation of energy efficiency measures in buildings, the reduction of printing paper consumption, and the replacement of the car fleet with lower emission models (see *Initiatives to reduce environmental impact*, p. 149). This section looks at the environmental impact of the Mondadori Group's operations on global warming. It shows and explains the figures on direct

and indirect greenhouse gas emissions produced by the Group along its entire value chain.

Total greenhouse gas emissions at Group level (scope of continuing operations - Italy and USA) in 2020 amounted to approximately 26,330 tonnes of CO₂ (approximately -20% versus 2019). Total electricity consumption in 2020 amounted to 11,565 MWh (41,636 GJ, -12% versus 2019), while natural gas consumption amounted to 367,939 m³ (12,981 GJ, -14% versus 2019). The Group does not purchase energy from renewable sources.

Italy

Greenhouse gas emissions from Group operations in Italy and considered within the reporting scope of the GHG survey are classified as either direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions or other indirect (Scope 3) GHG emissions.

Greenhouse gas emissions (t.)	2020	2019	2018
Direct (Scope 1) - CO ₂ eq	726	848	801
Energy indirect (Scope 2)			
location-based - CO ₂	3,676	4,617	4,840
market-based - CO ₂ eq	5,097	6,266	6,453
Other indirect emissions (Scope 3) - CO ₂	20,280	25,951	28,534
<i>Emissions from paper production</i>	19,705	24,435	26,947
<i>Emissions from business travel</i>	574	1,516	1,587
Total location-based emissions - CO₂	24,681	31,416	34,175

Location-based Scope 2 emissions are shown in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO₂eq), as inferred from the relating technical literature
Scope 3 emissions linked to paper production are shown in tonnes of CO₂, as the source used does not report the emission factors of other gases than CO₂
Total emissions are calculated according to the location-based approach and are shown in CO₂ as the share attributable to other gases (CH₄ and N₂O) is immaterial

Emission factors used¹

Electricity (location-based)	2020 Source: Terna international comparisons on Enerdata figures (2018 figures)	336 gCO ₂ /kWh
	2019 Source: Terna international comparisons on Enerdata figures (2017 figures)	359 gCO ₂ /kWh
	2018 Source: Terna international comparisons on Enerdata figures (2016 figures)	360 gCO ₂ /kWh
Electricity (market-based)	2020 Source: AIB, (2020) European Residual Mixes 2019	466 gCO ₂ eq/kWh
	2019 Source: AIB, (2019) European Residual Mixes 2018	487 gCO ₂ eq/kWh
	2018 Source: AIB, (2018) European Residual Mixes 2017	480 gCO ₂ eq/kWh
Natural gas	2020 Source: NIR ISPRA	1,972 kg of CO ₂ /m ³
	2019 Source: NIR ISPRA	1,976 kg of CO ₂ / m ³
	2018 Source: NIR ISPRA	1,978 kg of CO ₂ / m ³ 0,00008571 kgCH ₄ / m ³ 0,00003428 kgN ₂ O/ m ³
Paper production	2020 Source: Key Statistics 2019 of the Confederation of European Paper Industries (CEPI)	0,4 t. CO ₂ /t. paper
	2019 Source: Key Statistics 2018 of the Confederation of European Paper Industries (CEPI)	0,39 t. CO ₂ /t. paper
	2018 Source: Key Statistics 2017 of the Confederation of European Paper Industries (CEPI)	0,4 t. CO ₂ /t. paper

¹Figures relating to business travel are disclosed through a specific report by the travel agency used by the Group

Direct (Scope 1) GHG emissions derive from the consumption of natural gas for the heating of offices, stores, and warehouses and fugitive emissions from air conditioning units. The figure for fugitive emissions is not available for the two-year period 2019-2020. For such reason, Scope 1 emissions derive exclusively from natural gas

consumption. Natural gas consumption figures are accurately measured. The 2020 figure, however, includes a partial estimate, not the actual figure, at the date of issue of this document, on the consumption of natural gas by one of Mondadori Retail's offices, owing to a malfunction in the measurement system.

Natural gas - Italy	UoM	2020	2019	2018
Natural gas consumption	m ³	367,939	428,985	402,420
	GJ	12,981	15,144	14,139

Natural gas consumption is converted into GJ using the conversion factors sourced from "National standard parameters published by the Ministry for the Environment and Land and Sea Protection" published for the respective years (2020, 2019, 2018).

In Italy, the Group's gas consumption decreased by 14% versus 2019 from 428,985 m³ to 367,939 m³ in 2020, due primarily to site closures during the lockdown period.

the national electricity grid for the use of:

- lighting, air conditioning (heat pumps), and equipment (e.g. PCs, printers) in offices and stores;
- lighting and equipment in warehouses;
- recharging electrical vehicles (Segrate) and forklift trucks (warehouses).

