Corporate Responsibility

Report 2016

BERTELSMANN

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Foreword

Bertelsmann is always focused on the future. With our four strategic priorities, we're steadily becoming a faster-growing, more digital, more international and more diversified company. The high standards of our entrepreneurial activities continue to be pioneering. To achieve sustained success in this spirit, we focus on the intersection of value creation and the expectations of our employees, customers and other stakeholders. This also determines the focus of our corporate responsibility work, about which we provide information here.

P.S. As a long-standing participant in the UN Global Compact, Bertelsmann fulfills its commitment to submit an annual Communication on Progress by publishing this report.
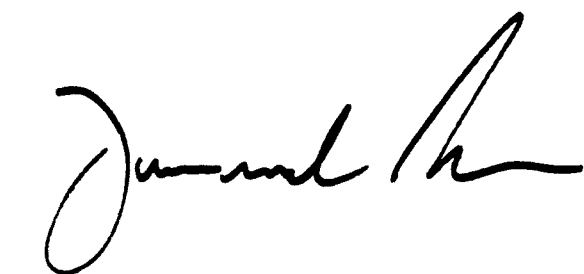
Thomas Rabe
Chairman and Chief Executive Officer of Bertelsmann

Immanuel Hermreck
Chief Human Resources Officer of Bertelsmann

With approximately 116,000 employees worldwide, Bertelsmann develops new ideas, products and services every day. Our employees are the most important factor for our success in quality, innovation and growth. Creating a motivational framework governed by partnership, trust and respect corresponds to our corporate culture and is a key to our company's future viability. With our sense of purpose, "To Empower. To Create. To Inspire." in mind, we strive to make a positive contribution to society every day. The best way for us to do this is to harmonize our commercial goals with social and environmental interests. This report documents our approach and what we've already achieved.

About this Report

Since 2011, Bertelsmann's corporate responsibility reporting has followed the guidelines of the Global Reporting Initiative (GRI), the world's leading standard for sustainability reporting by international companies and organizations. This CR report provides information on the basic principles, focus topics and measures in sustainability management at Bertelsmann and its companies during the 2016 financial year. In individually identified cases, the description of management approaches and concepts extends to the editorial deadline on July 31, 2017. The report's contents were selected based on a relevance analysis of corporate responsibility topics at Bertelsmann. The 2016 report was the first compiled according to the GRI Standards (2016). This sustainability report has been prepared in accordance with the "Core" reporting option of the GRI Standards. Bertelsmann's latest online GRI report ("GRI Content Index 2015"), a CR magazine, and the Bertelsmann Carbon Footprint were published in October 2016. Bertelsmann's GRI reporting also fulfills its obligation, as a UN Global Compact

(UNGC) participant, to produce an annual Communication on Progress. The Group's corporate responsibility reporting is supplemented with sustainability information and news on the Bertelsmann corporate website.

Scope of the Report and Data Collection

All fully consolidated subsidiaries were included in this CR report. You can find a list of these companies on the ↗ Bertelsmann corporate website. Deviations from the scope of this report are indicated in the text.

In calculating the staff numbers, changes in definition led to adjustments regarding "headcount" and "number of full-time employees." In the presentation of environmental data, the previous year's figures were adjusted to reflect the inclusion of additional companies in the data collection, and based on new findings from the latest collection of data. Changes in the methodology of calculating greenhouse gas emissions also led to a significant

reduction in the reported emissions from electricity and district heating sourcing. Beginning with this year, Bertelsmann reports the energy-related emissions (Scope 3) separately; emissions figures from the previous year were recalculated accordingly.

Company Profile

As a media, services and education company, Bertelsmann stands for entrepreneurship and creativity. With eight divisions, the Group operates in about 50 countries around the world.

€17.0 billion
Group revenues

€1.14 billion
Group profit

8
Corporate divisions

Company Profile

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company has 116,000 employees and generated revenues of €17.0 billion in the 2016 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

Corporate Structure

Bertelsmann owns 75.1 percent of shares in RTL Group, and is the majority shareholder in Penguin Random House with a 53 percent stake. Gruner + Jahr, BMG, Arvato, the Bertelsmann Printing Group and Bertelsmann Investments are wholly owned by Bertelsmann.

BERTELSMANN

Bertelsmann **Corporate**

RTL GROUP   Penguin Random House   G+J   BMG

arvato BERTELSMANN   Bertelsmann **Printing Group**   Bertelsmann **Education Group**   BI Bertelsmann **Investments**

www.bertelsmann.com

You can find an overview of all Bertelsmann's major subsidiaries and shareholdings on the ↗ Bertelsmann corporate website.

