

Gruppo Editoriale L'Espresso
Corporate Social Responsibility Report

Rome, April 2010

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“The Espresso Group recognizes the importance of the ethical and social responsibility in managing business affairs and the company activities and commits itself to respect the legitimate interests of its stakeholders and of the community where it operates.”

(source: Espresso Group’s Code of Ethics)

1. Group’s values and operating philosophy

1.1 Corporate mission: Code of Ethics

Gruppo Editoriale L’Espresso S.p.A. performs its activity in the field of communication, dealing with some crucial aspects of people’s both private and public life, of social and environmental as well as political and economic issues. Its media (daily newspapers, magazines, radio, television, and Internet sites) operate in compliance with the principles and provisions through which full independence, accuracy and in-depth analyses of the news are granted, for the sake of truth. The information they produce is free from whatever constraints, and respectful of people. Hence the citizen-reader is definitely a crucial figure within the ensemble of people who constitute the basis for the Group’s activity.

In 2003, Gruppo Editoriale L’Espresso S.p.A. and its direct or indirect Subsidiaries, pursuant to art. 2359 of the Italian Civil Code (hereinafter jointly “Group”), have adopted a Code of Ethics which defines the cornerstone principles binding on the Group’s operators and collaborators.

This Code of Ethics has been updated with data inflow from all the Group’s companies, aiming at adopting the new “*Linee Guida per la costruzione dei Modelli di Organizzazione, Gestione e Controllo ex D.Lgs. 231/2001*” (Guidelines” to draw up Organization, Management and Control Models pursuant to Legislative Decree 231/2001), issued by Confindustria and providing a new interpretation of the rules governing the Bodies’ administrative responsibilities.

The Code of Ethics basically aims at identifying the rights-holders and duty-bearers involved in the implementation of the Company’s business and management activities: shareholders, managers, staff, collaborators, readers, clients, suppliers, and business partners. All these people are called “Stakeholders”. The Code also refers to a more extended range of stakeholders, such as the local communities and their institutional authorities and representatives

The Code of Ethics has been supplemented with the approval and enforcement of “*Modello di organizzazione, gestione e controllo, redatto in conformità del D.lgs. 231/2001*” an Organization, Management and Control Model, drafted in compliance with Legislative Decree 231/2001. The entire Group’s staff must comply with the legal and procedural framework outlined in the abovementioned Model, which contains a set of provisions and procedures strictly and logically integrated with the Code of Ethics. The *Organismo di Vigilanza*, (Monitoring Body) was constituted to operate in this framework – pursuant to the abovementioned decree - aimed to ensure that all the operating procedures be adequately monitored to attain complete implementation and effectiveness.

1.2. Brief description of Gruppo Editoriale L'Espresso activity

Gruppo Editoriale L'Espresso S.p.A, is a Company listed on the Italian Stock Exchange (telematic share market), and coordinated and controlled by CIR S.p.A. The Group is one of the most important Italian media operators performing in the area of daily and periodical press, radio broadcasting, advertising, Internet and television. Gruppo Espresso is the publisher of the national daily newspaper *la Repubblica*, the weekly magazine L'Espresso, and 17 regional daily newspapers plus a bi-weekly magazine; it is the owner of three national radio stations: Radio DeeJay, Radio Capital and m2o, *DeeJay TV* (Rete A), which is a TV national broadcaster; finally it is active in the Internet, ensuring that all the Group's brands are present on all the digital platforms with highest potential.

1.3. Performance at the local level

The Group is strongly rooted at the local level, with local pages and editorial offices all over the national territory. Presence at the local level entails a sound integration with the economic framework of the communities involved, contributing to determine their economic and cultural development.

la Repubblica is the leading daily newspaper, with a vast and homogeneous circulation all over the national territory. The Group is altogether present in Italy with 62 editorial offices, jointly managed by *la Repubblica* and local dailies. The three radio stations are broadcasting from Milan (Radio DeeJay, which is the leading Italian broadcasting station) and from Rome (Radio Capital and Radio m2o); the TV national broadcaster on DeeJay TV frequency broadcasts from Milan. In the course of 2008, *Repubblica* has created a new, exclusively on line, local editorial office in Parma.

The Group editorial offices - or the newspapers' headquarters - are located in the following towns:

la Repubblica: Bari, Bologna, Florence, Genoa, Milan, Naples, Palermo, Parma, Rome, Turin.

Local editions: Ivrea, Pavia, Voghera, Vigevano, Mantua, Bolzano, Merano, Trento, Rovereto, Riva, Padua, Venice, Mestre, Treviso, Belluno, Feltre, Udine, Gorizia, Pordenone, Trieste, Monfalcone, Ferrara, Reggio Emilia, Modena, Leghorn, Massa, Carrara, Cecina, Empoli, Grosseto, Lucca, Montecatini, Piombino, Elba, Pisa, Pistoia, Pontedera, Prato, Viareggio, Florence, Pescara, L'Aquila, Avezzano-Sulmona, Teramo, Chieti, Lanciano-Vasto, Salerno, Sassari, Cagliari, Nuoro, Olbia, Sulcis.

The Group's newspapers and magazines print factories are located in the following towns: Bari, Catania, Leghorn, Milan, Mantua, Padua, Pescara, Rome, Salerno, Sassari, Trieste, Udine, Oricola (AQ).

1.4. Sector regulatory framework

The Group adopted the provisions of the Italian *Codice di Autodisciplina Pubblicitaria Italiana* (Italian Self-Regulation Code of Conduct for Advertising) and therefore committed itself to rejecting any message which may be detrimental to people's dignity or to their interests. This is why the staff responsible for advertising is also in charge of controlling that all ads be free from any false information related to commercial products, or messages soliciting physical and moral violence or extolling racism, offending any moral, religious or civil conviction of citizens, through whatever element which may mentally, morally and physically damage minors. The Group will not accept any advertising message inducing to alcohol, tobacco or any other drug abuse, and will reject all messages containing pornographic content.