Energy indirect (Scope 2) GHG emissions derive from electricity consumption, which is sourced from

Electricity - Italy	UoM	2020	2019	2018
Total electricity purchased from the national grid	MWh	10,941	12,860	13,445
	GJ	39,387	46,295	48,401

The trend in electricity consumption in Italy has been steadily falling over the past three years: the approximately 19% reduction between 2018 and 2020 is due to the energy saving measures and actions implemented over the three-year period and, with regard to last year, the closure of offices during the lockdown period (see *Initiatives to reduce the environmental impact*, p. 149).

Other indirect (Scope 3) emissions consist of emissions from paper production operations (see *The raw material: the paper used to print editorial products*, p. 139) and business travel by employees. Emissions from the paper production cycle totaled approximately 19,700 tonnes of CO₂ in 2020, down (-19%) versus the prior year as a result of the declining consumption of paper and of the rescheduling of trade books and magazines production during the lockdown period.

Alongside emissions from paper consumption, emissions are associated with business travel by company personnel, mainly for the purposes of: meeting customers, travel for editorial features, meetings with suppliers, meetings at other company sites, and participation in events.

The following table shows the breakdown of business travel-related emissions by means of transport.

Emissions by means of transport	2020
Train	6.0%
Company car	66.8%
Car rental	0.8%
Plane	26.4%

Versus the prior years, due to the Covid-19 pandemic in 2020, business travel was greatly scaled back. As a result, company cars appear to be the largest contributor to CO₂ emissions from business travel in 2020 (66.8% vs. 26.0% in 2019), versus air travel which dropped dramatically (26.4% vs. 63.9% the prior year).

Other significant Scope 3 emissions were found to be connected with the logistics of transporting raw material (paper) and finished goods. Due to the difficulty of collecting reliable data on these flows, currently these emissions are only partially recorded (see table on p. 142) and may be explored more thoroughly in upcoming years.

USA

Figures relating to greenhouse gas emissions from operations run by Rizzoli International Publications refer to energy indirect (Scope 2) emissions and other indirect (Scope 3) emissions.

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Greenhouse gas emissions (t.)	2020	2019	2018
Energy indirect (Scope 2) – CO ₂			
location-based	249	125	117
market-based	249	125	117
Other indirect emissions (Scope 3) - CO ₂	1,400	1,365	1,300
Total location-based emissions - CO₂	1,649	1,490	1,416

Scope 2 emissions are shown in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO₂eq), as inferred from the relating technical literature

Scope 3 emissions linked exclusively to paper production are shown in tonnes of CO₂, as the source used does not report the emission factors of other gases than CO₂

Currently unavailable are the figures on fugitive emissions from air conditioning equipment for measuring direct (Scope 1) GHG emissions, and those on emissions from business travel.

Emission factors used

Electricity (location-based and market-based)	2020 Source: Terna international comparisons on Enerdata figures (2018 figures)	399 gCO ₂ /kWh
	2019 Source: Terna international comparisons on Enerdata figures (2017 figures)	411 gCO ₂ /kWh
	2018 Source: Terna international comparisons on Enerdata figures (2016 figures)	421 gCO ₂ /kWh
Paper production	2020 Source: Key Statistics 2019 of the Confederation of European Paper Industries (CEPI)	0.4 t, CO ₂ /t, paper
	2019 Source: Key Statistics 2018 of the Confederation of European Paper Industries (CEPI)	0.39 t, CO ₂ /t, paper
	Source: Key Statistics 2017 of the Confederation of European Paper Industries (CEPI)	0.4 t, CO ₂ /t, paper

In 2020, total emissions by Rizzoli International Publications were 1,649 tonnes CO₂ from electricity consumption and paper production.

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Electricity – USA	UoM	2020	2019	2018
Total electricity purchased from the national grid	MWh	624	305	277
	GJ	2,248	1,099	997

The 2020 figure includes a partial estimate on the bookstore's electricity consumption, calculated on the basis of expense incurred for the purchase of electricity

The 2019 figures are estimated on the basis of 2018 electricity consumption per employee, as detailed figures on consumption are unavailable.

Electricity consumption for 2018 was estimated on the basis of expense incurred for the purchase of electricity, as detailed figures on consumption are unavailable

INITIATIVES TO REDUCE THE ENVIRONMENTAL IMPACT

Waste

The commitment to reducing the environmental impact also applies to waste produced. Given

the specific business of the Mondadori Group, only a small part of waste produced by special products falls in the "hazardous" class. Segrate, the only site at the moment where the amounts of waste disposed of can be accurately measured, saw zero production between 2020 and 2019 of hazardous waste.