Business Performance

Revenues by Division in € millions

	Germany	International	Total	Germany	International	Total
			2016			**2015 (adjusted)**
RTL Group	2,205	4,032	6,237	2,151	3,878	6,029
Penguin Random House	266	3,095	3,361	281	3,436	3,717
Gruner + Jahr	959	621	1,580	910	701	1,611
BMG	31	385	416	37	334	371
Arvato	1,630	2,208	3,838	1,578	2,205	3,783
Bertelsmann Printing Group	908	716	1,624	974	770	1,744
Bertelsmann Education Group	–	142	142	–	110	110
Bertelsmann Investments	–	–	–	1	–	1
Total divisional revenues	5,999	11,199	17,198	5,932	11,434	17,366
Corporate/Consolidation	-141	-107	-248	-115	-110	-225
Continuing operations	5,858	11,092	16,950	5,817	11,324	17,141

Bertelsmann's geographic core markets are Western Europe – especially Germany, France and the United Kingdom – and the United States. Bertelsmann is also strengthening its commitment in growth regions such as China, India and Brazil.

Bertelsmann strives to become a faster growing, more digital and more international company with a more diversified portfolio. The businesses Bertelsmann invests in are expected to demonstrate long-term stable growth, global reach, stable and defensible business models, high market-entry barriers, and scalability. The education business is gradually being built up as a third mainstay of earnings alongside media and services.

The Group strategy comprises four strategic priorities: strengthening the core, digital transformation,

Consolidated Revenues by Region in percent

6.7 (PY: 6.9)
Other countries

34.6 (PY: 33.9)
Germany

20.8 (PY: 21.6) USA

13.2 (PY: 13.2)
France

18.3 (PY: 17.7)
Other European countries

6.4 (PY: 6.7)
UK
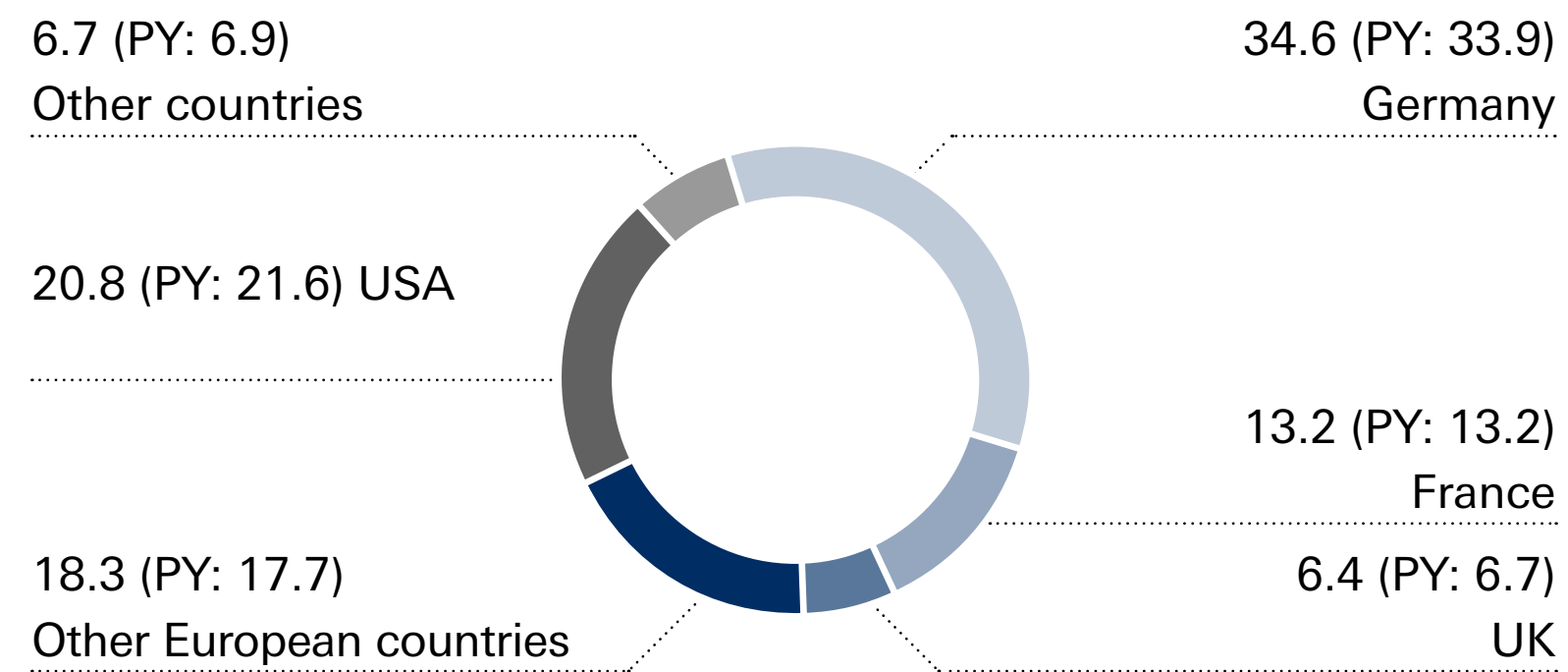
Revenues by Category in percent