From the legal framework concerning publishing and journalism, here is a list of the most relevant regulations: Law n. 47/1948 ("*Disposizioni sulla stampa*" – press regulations), Law n. 416/1981 and subsequent amendments ("*Disciplina per le imprese editrici e*

provvidenze per l'editoria" - regulations for publishing houses and benefits in favor of publishing), the 1963 Law for the creation of *Ordine dei Giornalisti* (National Council of Journalists), the 1996 Data Processing Law for the safeguard of people and other parties involved and subsequent D.lgs. (Legislative Decree) n.196, 2003 reciting "*Codice in materia di protezione dei dati personali*" (Personal Data Protection Code), and Law n. 28/2002 reciting "*Disposizioni per la parità di accesso ai mezzi di informazione durante le campagne elettorali e referendarie per la comunicazione politica*" (provisions for equal access to information during election and referendum campaigns aimed at political communication) on the so-called "*Par Condicio*" Law ("Equal Treatment") of year 2000, and Law n. 62/2001 providing for "*Nuove norme sull'editoria e sui prodotti editoriali*" (New provisions on publishing and publishing products).

This regulation in particular, has enabled a quite easy implementation of the staff reduction envisaged in the Group's plan, having recourse to the social safety valve of early-retirement.

Moreover, contractual and deontological provisions - the latter having a self-regulatory character - are scrupulously applied within the Group.

The national collective contracts fall within the scope of contractual provisions. The Group's newspapers publishing companies and information services are regulated by Integrative Company Contracts which, in addition, enhance the area of their staff's benefits and rights.

Deontological provisions include in their scope the Codes of Ethics adopted by the National Council of Journalists: *Codice deontologico* (1998) (Deontological Code of Conduct) regulating personal data processing in journalism, according to the provisions of the Italian Privacy Laws in force; *Carta Informazione e Pubblicità* (Protocol's Agreement on Transparency of Information) a Protocol - signed by journalists, advertising agents and public relations associations - to safeguard boundaries between information and advertising; *Carta di Treviso* (1990) (Treviso Charter) to safeguard Minors' rights (adopted by *Consiglio nazionale dell'Ordine dei giornalisti* (National Council of Journalists) in 1990 and last updated in 2006 with comments of the *Autorità Garante per la protezione dei dati personali* (Privacy Protection Authority); *Carta dei Doveri del Giornalista* (1993) (Charter of Duties of Journalists) on liability, amendment and reply, presumption of innocence in criminal investigations and trials, sources, information and advertising, incompatibility, Minors and Vulnerable Subjects; *Carta Informazione e Sondaggi* (1995) (Charter of Information and Opinion Polls) providing modes and techniques for opinion polls presentation.

1.5. "*Carta dei diritti e dei doveri*" (Charter of Rights and Duties) of "*la Repubblica*" journalists

The *Codice dei diritti e dei doveri dei giornalisti de la Repubblica* - alternatively called "*Carta*" - (Charter of rights and duties of the journalists of "*la Repubblica*") has great significance for the Group and - together with the Code of Ethics - is attached to the letter of appointment delivered individually to the journalists working in this newspaper. The Group attaches great importance to the compliance with the rules governing truthfulness and independence of information.

The *Patto sui diritti e i doveri dei giornalisti de la Repubblica* (Pact for *la Repubblica* Journalists' Rights and Duties) was sealed on December 5, 1990 by the publishing house and the *Comitato di Redazione* (Editorial Staff Committee), namely, the representative body of the journalists' trade union.

In its first lines, this text sets forth the basic deontological duties of journalists and states the fundamental values for journalism independence, freedom from any influence, and care for the underprivileged.

The journalists of *la Repubblica* commit themselves to reject any interference, be it political, economic or ideological, from whatever source, such as authorities, institutions, and public or secret associations, as well as private and public companies or lobbies.

This Chart goes on, describing further basic values which must inspire the journalists' everyday activity. The Journalists commit themselves not to perform any activity that may influence the objectivity and completeness of information – such as press offices, consultancy, promotions and public relations. Furthermore, they commit themselves to neither accept any compensation or gratuities from people, companies, bodies, parties, religious organizations, trade unions, financial and opinion groups - that they may encounter when performing their activity - nor personally benefit from any information acquired thanks to professional issues. Finally, when asked to write on facts coinciding with any public or financial interest in either the personal or extra-corporate scope, journalists commit themselves to timely inform the Editor.

1.6. Privacy and Piracy

Pursuant to the principles enounced in the Code of Ethics, the Group takes particular care in complying - in all its subsidiaries - with regulations (Legislative Decree 196/2003) to safeguard the privacy of readers and subscribers, listeners and TV audience, as well as of Internet users.

The Company is committed to combating any kind of content piracy, and - within Assinform (*Associazione Nazionale dei Produttori di Tecnologie e Servizi per l'Informazione e la Comunicazione* - National Association of Producers of Information and Communication Technology and Services) - to implement an action against piracy, also through the computer networks.

1.7. Certification of Data related to Audience

In order to provide the advertising market operators and investors with truthful information, the Group actively takes part in all the associative initiatives promoting independent tools of investigation and certification of data related to reading and to the circulation of dailies and periodicals (Audipress and ADS), radio listeners (Audiradio), TV audience, and Internet audience (Audiweb). Moreover, the Group is also autonomously carrying out an activity of focus group and analysis of its editorial products' popularity.

“The Companies of the Group create conditions enabling a widespread and aware participation of the shareholders to the decision making process, promote equality and completeness of information and the safeguard of their interests.”

(source: Code of Ethics of the Group)

2. Corporate governance

2.1. Structure of the Company’s governance

Gruppo Editoriale L’Espresso S.p.A. operates in compliance with the Italian Civil Code general and special provisions related to the regulations regarding the companies whose shares are listed on the regulated markets.