Waste	2020		2019		2018	
Segrate head office	t	%	t	%	t	%
Hazardous	-	-	2.738	1.14%	0.771	0.4%
Non-hazardous	141.247	100%	238.158	98.86%	199.73	99.6%
Total	141.247		240.896		200.5	

Energy saving initiatives in 2020

In 2020 too, despite the pandemic that forced urgent and specific sanitization and management measures, the attention to energy saving remained high, with initiatives involving mainly the Segrate headquarters. The initiatives shown below are those planned in 2019 and partly implemented in 2020, the benefits of which will be fully felt in 2021. Other initiatives are currently in the pipeline or being assessed and planned.

Paper and toners

Among the measures taken to reduce the environmental impacts of Group offices and bookstores, efforts have been made in recent years to raise awareness of the responsible use of toners and paper for printing in offices. Over the last three years in particular, the Group has managed to reduce the consumption of printing paper by approximately 50%. Toners also saw a reduction over the three-year reporting period, due to both printer replacement policies applied over the years and office closures due to the national lockdown.

Toner and printing paper consumption (offices) Raw material (t.)	2020	2019	2018
Paper for printouts	29	61	72
Toners for office printouts	0.3	1	2

Segrate head office

Water and air treatment plants

- Replacement in March of the south well pump with a new inverter to reduce groundwater and electricity consumption especially at nighttime and in winter, proportional to actual needs, while still ensuring a minimum constant flow to the lake required to supply the Idroscalo, as requested by the Metropolitan City. Lastly, work on well management that began last year with similar work on the north well, was completed with the installation of a lake relief valve, automatically controlled and related to the discharge pressure. Installation and final operation took place in September. Thanks to this additional intervention, only the water strictly required is constantly drawn. Annual savings are estimated at approximately 30,000 kWh, supported by data gathered during the months of actual operation. The reduction in groundwater withdrawal is approximately 200,000 m³/year.
- Installation in July of inverters on the well booster pumps dedicated to multi-purpose machines to reduce the consumption of condensation water and electricity, proportional to the actual machine needs. Annual savings are estimated at approximately 3,000 kWh, supported by data gathered during the months of actual operation. This intervention also optimizes the performance of the multi-purpose machines.

- Following renovation in January/February of the company's Bar, new VRV autonomous air treatment systems with heat recovery unit on outdoor air renewal were installed, as per the requirements of the standards. The old and obsolete centralized system was replaced, allowing greater comfort and flexibility linked to the actual use of the spaces, therefore bringing obvious energy saving.

Environmental redevelopment

- Underground petrol and diesel station tanks decommissioned and removed. Area involved reclaimed and legal paperwork discharged.
- In 2020, an innovative coating product was applied to the canteen at the Segrate HQ. The AIRLITE company has developed and marketed a paint boasting extraordinary features. The product has already been applied in several cities, thanks to its remarkable antibacterial, anti-mold and anti-pollution pluses. As shown in the technical fact sheet (attached), the paint applied to exterior/interior walls cuts CO₂ emissions significantly. In our case, the product was applied on the walls of the company canteen; a table (see attachment) shows the reduction in grams of CO₂. In 2021, the product is also expected to be applied to the exterior walls of the property.

CO₂ uptake from a surface painted with Airlite during the carbonation phase

g of CO ₂ uptake per kg of Airlite	237.8 gCO ₂ /kg
Yield per kg	10 - 12 m ²
Yield used in calculation	11 m ²
g of CO ₂ uptake per m ² painted with Airlite	21.62 gCO ₂ / m ²
m ² painted with Airlite	1,100 m ²
Total CO ₂ uptake	23,780 g

Energy monitoring

- We have further improved the electrical energy monitoring system in accordance with Legislative Decree 102/2014. The system allows us to split energy consumption based on use (conditioning, motive power, lighting, auxiliary devices), crucial for implementing new saving measures.

Initiatives planned or in the pipeline for 2021

Segrate head office

- As already written last year, but suspended due to the pandemic, the project has been laid out and quotations requested for the splitting of the induction system on the main building, north side, through sectioning of the hydraulic distribution into two macro-areas per each half floor, managed by temperature sets and the installation of inverters on the hot and cold

inductor pumps. Goal: energy saving, increased comfort and ultimate flexibility of the system, allowing a different use per half floor.

