



# CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP – ETHICS

<b>4.1 CSR – KEY PRIORITIES, STAKEHOLDERS AND RESPONSIBLE GOVERNANCE</b> <b>AFR</b>	<b>116</b>	<b>4.4 MONITORING OF OTHER REGULATORY INFORMATION</b> <b>AFR</b>	<b>145</b>
4.1.1 CSR policy objectives	116	4.4.1 Social information	145
4.1.2 CSR players and governance	118	4.4.2 Environmental information	150
4.1.3 The CSR roadmap	119	4.4.3 Societal information	151
.....		.....	
<b>4.2 IMPLEMENTATION OF THE STRATEGIC “CORE BUSINESS” PRIORITIES</b> <b>AFR</b>	<b>121</b>	<b>4.5 METHODOLOGY AND SCOPE</b> <b>AFR</b>	<b>152</b>
4.2.1 Promoting diversity and gender balance in the workplace	121	4.5.1 Scope of consolidation	152
4.2.2 Strengthening employer attractiveness and talent retention	127	4.5.2 Reference base for indicators and reporting methods	152
4.2.3 Promoting access to education, culture and entertainment	129	.....	
4.2.4 Defending cultural pluralism and diversity	131	<b>4.6 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY</b> <b>AFR</b>	<b>154</b>
4.2.5 Ensuring responsible paper cycle management	133	.....	
4.2.6 The Foundations – community engagement programmes linked to the Group’s activities	136	<b>4.7 IMPLEMENTATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES</b> <b>AFR</b>	<b>156</b>
.....		4.7.1 Introduction	156
<b>4.3 IMPLEMENTATION IN PRIORITY ACTION AREAS</b> <b>AFR</b>	<b>138</b>	4.7.2 Risk mapping	156
4.3.1 Fighting climate change	138	4.7.3 Regular assessment procedures and remedial and preventative action	157
4.3.2 Integrating social responsibility in the supply chain	142	4.7.4 Whistleblowing	158
4.3.3 Ensuring the quality, safety and ethical sourcing of products and content	142	4.7.5 Monitoring	158
4.3.4 Supporting responsible digital management	143		
4.3.5 Fighting corruption	144		

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

## 4.1 CSR – KEY PRIORITIES, STAKEHOLDERS AND RESPONSIBLE GOVERNANCE

**AFR**

Create purpose. Foster personal fulfillment at work. Offer guidance to its employees in diversity and innovation. Combine excellence with corporate responsibility in a changing society. Align respect for objectives with respect for the planet. These challenges are directly related to the businesses of the Lagardère group and reflected in

its social, environmental and societal commitments. Lagardère has implemented a Corporate Social Responsibility (CSR) policy to reach three objectives: meet increasingly stringent regulatory requirements, align its CSR approach with its development strategy, and strengthen stakeholder relations.

### 4.1.1 CSR POLICY OBJECTIVES

#### A) MEETING INCREASINGLY STRINGENT REGULATORY REQUIREMENTS

The CSR reference framework applies both nationally and internationally.

**In France**, non-financial disclosure requirements have become stricter over the years. For the sixth year in a row, in application of the implementing order of article 225<sup>(1)</sup> of France's Grenelle 2 law of 12 July 2010, the Lagardère group<sup>(2)</sup> has had the disclosure and fairness of the social, and environmental societal information in this report verified by an independent third-party (see the independent third-party report in section 4.6).

For the 2017 report, this chapter on CSR information has been divided into three sections to improve readability and to differentiate between information provided on the strategic priorities of the CSR roadmap and other social, environmental and societal information included in line with the French Commercial Code. A cross-reference index, provided in section 8.3 of this Reference Document, enables readers to locate the information required by the French Commercial Code.

**Internationally**, Lagardère applies a number of founding documents on CSR, such as the ILO<sup>(3)</sup> and the OECD<sup>(4)</sup> guidelines aimed at multinational corporations.