The Company has adopted a corporate governance system in line with the recommendations of the Code of Conduct drafted by the Corporate Governance Committee of the listed companies and recommended by Borsa Italiana S.p.A. (hereinafter “Code”).

The Board of Directors is in charge of the Company’s activities based upon all the powers of ordinary and extraordinary administration.

Pursuant to Code provisions, the Company has identified within its organization the *executive Director responsible for the internal control system, the person in charge of internal control* and a Director appointed as *lead independent director*.

Moreover, in 2007, Corporate By Laws were modified in order to comply with the new corporate law provisions. Among others, modifications regarded the introduction of slate voting to appoint the Board Members, the minimum amount of voting rights required to submit the lists, and the new function of the so-called *manager in charge of drafting accounting and corporate records*. Corporate By-laws state that the Board of Directors shall have the power to implement any action deemed necessary and opportune to attain the corporate purpose, except those reserved by Law and/or Company By-laws to the General Shareholders’ Meeting. The Board of Directors has reserved to itself the faculty of examining the strategic guidelines targeting the Group’s objectives, and any significant operation carried out by the parent company and subsidiaries, as well as all decision-making powers on operations with related parties bearing particular characteristics.

As a rule, the Board is in office for three financial years; however, the Shareholders’ Meeting can establish a shorter term. All Directors can be re-elected.

The Board of Directors has created the *Comitato per il Controllo Interno* (Internal Control Committee) – exclusively composed of independent Directors – and the *Comitato per la Remunerazione* (Remuneration Committee).

The abovementioned committees regularly report to the Board on the performance of their activity.

Moreover, the Board has delegated to the Chairman and to the Managing Director adequate management powers, and is kept regularly informed on their use.

The Board meets, as a rule, on a quarterly basis and is called by either the Chairman or upon request of at least two Directors; or again by either the Board of Statutory Auditors or upon request of at least one of its members and, in any case, whenever corporate obligations so require. The Chairman shall forward to the Directors all information necessary to enable the Board to express its opinion in full awareness.

The Board of Directors can consist of a minimum of 7 to a maximum of 19 members. At present the Board consists of 11 Directors; five of them are independent Directors.

Through the institutional channels, the Company shall report on the activity of those Members who are simultaneously in office in other Boards of Directors, even if in not listed companies.

The number of Non-Executive and Independent Directors and their status are sufficient to grant that their opinion in the Board decision-making process is authoritative enough and can contribute to reach a well-balanced judgment, especially required in case of any possible conflict of interest.

Moreover, as anticipated, pursuant to the provisions of the Code - the Board appointed the *lead independent director* to whom the Non-Executive Directors (especially the independent Directors) must refer to ensure their enhanced contribution to the Board's activity and performance. The *lead independent director* shall cooperate with the Chairman to ensure that the Directors receive the complete and timely flow of information. The *lead independent director* has, among others, the power - either autonomously or upon request of other Directors - to call specific meetings of Independent Directors only, to discuss the issues deemed interesting as regards the Board's performance or the Company's management activities.

The Board of Statutory Auditors is elected from the lists submitted by the Shareholders and consists of three permanent members and three alternate members. The Chairman of the Board of Statutory Auditors is appointed on the basis of the minority list. The Members of this Board, who act in compliance with the Testo Unico sulla Finanza (Financial Act), shall periodically meet the Independent Auditors to mutually exchange information.

The Company has established the rules for the conduct of the Shareholders' Meetings. Moreover, Pursuant to the new provisions on *market abuse* and Consob regulations for issuers, the Company has (i) adopted a specific procedure to handle and disclose to the public any confidential and privileged information; the Company has updated its existing Code of Conduct on Internal Dealing - published on its institutional website <http://www.gruppoespresso.it> - and it has created and made operational the Register of Persons having access to privileged information.

Finally, the Company and its subsidiaries have adopted the "Organization , Management and Control Model" (hereinafter also the "Model") pursuant to legislative decree 231/01, mainly aiming at preventing any offence in connection with relationships with the public administration milieu, such as corruption, extortion and fraud, but also the so-called corporate offences, namely, among others, false corporate statements, false financial statements, workplace health & safety offences, the so-called computer related offences, and, finally, the types of offences regarding organized crime, offences against industry and commerce, infringement of intellectual property rights and inducement of other parties not to make statements or to make false statements to the court.

2.2. Remuneration of Directors

Pursuant to the Law and to Corporate By-laws, the Board of Directors, approving a proposal from the Compensation Committee, - after the Board of Statutory Auditors has expressed its opinion - decides on the remuneration to the Chairman and the Managing Director, while the distribution of the overall compensation due to the Directors is directly decided by the Shareholders' Meeting.

2.3. Internal Control System

The Internal Control System is the set of rules, procedures and organizational structures which - through an adequate process of identification, assessment, management and monitoring of the most serious risks – aims at enabling the company to attain a sound and correct conduct, also consistent with the fixed targets. The internal control system is unitary and organic in the whole Group and is realized with homogeneous modalities for risk identification, measurement and assessment.

In the latest years the Company has defined - also to adopt the provisions introduced in the reference regulations - the guidelines of its internal control system. These guidelines aim at rationalizing the entire internal control system through: i) a mapping and a classification of stakeholders and main risks relevant to internal control; ii) a schematization of the main report flows inside the Group, and iii) the description of the responsibilities and scope of current activities.

The Company has identified the objectives of its internal control system consistently with national and international best practices, and is carrying out their implementation.

The Board of Directors is responsible for all internal control issues. As far as this function is concerned, the Board relies upon the assistance of the Internal Control Committee, the Executive Director in charge of surveying the Internal Control System performance, and the person responsible for the Internal Control System and *Internal Auditing*

In this connection, one should point out that the Board, having acknowledged the great importance of the internal control system functionality, has decided, in compliance with the Code provisions, that the Managing Director shall be the Executive Director responsible for the Internal Control System.