- Quotations stage planned and requested for the installation of a new geothermal unit for the treatment of technical environments such as the UPS battery room, the documentation centre and the control room. This initiative is needed to replace machines that are no longer in operation (in the case of the UPS backup room), but at the same time it helps create a system that offers greater efficiency and reduced electricity consumption.
- Quotations stage planned and requested for installation of the box management system on the "Foglia" floor. Achievable also in two stages. The intervention marks the completion of the intervention carried out a few years ago on the "Sottofoglia" on the fifth floor. Goal: energy saving, greater system flexibility, and control operations no longer manual and on site via operator.

- Planned project for the construction of a new south tower hallway treatment plant and air gates. The new system will replace the obsolete and poorly performing centralized system. Plans involve an autonomous system with geothermal heat pump. The new system can guarantee energy saving with flexible autonomous management linked to actual use of the spaces.
- In the study phase, an automated and start management program of the main systems linked to actual occupation of the spaces and to external conditions (Optimum Start/Stop). Goal: energy saving while maintaining constant conditions of wellbeing.

Reducing the impact of business travel

The Mondadori Group has been committed for some years now to reducing emissions from business travel related to its Italian operations.

In 2020, the size of the Group's car fleet in Italy remained virtually unchanged and shows a slight decrease in terms of emission class: with regard to the breakdown of vehicles in "emission classes", as determined by the ADEME eco-label (Agence de l'Environnement et de la Maîtrise de l'Energie, a French agency specialized in the identification and spread of energy, environmental protection, and sustainable development information), in 2020, almost 50% of the car fleet consisted of class A and B vehicles (in line with 2019), with a slight increase in vehicles with less virtuous emission classes (D).

Mondadori car fleet

Type (no.)	2020	2019	2018
Owned cars	-	-	-
Rental cars	111	112	112
Total	111	112	112

In 2020, no class G cars were reported in the fleet.

Type (no.)	2020	2019	2018
CLASS A - less than or equal to 100 gCO ₂ /km	16	13	16
CLASS B - from 101 to 120 gCO ₂ /km	39	43	42
CLASS C - from 121 to 140 gCO ₂ /km	32	31	31
CLASS D - from 141 to 160 gCO ₂ /km	17	14	8
CLASS E - from 161 to 200 gCO ₂ /km	6	11	15
CLASS F - from 201 to 250 gCO ₂ /km	1	-	-
CLASS G - more than 250 gCO ₂ /km	-	-	-
Total	111	112	112

Average of emission classes (in grams of CO_{2eq})

2020	125	C
2019	127	C
2018	127	C

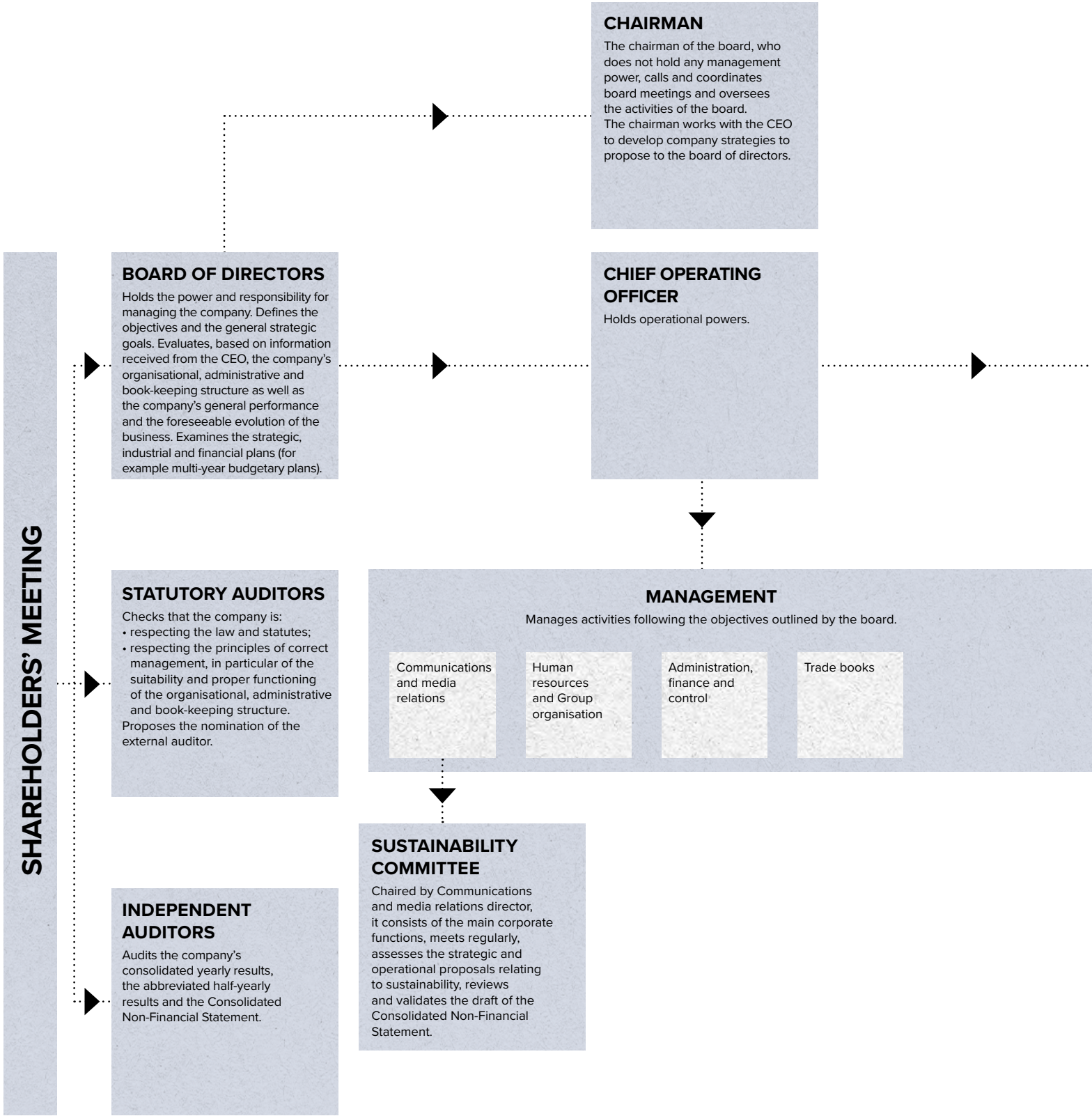
In 2020, the average emissions per km dropped to 123 gCO₂/km.