The Lagardère group also refers to other standards for guidance in conducting its operations. For example, ISO 26000 was used as a reference when the Lagardère group Code of Conduct was updated in 2012. Lagardère's CSR practices also apply Unesco's Convention on the Protection and Promotion of the Diversity of Cultural Expressions and Unicef's Implementation Handbook for the Convention on the Rights of the Child.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère is renewing his commitment to the principles of the United Nations Global Compact which the Group has adhered to since 2003 and which have guided its CSR strategy for fifteen years now.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) Decree 2012-557 of 24 April 2012 on companies' disclosure requirements concerning social and environmental matters amends articles R. 225-105-1 and R. 225-105-2 of the French Commercial Code and those featuring in the group's own management report.  
 (2) Hachette Livre is also subject to the verification requirement concerning the disclosures published in its management report, set out in the French Commercial Code.  
 (3) International Labour Organization. Its principles are included in the commitments of the United Nations Global Compact.  
 (4) Organisation for Economic Co-operation and Development.

With operations on all continents, the Lagardère group is one of the world's leading media companies. As an international Group, we must be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation is more respectful of man and his environment. This international commitment is expressed through the Group's membership of the United Nations Global Compact, which we joined in 2003, and which encourages businesses to operate responsibly.

In addition to this basic commitment, Lagardère is a member of the Global Compact France non-profit organisation, which represents France in the Global Compact's National Networks.

To reassert our commitment, each year we report on the progress made by our Group in the Compact's ten principles.

## HUMAN RIGHTS

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

## LABOUR

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labour.

**Principle 5:** Businesses should uphold the effective abolition of child labour.

**Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

**Principle 7:** Businesses should support a precautionary approach to environmental challenges.

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility.

**Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

## ANTI-CORRUPTION MEASURES

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

**Arnaud Lagardère**

*General and Managing Partner of Lagardère SCA*

## B) ADAPTING CSR TO GROUP STRATEGY AND DEVELOPMENT

The Lagardère group aligns its CSR policy with its development strategy for its various businesses. For several years, its roadmap has therefore paid special attention to:

- ▶ changes in the Group's activities. The development of activities offering growth potential, as well as changes in the business models of the more historical activities, to the extent that innovation is an essential component that affects the social, environmental and societal impacts that the Group's activities have on society;
- ▶ the Group's increasingly international footprint. The international expansion of the Lagardère group's activities, entry into new emerging markets and the objective of ensuring that growth becomes less centred on France are also factors to bear in mind since they alter the contours of the Group's CSR strategy (inclusion of issues with an international reach, impacts on local communities, promotion of cultural diversity, etc.).

## C) STRENGTHENING STAKEHOLDER RELATIONS

Authors and other artists, readers and listeners, internet users and television viewers, employees and suppliers, rights holders and advertisers, concession granters and the travelling public, customers, investors, consumers and shareholders. Lagardère's numerous stakeholders – internal, external, public or sector-based – are mapped out in the diagram below.

To strengthen relations with its stakeholders, in 2015 Lagardère set up a **stakeholder panel**, an advisory body that seeks to improve the Group's CSR practices. Lagardère's stakeholder panel is chaired by Thierry Funck-Brentano, one of the Co-Managing Partners of Lagardère SCA, and coordinated by the Sustainable Development Department. Its 13 members are appointed for two years and represent the main CSR issues, businesses, expertise and the Group and both its internal and external stakeholders.

The panel met twice in 2017 with the aim of:

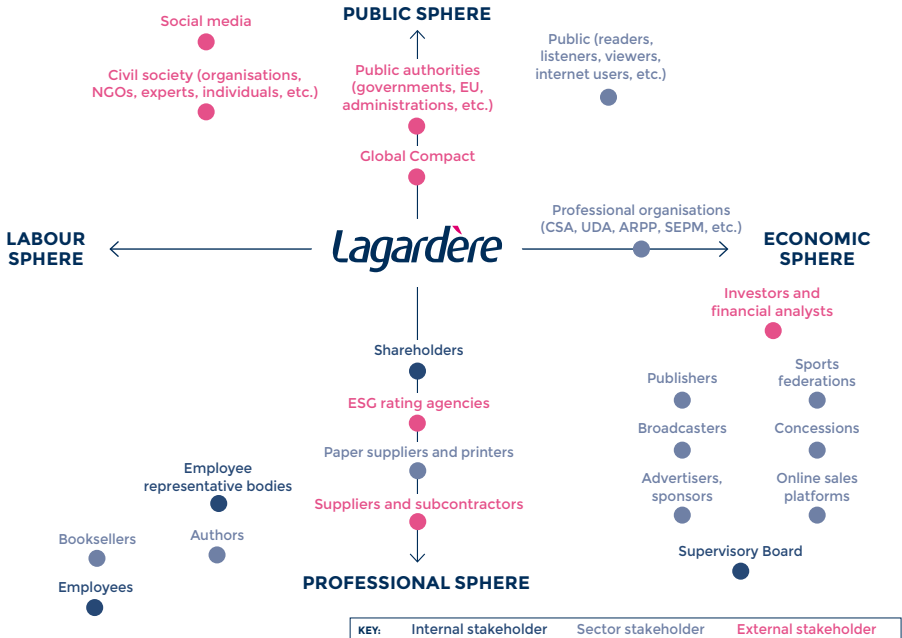
- ▶ establishing regular dialogue at Group level between Lagardère and its stakeholders;
- ▶ better understanding stakeholders' perception and expectations of the Group;
- ▶ supporting Lagardère's forward-looking strategy for its main social, environmental and societal priorities.