2.4. Transactions with related parties

The Board of Directors approves in advance all transactions with related parties, including intra-group transactions, but excluding normal or common transactions and those which are implemented in standard conditions. As concerns these transactions, the Board shall be adequately informed on nature of correlation, execution modalities and implementation conditions of the operation. The Board may decide that the transaction is concluded with the assistance of independent experts.

2.5. Parent Company

In compliance with Article 2497 of the Italian Civil Code, the Company is subject to the direction and coordination of its parent company CIR S.p.A.

“Commitments towards the Public Administration and Public Institutions are exclusively reserved to competent and authorized company offices, in strictest compliance with applicable provisions of Law and regulations and cannot absolutely be detrimental to the Group’s integrity and reputation.”

(source: Code of Ethics of the Group)

3. Organization, management and Control Model

3.1. Programmatic declaration

The Espresso Group, in order to increasingly ensure adequate conditions of correctness and transparency in the conduct of its business and corporate activities, has deemed as compliant with the Company’s policies to adopt an “Organization, Management and Control Model” in line with the provisions of Legislative Decree 231/2001 (*“Disciplina della responsabilità amministrativa delle persone giuridiche, delle società e delle associazioni anche prive di personalità giuridica”*) (“Legal framework governing the administrative liability of legal entities, companies and associations, including bodies devoid of legal personality”) and based on the Guidelines emanated by Confindustria, updated on March 31, 2008.

It is up to the Board to implement any possible amendment and integration to the Model, aimed to its uninterrupted compliance with the regulatory provisions and the possibly modified Company’s structure.

During the Board of Directors’ meeting of February 24, 2010, following the proposal of the Monitoring Body, the latest version of the “Organization Model” has been approved so as to improve its compliance with the recent evolution of regulations and practice.

3.2. Laws in Force and Inspiring Principles for the Company’s Model

Legislative Decree 231/2001 (hereinafter also “Decree”) introduced - for the first time in the Italian regulations - criminal liability of business Entities (including stock companies) in offences committed - for their own interest or profit - by Top Management members having a specific role of representation, direction, management in the business Entity.

Therefore, the Decree establishes that, should one of the top management members commit any of the above offences for the interest or profit of the Entity (and not also when for the interest or profit of oneself or third parties), it being understood the criminal liability of the person who has substantially committed the offence, shall be liable of “administrative” sanction.

This Legislative Decree provides the Entity with a sort of exemption from liability, if the Entity demonstrates to have adopted and effectually implemented - before committing the offence - the “organization, management and control models apt to prevent the contemplated offences”. This regulation also requires that a “*Monitoring Body*” is established, which shall assess the functioning, effectiveness and respect of the abovementioned models, and relevant regular updating.

The *Organismo di Vigilanza* (Monitoring Body) - formed by the person in charge of the Parent Company’s Internal Auditing, the Chairman of the Board of Statutory Auditors and a lawyer specializing in these issues - shall supervise the application and adequacy of the Model.

A regular assessment of the actual functioning of the model is carried out according to the specific procedures (through in-depth analyses and check tests) established by the Monitoring Body.

On a half-yearly basis the Monitoring Body shall report to the Board of Directors on its activity plan regarding the Model implementation within the company and possible updating or changes proposed.

3.3. Types of offences

In its first version - among the offences causing the involvement of the Entities' administrative liability - the Decree listed exclusively those committed against the Public Administration, such as bribery, extortion, fraud, illicit collection of contributions, funding of other kind of payments made by the State or any other Public Institution or, misappropriation to the detriment of the State or other Public Institution etc.

Subsequently, the legislator has extended the list of offences related to the Entity's liability, aiming at preventing also the so-called corporate offences, such as those linked to the so-called *market abuse*, false corporate statements, false financial statements, money-laundering, workplace health and safety, and computer related offences.

Finally, one should notice that in July and August 2009 Decree 231/01 has been integrated with other types of offences, such as in particular: art. 24^{ter} reciting "*Delitti di criminalità organizzata*" (organized crime offences) pursuant to Law n. 94 art. 2, subparagraph 29, of July 7, 2009; art. 25-a.1 entitled "*Delitti contro l'industria e il commercio*" (offences against industry and commerce) introduced with Law n. 99 art. 15, subparagraph 7 (b), of July 23, 2009; art. 25-novies on "*Delitti in materia di violazione del diritto d'autore*" (copyright offences) pursuant to Law n. 99 art. 15, subparagraph 7 (c), of July 23, 2009; and finally art. 25novies, envisaging the offence of "*Induzione a non rendere dichiarazioni o a rendere dichiarazioni mendaci all'autorità giudiziaria*" (inducement not to make statements or to make false statements to the court) introduced by Law n. 116, art. 4, subparagraph 1, of August 3, 2009.

The above articles have remarkably increased the number of offences falling under the Entity's liability.

3.4. Basic Elements of the Group Model

Consistent with Confindustria's suggestions, which on March 31st, 2008 has updated its Guidelines to draw up Organization, Management and Control Models pursuant to Legislative Decree 231/2001 ("*Linee Guida per la costruzione dei modelli di organizzazione, gestione e controllo ex D.lgs. 231/2001*"), Gruppo Editoriale L'Espresso S.p.A. has adopted an organization, management and control Model which includes the following basic components:

(i) **Codice Etico** (*Code of Ethics*): adopted after the Board of Directors deliberation of February 26, 2003, and subsequently updated on February 25, 2009. The Code establishes the "*corporate deontology principles*" of reference (transparency, correctness and loyalty): the Company recognizes these principles as if they were its own principles, by which all employees and anyone collaborating in business development and management shall abide.

(ii) **Sistema dei poteri** (*Powers System*): the Company's system of Power of Attorney Assignment, which, though respective of the operational efficiency and effectiveness targets, has a strongly centralized structure. If, on the one hand, the Board of Directors has kept decision-making powers on mergers, acquisitions, and demergers, on the other hand, it has assigned to the Managing Director extended powers or operations, and special power of attorney to a limited number of

collaborators, with the description of profiles and power limits for any possible economic commitment.