Average CO₂ emissions per km (in grams of CO_{2eq})

2020	123	C
2019	125	C
2018	125	C

GOVERNANCE SYSTEM

The report on corporate governance and ownership structure containing information on the adoption by Arnoldo Mondadori Editore S.p.A. of the Corporate Governance Code for Listed Companies established by Borsa Italiana S.p.A., as well as further information pursuant to art. 123 *bis*, par. 1 and 2 of the Italian Legislative Decree 58 of 24 February 1998 is available – together with this Directors' Report on Operations on the www.mondadori.com website under the Governance section, and through the storage mechanism www.linfo.it.



Remuneration and appointments committee

Makes proposals to the BoD regarding:

- remuneration of BoD 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 Board 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;
- assists the BoD in the assessments and decisions regarding sustainability topics, with specific regard to the approval of the NFS.

Reports periodically to the BoD.

Carries out specific jobs delegated to it by the BoD.

Lead Independent Director and the Independent Directors Committee

The Lead Independent Director (LID) is the liaison and coordinator for petitions and contributions from independent directors and non-executive directors.

The Lead Independent Director:

- collaborates with the Chairman of the BoD to ensure the good operation of the BoD and to ensure that the board members receive complete information in a timely manner;
- may call meetings for independent directors only on issues regarding the operation of the BoD or the corporate governance system, with the possibility of inviting members of Group management to report.

Related parties committee

Provides advice on the BoD 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 BoD, 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 BoD.

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.

Educational

Mondadori
Media

Mondadori
Retail

NOTE ON METHODOLOGY

This Consolidated Non-Financial Statement (hereinafter also “Statement” or “NFS”) of the Mondadori Group meets the requirements of Legislative Decree 254/2016 concerning the obligation of large public-interest entities to report non-financial information. The objective of the NFS is to facilitate the understanding of the organizational model, policies, main risks, and performance

measures of the Group in relation to environmental, social and employee aspects, respect for human rights, and anti-corruption and bribery matters that are material, given the business and characteristics of the undertaking (as per Articles 3 and 4 of Legislative Decree 254/2016).

In accordance with the two options provided by Article 5 of Legislative Decree 254/16, this NFS has been incorporated into the Directors’ Report on Operations of the Mondadori Group for 2020. This

Topics not subject to materiality analysis but reported nevertheless	Legislative Decree 254 areas	GRI Topics
Business integrity and combating corruption	Combating corruption	Anti-corruption
	Social	Anti-competitive behavior
	Social	Socio-economic compliance
	Social	Tax
Economic performance	Social	Economic performance

Non-Financial Statement, prepared on an annual basis, is also published on the Group's website, www.mondadori.com, as part of the *2020 Annual Report*.

In accordance with the GRI Standards, when prioritizing the sustainability topics, due consideration was given to the relevance of the impact of each topic both within and outside the reporting scope, i.e. along the Mondadori value creation chain.