In 2017, the stakeholder panel focused on the materiality matrix, which was set up in the first quarter, as well as on ideas to attract and retain talented employees. Then, in December, the panel discussed ethical issues relating to artificial intelligence and big data.

Additionally, since it first rolled out its CSR strategy, Lagardère has maintained frequent and ongoing dialogue with non-financial

investment analysts. This continued collaboration, together with the progress it achieves each year, has enabled the Group to remain in the following ESG indexes (as at 31 December 2017): Euronext Vigeo

Europe 120, Eurozone 120, MSCI (Global Sustainability Indices) and STOXX® Global ESG Leaders.



## 4.1.2 CSR PLAYERS AND GOVERNANCE

At Group level, a Sustainable Development Department, which reports to the Managing Partners, coordinates a Steering Committee composed of CSR managers from each business line and representatives from several cross-functional departments. Chaired by the Group's Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing Partner of the Lagardère group, this Committee fine-tunes the Group's CSR strategy and proposes initiatives to be undertaken at Group level while promoting the exchange of best practices between the divisions.

At the same time, the Sustainable Development Department helps steer various focus groups dealing with key issues, such as responsible purchasing, in collaboration with the Group's Purchasing Department, and the promotion of diversity, with the Human Resources Department. It also coordinates dialogue with the stakeholder panel.

Since 2015, the Supervisory Board has incorporated CSR within the duties of the Appointments, Remuneration and Governance Committee. The Sustainable Development Department came before the committee to provide two updates over the course of 2017; one in September on the new CSR roadmap and the second in November on ESG rankings.

Responsible governance forms the basis of the Lagardère group's CSR roadmap. The Group's approach to responsible governance is reflected in its ethical principles, in Compliance programmes (see section 3.2.6.4.C) applicable to its employees, and in its adherence to strict rules governing child protection and advertising.

The Lagardère group Code of Conduct sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère and providing a set of shared standards for all Lagardère employees. The Code of Conduct is one of the founding documents used to define the Group's CSR policy.

Its guidelines apply to all Lagardère group companies and to all subcontractors, consultants, freelance workers and volunteers it works with.

The Code was amended in 2016 to add clarity to the sections devoted to diversity (particularly religious diversity) and living side by side. In a new section under the heading "Mutual respect and discrimination", the Group states that "Objectivity, fairness, common sense, open-mindedness and dialogue must form the basis of all actions and decisions taken by management" and reiterates its neutrality with respect to all religions.

The Code also includes provisions on prohibiting corruption in France and abroad in the chapter entitled "Relations with external partners and competitors".

Lagardère also extends the provisions of its Code of Conduct concerning employees with several charters, which employees undertake to apply.

The Confidentiality and Market Ethics Charter Applicable to Lagardère group Associates, in addition to the provisions of the Lagardère group Code of Conduct on confidentiality and securities transactions, defines the rules under which Group employees may trade in the Lagardère share, and implements preventative measures to limit situations that could give rise to insider misconduct.

An IT Charter setting out the rules for using IT systems also applies to all Group employees.

Each of the Group's divisions has its own CSR policy led by a Sustainable Development/CSR manager, who coordinates the networks of internal correspondents or forms local steering committees. Each division coordinates its own employee training and awareness programmes on environmental protection issues. For example, Lagardère Publishing and Lagardère Active ran environmental awareness campaigns about the paper cycle and organised training on carbon audits.

At Lagardère Active, the journalists' Code of Conduct lays down the fundamental values of journalism and aims to guarantee freedom of the press and independence of content.