(iii) **Linee guida di Comportamento:** (*Conduct Guidelines*): a set of specific conduct rules aimed at preventing the creation of an environment favorable to the types of offence mentioned in Legislative Decree 231/2001. These guidelines substantiate into activities and/or behaviors to be put into effect (the so-called “area of making”) or avoided (the so-called “area of not making”), thus translating the Code of Ethics provisions into operational tools.

(iv) **Principi generali del Controllo Interno:** (*General Principles of Internal Control*): the set of tools aimed at providing a reasonable guarantee as concerns the attainment of operational efficiency and effectiveness, reliability of financial and management information vis-à-vis laws and regulations, and protection of the Company’s assets, also against any possible fraud. Particular attention is devoted to the Management Proxy System.

(v) **Mappa delle attività aziendali “sensibili”:** (*Map of the Company’s “sensitive” areas*): identification of the activities whose nature may favor the occurrence of offences described in the abovementioned Decree, hence, to be analyzed and monitored.

(vi) **Protocolli di controllo:** (*Control Protocols*): as they are conceived to manage any risk related to Company processes, these protocols are drafted according to an analogous structure, represented by a set of rules aimed at identifying the most significant phases of each process. They shall highlight the offences that might be committed in implementing any of the various processes, the necessary conduct guidelines, and the specific monitoring activities to reasonably prevent any related risk of offence. Moreover, a number of appropriate information flows towards the Monitoring Body are indicated - as it guarantees respect and functionality of Model - in order to avoid any possible non-compliance with the organizational models’ procedures.

(vii) **Organismo di Vigilanza** (*Monitoring Body*): ensures that the Model is respected and updated.

(viii) **Sistema disciplinare** (*Regulatory System*): drafted in compliance with the Decree, and to be adopted in case of non-compliance with Model.

3.5. Circulation of Code of Ethics and of Model related principles

The Company has formally committed itself to promote the diffusion of the Code of Ethics contents and related business procedures to all its employees. In particular, when new employees are engaged, they receive the Code of Ethics and information concerning the parts of the Model relevant to their specific area of practice. Analogous information is addressed to all collaborators, suppliers, and clients, under whatever assignment.

“The Companies of the Group take favorably into consideration and, in case, support social and cultural initiatives, also contributing to foundations whose activities are oriented to promote and enhance life quality.”

(source: Code of Ethics of the Group)

4. Cultural Initiative

4.1. Ten years of activity

Since 1995 the Group has introduced the initiative of coupling newspapers and weekly magazines with other high-quality editorial products, still keeping prices at a reasonable level: books, videos, Audio and video CDs, and DVDs. Thanks to the nature of contents and number of copies sold, these initiatives have strongly contributed to the cultural enrichment of readers.

In order to attain the widespread circulation of these products, the Group has used the newsstands network consisting of nearly 40,000 sales points in Italy.

Over the last ten years, the promotional initiatives have sold more than 90 million books, 42 million videos (mostly education movies and materials), 29 million Audio CDs (music), nearly 25 million multimedia CD-ROMs dealing with education, culture and foreign languages, over 18 million comics books, 12 million DVDs (movies). General and specialized encyclopedias, and history series have sold over 22 million copies.

4.2. Activities for Schools

In 1999 the Group launched Repubblica@scuola.it, a totally free initiative addressing middle school and high school students, subscribed by 80% of schools in the 9 regions where *la Repubblica* is present with a local edition.

This initiative has been going on for ten years, and in 2009 was awarded the World Association of Newspaper (WAN) prize for 2008/2009 best project dedicated to the young in the “Making the news” category. It is the first time that this prize is awarded to an Italian title.

This program makes available to teachers and students a number of appropriate tools - both on paper and in web format - to facilitate the study of newspapers life and techniques. The program consists of two services: for the whole school-year, access to the newspaper through Internet connection, and availability of an editorial system for the publication of a web-newspaper for each classroom. At present, this project is followed by nearly 600 thousand middle and high school students.

4.3. Ilmiolibro.it

ilmiolibro.it is a self-publishing website, created in May 2008, which offers to students the possibility of publishing their own manuscripts, and along a few and easy steps create their own book, besides photo albums, diaries, calendars and other printed products. In addition, it offers a digital printing and delivery service.

At the end of 2009 the community has recorded over 60 thousand registered users. In 2009 the website recorded one-hundred thousand average monthly viewers.

To this date users have made over 30 thousand purchase orders and decided to print over 220 thousand copies of either books or other editorial products.

4.4. Accademia di Santa Cecilia

The Group is a “media partner” of *Accademia Nazionale di Santa Cecilia*, which is one of the most prestigious music institutions in Italy, and among the most ancient music academies worldwide. *Santa Cecilia* was created in 1585, and in 1998 became a “Foundation” governed by Private Law. Gruppo Editoriale l'Espresso has taken part in this activity since year 2000, through marketing and a yearly financial contribution.

Since June 2006 the Group is a “media partner” in *Rome Auditorium - Parco della Musica*, an institution of art and music excellence which in year 2005 produced over 500 cultural events. The actual commitment of the Group consists in both a financial contribution and the promotional activity aimed at informing citizens on the *Auditorium* initiatives.

“The Group recognizes the centrality of human resources, and the importance of establishing and keeping relations based on loyalty and mutual trust. Thus, handling of business and collaboration relationships is inspired by the respect of workers’ rights and full evaluation of their contributions, with the aim of favoring their professional development and growth.”

(source: Code of Ethics of the Group)

5. Human Resources

5.1. The Group Staff

The Group is spread over a large area of the national territory with its 3,116 employees, as of 31.12.2009.

5.2. Staff composition by Gender

The total number of employees, if considered by gender, (Women 34%, Men 66%), reflects the fact that some of the Groups’ productions - the typographic industry in particular – belong to a tradition according to which men historically prevail in the working class involved, as for instance preliminary operations and printing process as they are performed at night.