To provide greater reporting clarity and to facilitate comparison, the aspects identified by the GRI Standards, material topics, and the areas covered by the Decree have been matched and the relating boundary, and any scope limitations applied, stated.

GRI indicators	Scope of material topics		Scope limitations	
	Where the impact occurs	Type of impact	Internal	External
GRI 103-1 GRI 103-2 GRI 103-3 GRI 205-3				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 206-1	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 GRI 419-1				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 207-4				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-4				

Material topic	Legislative Decree 254 areas	GRI Topics
Product accessibility	Social	Content distribution (M)
		Cultural rights (M)
	Respect for human rights	Human rights assessment (M)
Brand management	Social	Non GRI Topic
Life cycle of paper products	Environmental	Materials
Climate change	Environmental	Emissions
		Energy
Management of environmental impacts	Environmental	Waste (2016)
Inclusiveness	Personnel	Diversity and equal opportunity

(M): Material topics under G4 Sector Disclosures – Media

* Rizzoli International Publications

GRI indicators	Scope of material topics		Scope limitations	
	Where the impact occurs	Type of impact	Internal	External
GRI 103-1 GRI 103-2 GRI 103-3 M4	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3				
GRI 103-1 GRI 103-2 GRI 103-3				
GRI 103-1 GRI 103-2 GRI 103-3	Group, franchisees	Generated by the Group		Reporting scope not extended to franchisees
GRI 103-1 GRI 103-2 GRI 103-3 GRI 301-1 GRI 301-2	Group, distributors, paper suppliers, printing suppliers	Generated by the Group and related to Group activities	Reporting scope partly extended to RIP*	Reporting scope partly extended to distributors but not extended to paper and printing suppliers
GRI 103-1 GRI 103-2 GRI 103-3 GRI 305-1 GRI 305-2 GRI 305-3	Group, distributors, paper suppliers, printing suppliers, franchisees	Generated by the Group and related to Group activities	Reporting scope partly extended to RIP*	Reporting scope partly extended to distributors but not extended to paper suppliers, printing suppliers and franchisees
GRI 103-1 GRI 103-2 GRI 103-3 GRI 302-1				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 306-2	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 GRI 405-1	Group	Generated by the Group		

Material topic	Legislative Decree 254 areas	GRI Topics
Strategic business innovation	Social	Non GRI Topic
Education and the school world	Social	Disclosure of content (M)
Privacy and personal data protection	Social	Customer privacy
	Respect for human rights	Privacy protection (M)
Promotion of reading and socio-cultural growth	Social	Interaction with the public (M)
		Media literacy (M)
Responsibility for content	Social	Content creation (M)
Health and safety in the workplace	Personnel	Occupational Health and Safety (2018)
Intellectual property and copyright protection	Social	Freedom of expression (M)
		Public policies
	Respect for human rights	Cultural rights (M)
Enhancement and management of human capital	Personnel	Employment
		Training and education
		Labor/Management relations

(M): Material topics under G4 Sector Disclosures – Media

GRI indicators	Scope of material topics		Scope limitations	
	Where the impact occurs	Type of impact	Internal	External
GRI 103-1 GRI 103-2 GRI 103-3	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 M4	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 GRI 418-1	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3				
GRI 103-1 GRI 103-2 GRI 103-3 M6	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 M7				
GRI 103-1 GRI 103-2 GRI 103-3 M2	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 GRI 403-1/7 GRI 403-9	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 415-1	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 401-1				
GRI 103-1 GRI 103-2 GRI 103-3 GRI 404-1 GRI 404-2	Group	Generated by the Group		
GRI 103-1 GRI 103-2 GRI 103-3 GRI 402-1				

Reporting scope and standard

In accordance with the requirements of the Decree, the **reporting scope** matches the scope of the consolidated financial statements, including all companies consolidated on a line-by-line basis in financial reporting.

Any exceptions to the reporting scope shown above are duly highlighted in the document; however, these limitations are not considered relevant for the understanding of the company's business, performance, results and the impacts it generates.

The **reporting period** for the information and figures provided in this NFS is 2020 (1 January - 31 December).

The **reporting standard** adopted by the Group for the preparation of the Non-Financial Statement are the GRI Sustainability Reporting Standards, published in 2016 by the Global Reporting Initiative (GRI). This report was prepared in accordance with GRI Standards: Core option. As an annex to the document, the GRI Content Index shows GRI indicators associated with each material topic.

The standards used for defining content and in quality assurance of the NFS are the reporting standards set out by GRI Standard 101: Foundation (completeness, sustainability context, stakeholder inclusiveness, and materiality for defining report content and accuracy; reliability, clarity, comparability, balance, timeliness for quality assurance).