### 4.1.3 THE CSR ROADMAP

Guided by the principles of responsible governance, the Lagardère group updated its CSR roadmap in 2017 after setting out its first materiality matrix. The matrix represents the culmination of work that began in 2015 with the stakeholder panel, to identify and pre-prioritise the 14 CSR priorities that are important for the Group in view of its activities and geographical positioning.

Starting with this initial list, the Group wanted to develop the ideas by incorporating a broader consultation process to enable a wider range of internal and external points of view to be taken into account and obtain some measure of consensus regarding the most important priorities.

The Group started by reworking the definition of each of the 14 priorities and classifying them into five main groups of risks and opportunities (contribution to the community, value of human capital, environmental costs and risks, cost of non-compliance, ethics and quality).

Afterwards, two additional screenings were applied in order to refine the analysis and identify the most important priorities:

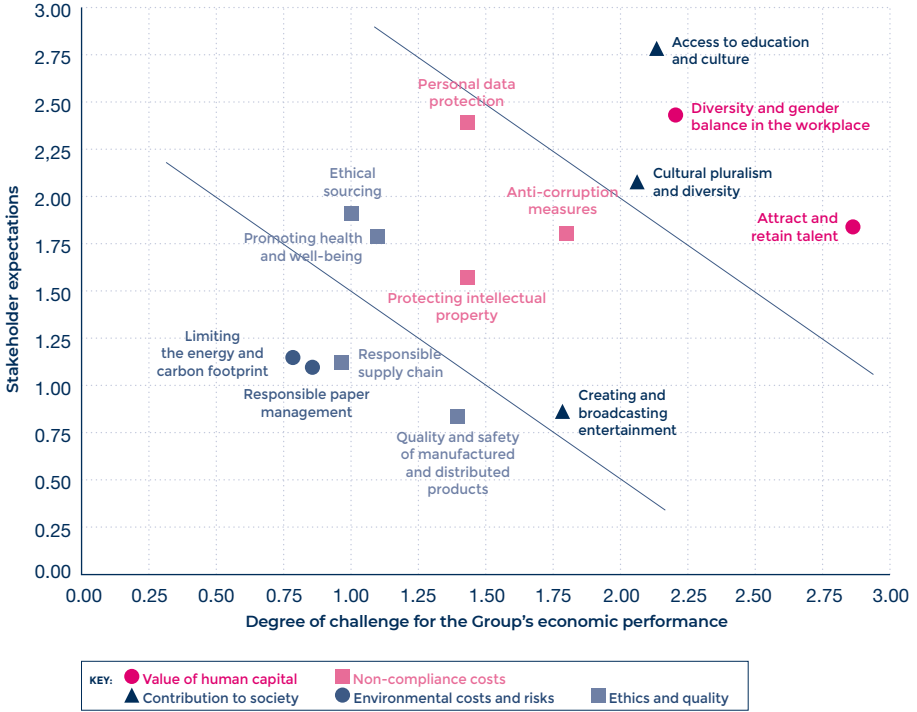
- ▶ a qualitative screening based on 15 interviews held with Group executives, heads of cross-disciplinary functions (finance, risk, investor relations, communications, etc.) and operational managers from the various divisions;
- ▶ a quantitative screening that involved sending out questionnaires to all employees, and also to a selection of external stakeholders (financial and non-financial analysts, suppliers, end-customers, institutional partners, etc.).

The 15 "management" interviews enabled the Group to position each priority on the x-axis, with regard to its potential impact (in economic, reputational, regulatory terms, etc.) and therefore its importance to the Group from a business perspective.

The quantitative screening, based on the questionnaire (which was filled in by more than a 1,000 employees and around 50 external stakeholders), enabled the Group to position each priority on the y-axis with regard to stakeholder expectations.

The final matrix, shown below, was then reworked with the aim of simplifying the CSR roadmap and merging any themes that were judged to be too complementary to be analysed separately. Additionally, the paper issue was upgraded despite the results of the matrix. As a significant historical theme for the Group, it seemed difficult not to consider paper as strategic from a CSR perspective.

The Lagardère group materiality matrix



The Group's new roadmap is built around ten priorities, five strategic "core business" priorities and five priority action areas.

Finally, in order to give the CSR approach a broader, cross-disciplinary and international scope, the Group added a final touch to its materiality assessment by linking its new roadmap to the Sustainable Development Goals adopted by the United Nations in 2015.