Anyhow, one should notice the remarkable presence of 1,060 women employed in the Group, with 349 staff in the editorial offices and 711 staff in the administrative and commercial areas.

5.3. Staff Composition by Age and Length of Service in the Company

Forty-two percent of staff is aged between 36 and 45, 40% are over 45, 17% are between 26 and 35. One percent of labor force are younger than 25.

As concerns Length of Service, 9% of the employees have been with the Company for less than 3 years, 23% are between 4 and 7 years, and 22% are between 8 and 15 years, 46% have been in service with the Company for more than 15 years.

These data show a high level of company fidelity, strengthened by internal mobility which has historically favored all the employees’ professional growth within the Company.

5.4. Staff Composition by Professional Qualification

As of December 31, 2009 staff composition by professional qualification reflects the aforementioned description regarding the Group’s activities in various industrial sectors. 40% are journalists corresponding to 1,214 people, plus 27 short term contracts. Clerks are an articulated group, undergoing a continuous professional evolution – also linked to the introduction of new technologies into industrial processes – (1,332 employees that is 43% over the total number). They are mostly concentrated in Manzoni, the company in charge of sales of advertising spaces (348 employees). In addition to these categories, the Company can count on 439 workers who represent 14% of the total labor force. One hundred and four managers represent 3% of the Company’s human resources.

5.5. Group Staff Geographical Distribution

Staff geographical distribution shows the Group’s widespread territorial presence operating in 15 regions. Lazio and Lombardy are the leading areas, with respectively 35.4% and 25% of the total number of employees. This presence is, however, well-rooted in many regions: Tuscany (9.5%), Friuli Venezia Giulia (8%), Veneto (4.9%), Sardinia

(4.5%), Abruzzo (2.8%), Emilia-Romagna (4.9%), Trentino Alto Adige (3.5%), and Campania (1.5%).

5.6. Promotion of Human Resources: Operating Principles and Activities

The Group recognizes the centrality of human resources and aims at enhancing their professional status.

Training aims at enhancing management and specialist skills, to fine-tune the employees' organizational behaviors on Company's culture and targets, and to effectively face the re-organization and restructuring processes.

Besides the training courses implemented in favor of managers and employees, year 2009 was characterized by an important training initiative which involved all the local newspapers journalists, due to the newspapers graphic reform.

As concerns training activity contents, in addition to language courses, the journalists of the Group have the opportunity - in compliance with the company integrative contracts - to benefit from an annual reimbursement for expenses incurred for cultural refresher courses and "sabbatical" periods targeted on training.

Furthermore, a number of initiatives have rooted over the years, deriving from the relationships established and cultivated with universities, journalism schools and other institutions and associations. Among others, one should highlight the relationships with Fondazione Mario Formenton as it represents a good opportunity to contact young, willing, and deserving people to find their way to work in the entrepreneurial sector. These relationships can generate an intense activity for the organization and management of internships, thus resulting in a further opportunity for young participants to find a job both in journalistic roles and in the administrative area.

“Furthermore, the Group Companies commit to strengthen and spread the culture of safety, developing risk awareness, promoting all the employees and collaborators’ responsible behaviors, for the purpose of protecting their health and safety.”

(source: Code of Ethics of the Group)

6. Working Environment: Health and Safety

6.1. Health and Safety at Work

As regards accident prevention and environment protection, over the last years the legislator has issued two important measures which, on the one side, have performed a standardization function for the existing regulatory framework (Legislative Decree n.152/06 in environmental issues, and Legislative Decree n. 81/08 in prevention issues) and, on the other side, have introduced - especially the second one - some new elements leading to a review of the organization system in terms of performances and required activities.

The existing relevant regulatory structure already imposed several articulated accomplishments aiming at ensuring the correct and punctual implementation of prevention in workplaces and in environmental issues, therefore, the Group has always fulfilled its obligations by implementing the organizational framework through precise identification and assignment of roles and functions.

However, the new elements, in particular introduced by Legislative Decree n. 81/08, have lead to review the existing and operating prevention plans, also aiming at assessing, in compliance with the new obligations, the precise identification and consequent effectiveness of the current operating functions.

Therefore, in year 2009, a new organizational framework was developed and set up, focused on the Employer’s role pursuant to Legislative Decree n.81/2008, art. 2 (b) in safety issues, and its exercise of power in environment protection. This role has been assigned, in each company, to a manager with specific competence and functions within the Company - such as the Managing Director, the Chief Executive, etc. - who hold the office and are assigned the function that exactly involves the areas strictly related to the fulfillment of safety and environment obligations.

In order to support, coordinate and optimize the Employers’ relevant initiatives, a Safety Central Service was created within the parent Company, to implement guide, coordination and control for all the Group companies in terms of safety issues related to employees, workplace and environment protection.

6.2. Legislative framework

The workplace safety legislative framework has been thoroughly re-organized by the relevant “Finance Act”: Legislative Decree n. 81/08 of April 9, 2008, which has systemized the corpus of pre-existing regulations and introduced a number of relevant new issues, regarding for instance workers’ training and assessment of the correlated work stress conditions.

In 2009 the legislator introduced a number of amendments and enhancements through the ad hoc Legislative Decree n. 106/09, of August 3, 2009 precisely amending the “Finance Act”.

Activities aimed at meeting Law provisions

The Group actively complies with the provisions and obligations of Law as concerns safety and health protection in working areas, and oversees the complete and timely compliance in every single company of the Group. This activity is carried out through the definition of organizational structures founded on some precise operational responsibilities, complete availability and transparency of information, competence of the persons in charge, time scheduling of prevention activities, preparation of relevant budget, constant utilization of all the technical supports necessary for risks assessment and reduction. The training of staff in charge of specific duties is dedicated special care and attention. An in-depth description of the abovementioned activities is made in the following paragraphs.