Reporting process and calculation criteria

The identification of the qualitative and quantitative information contained in this 2020 Non-Financial Statement involved all relevant company functions, in concert with and coordinated by CSR officers. Specifically, the figures shown were selected on the basis of the materiality analysis and, where

appropriate, also on the basis of the European Commission's "Guidelines on Non-Financial Reporting". The figures were collected through a collection, aggregation, and transmission process applied to figures and information at Group level.

For the preparation of the 2020 Consolidated NFS, Mondadori was assisted by Lundquist S.r.l..

Shown below are the main **calculation methods and assumptions** used to measure the non-financial performance measures reported in this NFS, in addition to the information provided in the various sections:

- the figures on penalties refer to cash outlays in the year and are not calculated on an accrual basis;
- in the breakdown of the workforce by grading, "executives" include editors-in-chief and deputy editors-in-chief of magazines; members of the Board of Directors are not included;
- where environmental figures were unavailable, conservative estimates were used, resulting in the underestimation of the company's environmental performance;
- greenhouse gas emissions were calculated by applying the principles indicated in international standard ISO 14064-1.

In order to compare figures over time, where possible, figures for the previous two years were included.

To ensure figure reliability, the use of estimates has been restricted as much as possible, and, where used, are based on the best available and appropriately reported methods.

This NFS was approved by the Board of Directors of Arnoldo Mondadori Editore S.p.A. on 18 March 2021.

This document was subject to limited review, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised), by the Independent Auditors EY S.p.A.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page reference	Omission
GRI 102: General Disclosure (2016)			
Profile of the organization			
	102-1 Name of the organization	p. 96	
	102-2 Activities, brands, products and services	Overview of Group activities (2020 Annual Report, pp. 15-17)	
	102-3 Location of main office	Segrate - Milan	
	102-4 Location of operations	Italy - United States	
	102-5 Ownership and legal form	p. 106	
	102-6 Markets served	Overview of Group activities (2020 Annual Report, pp. 15-17); pp. 110-111	
	102-7 Scale of the organization	p. 112	
	102-8 Information on employees and other workers	p. 112	
	102-9 Supply chain	pp. 139-144	
	102-10 Significant changes to the organization and its supply chain	p. 118-119	
	102-11 Precautionary principle	p. 162	
	102-12 External initiatives	pp. 102-103	
	102-13 Membership of associations	pp. 102-103	
Strategy			
	102-14 Statement from senior decision-maker	Letter to Stakeholders (2020 Annual Report, p. 11)	
	102-15 Key impacts, risks and opportunities	pp. 107-110	
Ethics and Integrity			
	102-16 Values, principles, standards, and norms of behaviour	pp. 102-106	
Governance			
	102-18 Governance structure	pp. 154-155	
Stakeholder involvement			
	102-40 List of stakeholder groups	pp. 99-100	
	102-41 Collective bargaining agreements	p. 119	
	102-42 Identifying and selecting stakeholders	pp. 98-99	
	102-43 Approach to stakeholder engagement	p. 101	
	102-44 Key topics and concerns raised	pp. 101-102	

GRI Standard	Disclosure	Page reference	Omission
Reporting practices			
	102-45 Entities included in the consolidated financial statements	p. 162	
	102-46 Defining report content and topic boundaries	pp. 96; 156-161	
	102-47 List of material topics	pp. 101; 156-161	
	102-48 Restatements of information	No figure restatements were made from previous Non-Financial Statements (2018 and 2019)	
	102-49 Changes in reporting	pp. 156-162	
	102-50 Reporting period	pp. 96; 162	
	102-51 Date of most recent report	27 March 2020	
	102-52 Reporting cycle	pp. 156-157	
	102-53 Contact point for questions regarding the report	csr@mondadori.it tel. +39 02 7542 3159	
	102-54 Claims of reporting in accordance with the GRI Standards	In accordance: "Core"; p. 162	
	102-55 GRI content index	pp. 163-170	
	102-56 External assurance	pp. 403-405	

Material Topics

GRI 200 Economic Standard Series

Economic performance

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161
	103-2 The management approach and its components	pp. 106; 110-111
	103-3 Evaluation of the management approach	pp. 110-111
GRI 201: Economic performance 2016	201-4 Financial assistance received from government	p. 106

Anti-corruption

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161
	103-2 The management approach and its components	pp. 102-106
	103-3 Evaluation of the management approach	pp. 102-106; 109
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	p. 104

GRI Standard	Disclosure	Page reference	Omission
Anti-competitive behaviour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 104	
	103-3 Evaluation of the management approach	pp. 104; 109	
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behavior, antitrust and monopoly practices	p. 104	
Tax			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 105-106	
	103-3 Evaluation of the management approach	pp. 105-106; 109	
GRI 207: Tax 2019	207-1 Approach to tax	pp. 105-106	
	207-2 Tax governance, control and risk management	pp. 105-106	
	207-3 Stakeholder engagement and management of concerns related to tax	pp. 105-106	
	207-4 country-by-country reporting	p. 106	
GRI 300 Environmental Standards Series			
Materials			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 138-140	
	103-3 Evaluation of the management approach	pp. 107; 138-140	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pp. 138-144; 149	
	301-2 Recycled input materials used	pp. 138-144; 149	
Energy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 144-148	
	103-3 Evaluation of the management approach	pp. 107; 144-148	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pp. 146; 148	

GRI Standard	Disclosure	Page reference	Omission
Emissions			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 144-148	
	103-3 Evaluation of the management approach	pp. 107; 140-148	
	305-1 Direct (Scope 1) GHG emissions	p. 145	
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 145; 147-148	
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	pp. 142; 145; 147-148	Scope 3 emissions include, for Italy, emissions from paper consumption, business travel and shipments of magazines to local distributors; for the United States, they include emissions from paper consumption.
Waste			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 149	
	103-3 Evaluation of the management approach	pp. 107; 149	
GRI 306: Water discharges and waste 2016	306-2: Waste by type and disposal method	p. 149	Waste production figures refer only to the Segrate offices of Arnoldo Mondadori Editore S.p.A.
GRI 400 Social Standards Series			
Employment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 112	
	103-3 Evaluation of the management approach	pp. 110; 112	
GRI 401: Employment 2016	401-1 New hires and turnover	pp. 113-114	

GRI Standard	Disclosure	Page reference	Omission
Relations between labour and management			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 118-119	
	103-3 Evaluation of the management approach	pp. 110; 118-119	
GRI 402: Relations between labour and management 2016	402-1 Minimum notice period regarding operational changes	p. 119	
Health and safety in the workplace			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 127-131	
	103-3 Evaluation of the management approach	pp. 110; 127-131	
GRI 403: Health and safety in the workplace 2018	403-1 Occupational Health and Safety Management System	p. 130	
	403-2 Hazard identification, risk assessment, and accident investigation	p. 130	
	403-3 Occupational health services	p. 130	
	403-4 Worker participation, consultation and communication on health and safety in the workplace	p. 130	
	403-5 Worker training on health and safety in the workplace	pp. 121-122; 130	
	403-6 Promoting of worker health	pp. 123-124; 127-130	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pp. 127-130	
	403-9 Accidents in the workplace	p. 131	
Training and education			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 119-123	
	103-3 Evaluation of the management approach	pp. 110; 119-123	
GRI 404: Training and education 2018	404-1 Average hours of training per year per employee	pp. 119; 122	
	404-2 Programs for upgrading employee skills and transition assistance programs	pp. 119-121; 123	

GRI Standard	Disclosure	Page reference	Omission
Diversity and equal opportunities			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 125-126	
	103-3 Evaluation of the management approach	pp. 110; 125-126	
GRI 405: Diversity and equal opportunities 2016	405-1: Diversity of governance bodies and employees	pp. 125-127	
Public policy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 106	
	103-3 Evaluation of the management approach	pp. 106-108	
GRI 415: Public policy 2016	415-1 Political contributions	p. 106	
Customer privacy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 108; 135-138	
	103-3 Evaluation of the management approach	pp. 108; 135-138	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data	p. 138	
Socio-economic compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 105	
	103-3 Evaluation of the management approach	pp. 105; 109	
GRI 419: Socio-economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	p. 105	

*GRI G4 Media Sector Disclosure

GRI Standard	Disclosure	Page reference	Omission
Content creation*			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 133-134	
	103-3 Evaluation of the management approach	pp. 108; 133-134	
M2	Methodology for assessing and monitoring adherence to content creation values	pp. 133-134	
Content distribution*			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	pp. 132-135	
	103-3 Evaluation of the management approach	pp. 108; 132-135	
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. 132-135	
Interaction with the public*			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 133	
	103-3 Evaluation of the management approach	pp. 108; 133	
M6	Methods to interact with audiences and results	p. 133	
Media literacy*			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	pp. 96-98; 101-102; 156-161	
	103-2 The management approach and its components	p. 133	
	103-3 Evaluation of the management approach	pp. 108; 133	
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For the Board of Directors
The Chairman
Marina Berlusconi



*GRI G4 Media Sector Disclosures