Risk assessment

The Risk Assessment Document, which is the core element of workplace health and safety regulations, is the primary fulfillment which defines and originates the prevention and protection activity of the Group companies. For each company the documents are usually organized in a general section describing assessment methodologies and criteria, and in a section specifically addressing each location, which describes the homogeneous groups of workers who, depending on their activities and tasks, are exposed to analogous risks, assessment results, consequent and necessary actions, thus enabling to focus on assessing and facing homogeneous and unitarily monitored risk levels. Risk assessment, where deemed necessary and required by regulations, is integrated with environment investigations and measures, for instance as regards workplace noise pollution or air quality control.

Planning of working areas

Planning of working areas and lay out definition of new settlements, concerning both the industrial and the administrative and/or editorial requirements, are first considered according to risk prevention requirements, depending on the activities that are going to be performed in each specific area, especially as fire risk is concerned. All the sub-contracting activities are performed in compliance with art. 26 of Legislative Decree 81/08, while where necessary the activities are planned and performed according to the most scrupulous safety criteria of temporary and mobile workplaces, in compliance with the provisions of Title IV of the above mentioned Legislative Decree, under the direct responsibility of professionals authorized to play the role of safety coordinator.

Printing Plant Safety measures

As regards safety of industrial plants, the utmost care is taken in the supervision and closer examination aspects in terms of new machinery planning and purchasing, restructuring, and re-formulation of equipment and production cycles. Monitoring of work conditions and operating modalities is constantly performed to produce an uninterrupted enhancement of the workers' safety and health levels.

Staff responsibility

Within the Group companies - according to the various and specific organizations and requirements in terms of activity and workplaces - the profiles required by regulations for a correct and articulated work safety organizational system are identified and formalized. To this end, the companies' Boards of Directors identify and appoint *the employer*, according

to effectiveness criteria, to be the holder of specific skills and functions representing and performing a function which involves exactly those areas strictly concerning the compliance with safety and environment requirements. *The employer* designs the safety organization by identifying the responsible persons and appointing the delegated Directors. *The employer* appoints the person responsible for prevention and protection and the competent doctor. He identifies and appoints the persons in charge of managing fire-prevention emergencies, first aid, and the possible emergencies of physically challenged people. Finally, a dialogue is facilitated with the Workers' Safety Representatives and the companies' institutional counterparts involved in the relevant themes. For all these functions, a special focus approach is dedicated to develop and implement a set of articulated information and training plans targeted to risk involved in the various environment and work activities.

Emergency plans

In all the Group's facilities, premises and editorial offices, industrial printing plants, etc., emergency and evacuation procedures pursuant to ministerial decree (D.M.) 10/3/1998 are drafted, together with the relevant simulations involving staff at all levels. All the work premises - besides various fire-prevention facilities - are equipped with adequate informative plans and relevant emergency-management signals. Staff is regularly informed and - if necessary – trained for the specific roles required by the regulations in force, as for instance the persons in charge of first aid and fire-prevention.

Health supervision

In order to comply with health protection regulations, staff members are called to undergo the mandatory medical examinations required by health protocols. As a whole, for the industrial printing area, the problems related to video display terminal workers, editorial staff and clerks, night work and exposure to noise prevail. The Group various companies' competent doctors are organized according to a coordination system. Recurrent industrial medicine meetings are planned to focus on in-depth examination of emerging issues, and to draw up common guidelines aimed at enhancing service quality.

7. Environmental impact, and sustainability

7.1. Legislative sources

Within the Italian legislative system, any environmental impact aspect is ruled by Legislative Decree n. 152 of 2006, which pursues the promotion of human life quality levels, to be attained through the safeguard and enhancement of environment conditions, and an attentive and rational use of natural resources. This decree coordinates and includes every aspect of environmental impact, by structuring an articulated system of regulations, surveys and sanctions, with powers and actions implemented at the national, regional and local level. The above regulations concern the following issues:

Urban and Industrial Wastewater Pollution, to protect surface water, sea water and groundwater, establishing the relevant water discharge procedures, precautions, and treatments required to the companies. Issuing of authorization and monitoring are performed by ASL- *Azienda Sanitaria Locale* (Regional Health Authority), *Arpa-Agenzia Regionale Prevenzione Ambiente* (Regional Agency for Prevention and Environment), and Province and Municipality authorities. Infringement of any of these provisions would represent an offence.

Air Pollution: Emissions of polluting substances into the atmosphere

The Region and Province authorities are in charge of the authorizations; all enterprises are obliged to inform the above Authorities on every aspect of their production processes

resulting in the emission of substances into the air. The enterprises shall be particularly attentive in adjusting their production processes. Tests are carried out by ASL - Regional Health Authority and by the region and province authorities, and of course by the criminal Police.

Soil Pollution: a detailed classification is established for **Urban and Industrial Solid Waste**, in particular when it is produced by economic activities. The classifications are made according to the European Waste Code-EWC (*Codice Europeo dei Rifiuti-CER*) which assigns an identification code to each substance. Every year, all the enterprises shall fill up the *MUD-Modello Unico di Dichiarazione ambientale* (Environment Statement Form), in which the data concerning waste resulting from industrial processes shall be reported, together with their quantities and disposal modalities. The public administration experts are currently processing all the registration and control modalities into an IT management system, which should lead to a declaration and digitalization system of the waste produced, and related transportation and disposal, including also the monitoring activity performed through Black boxes installed on the means of transport.

The following issues are also included in the regulatory framework:

Sound pollution

Law 447 of 1995 fixed the most important principles for external environment and living environment preservation from sound pollution produced by both fixed and mobile sound sources. Decree 14/11/1997 of the President of the Council of Ministers, determines the limit values of sound sources, emission, introduction, attention and quality values for the various land use classes.

Electromagnetic Pollution

Provisions concerning electromagnetic pollution in Italy refer to two Laws: law n. 36 of February 22, 2001 which guarantees that the health of men and women workers and of the entire population is preserved from the effects of exposition to given levels of electric, magnetic and electromagnetic fields, under and in compliance with Article 32 of the Italian Constitution. This Law promotes scientific research aimed at assessing the long-term effects, and provides for the preventive measures to ensure compliance with the principle of precaution pursuant to Article 174, subparagraph 2 of the Treaty on European Union (1992). These provisions ensure environment and landscape preservation, and promote technological innovation and reclamation actions aimed at minimizing intensity and effects of the electric, magnetic and electromagnetic fields.

The Decree of the President of the Council of Ministers, of July 8, 2003, fixes exposition limits, warning values, and quality targets aiming at protecting people from exposition to electric, magnetic and electromagnetic fields produced by frequencies between 100 kHz and 300 kHz. These regulations provide for the limits, and are referred to also in Legislative Decree n. 259 of August 1, 2003. In all the Italian regions this subject is regulated by the relevant local laws.

7.2. Activities aimed at meeting Law Provisions

The Group dedicates human and financial resources to actively comply with the vast regulatory framework in force, at both the local and the national level, aiming at enhancing environment protection and the solution of environmental problems, which first of all derive from industrial processes. A vast complex of various activities is involved in appraisal and procedural issues, as well as a set of measures daily deployed to effectively and exhaustively meet the relevant regulatory requirements. A plain indication of these activities is as follows: *i*) activities related to printing process industrial waste (both liquid

and solid) management; *ii*) management of authorization to emission into the atmosphere and wastewater discharge, with relevant measurement and registration obligations; *iii*) noise impact measures, aiming at controlling that the emission limit values of the various municipal noise classifications are respected.

7.3. Printing technologies

The Group decided that *la Repubblica*, and almost all its local dailies should use the “flexo” printing technology. In the past, the Company invested over €150 million in this printing technology with a remarkable effort in favor of research and development.

Flexo technology enables attaining a constant and homogeneous quality of print in each copy during the printing process, operating with plants located in various areas over the national territory. In this way, both the reader and the advertiser may benefit from the same product, with no difference as concerns quality of copies or space purchased. As regards impact on health and environment, flexo technology definitely eliminates, once and for all, the phenomenon of ink and powder release on readers’ hands (“non-migration of solvents”) with positive consequences also on the newspaper/product healthiness.

The uninterrupted research and development work on the most serious aspects of environmental impact, has led to Company’s own patents and propriety procedures. For instance the wash-up of print matrixes: therefore, nearly 90% of wash-up waters are recycled. This procedure enables to reduce to 10% the quantity of wastewater, which is delivered to the companies authorized for disposal. The printing inks are equally simultaneously recycled and can be re-used with minimum waste.

The Company’s proprietary procedures have also enabled to considerably reduce paper scraps.

7.4. Paper

Paper is a material of primary importance in the industrial processes of the Group’s output and a delicate issue as far as the *potential environmental impact* is concerned.

Gruppo Editoriale L’Espresso purchases the various types of paper used for dailies, magazines, and optional products at the most important and internationally renowned paper mills which can guarantee the strictest compliance with the EU environment preservation regulations. In particular, paper is supplied by the leading companies of this sector and well-known at the international level, which purchase raw-materials from forests mostly guaranteed by environmental preservation international certifications, and submit their own social and environmental liability report. *All our paper suppliers – although with different percentage values – use DIP (or deinked cellulose pulp) to produce mostly “newsprint”, “improved newsprint”, and “coated” paper.*

In case of more valuable types such as LWC, Coated and natural papers, our suppliers use chlorine-free pulp produced in forests certified by the relevant European international authorities, i.e. FSC (Forest Stewardship Council) – PEFC (Program for the Endorsement of Forest Certification Schemes). Certifications of the production processes are endorsed by various national and international Authorities, entitled to issue the sustainable development labels.

In 2009, the Group’s paper consumption was equal to about 140 thousand tons. The quantity of “*Newsprint*” paper used to print dailies totaled about 93 thousand tons. For this type of paper the average recycled quantity is over 80%.

As a whole, in addition to *Newsprint*, the Group uses *Light Weight Coated*, also called *Patinatino* (around 30 thousand tons) for *D-la Repubblica delle Donne*, *il Venerdì* and *L’Espresso*; *XL* and *Velvet*; *Improved Newsprint* for *TrovaRoma* and *TuttoMilano*.

The additional editorial initiatives have totaled, as a whole, around 11 thousand tons of natural paper consumption.

8. Radio and TV broadcasting

8.1. Radio stations

The subsidiary Elemedia S.p.A. broadcasts radio programs in frequency modulation on behalf of the three Group's radio stations (*Radio DeeJay, Radio Capital, and m2o*). The transmissions are performed through about 900 frequencies broadcast through transmitting sites equipped with antennas placed upon metallic pylons. They are more numerous in mountain regions, although about 20% of the total number of antennas is installed also in town areas. Wave power emanated by the antennas is kept lower in town areas, in order to equally reduce electromagnetism. All the antennas of the Group's radio stations are monitored by Arpas (*Agenzie Regionali per l'Ambiente* – Regional Agencies for Environment), and comply with the standards required by the law on electromagnetism fields. In order to keep pollution levels systematically below limit values, the Company performs its own self-monitoring activity and devotes adequate resources to this purpose. In this sector Gruppo Espresso has always adopted a full-compliance policy.

8.2. Tv stations

The subsidiary RETE A S.p.A. diffuses a TV signal in analogue technique from the DeeJay TV broadcasting station and two digital signal respectively denominated MUX1 RETE A and MUX2 RETE A, formed by a bouquet of different programs produced both by Espresso Group's subsidiaries, and on suppliers of third parties' contents.

In the three-year period (2010, 2011, and 2012), pursuant to a government decree, the analogic system will be finally deactivated and substituted by the new digital terrestrial transmission (DTT) system.

During this period of conversion from the analogic to the digital system, all the new stations are designed and realized mainly focusing on electromagnetic compliance and respect of the limits required by the regulations in force.

At steady state, one can forecast that the diffusion network shall total nearly 250-300 plants for each of the two digital MUX.