34.0 (PY: 25.7)
Services

13.0 (PY: 12.5)
Rights and licenses

27.1 (PY: 37.1)
Own products and
merchandise

25.9 (PY: 24.7)
Advertising
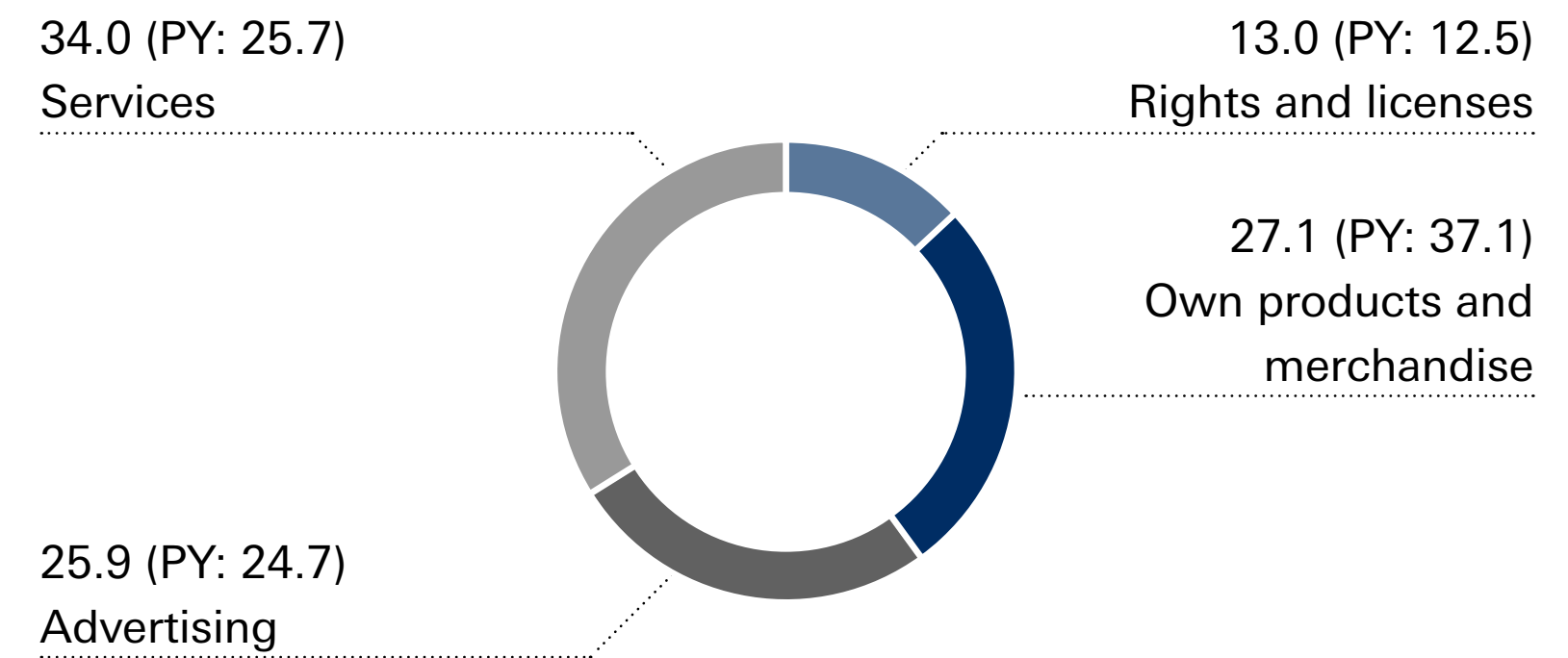
expansion of growth platforms and expansion in growth regions. The following acquisitions in 2016 were key to putting the strategy into action: Mediengruppe RTL Deutschland's acquisition of Smartclip (March 2016) expanded its opportunities in the field of digital ad sales. The takeover of the digital media company Groupe Cerise by Gruner + Jahr's French subsidiary Prisma Media (May 2016) opened new approaches in video. The Bertelsmann Education

Group strengthened its range of services by acquiring Advanced Practice Strategies (APS), a provider of e-learning products for clinical assessments and performance improvement for U.S. hospitals.

GRI 102-7, 102-10; 103-1, 103-2, 103-3 Economic Performance; M1

Business Model and Value Creation

Bertelsmann's origins are in the media industry. Today the company is active in three lines of business: media, services and education. Digitalization plays a central role in the strategic direction of the company as a driver of new trends, through innovations in production technology, changes in media consumption and the way people learn. Bertelsmann has a widely ramified supply chain with only a few main suppliers, including paper and energy suppliers. Most of the services it purchases are creative or other services rendered by humans.

Media: Bertelsmann's media businesses are based on the production or acquisition of high-quality information and entertainment content – the basis to create books, TV channels, magazines, music products and online services. With the exception of books and music, these products contain advertising as well as editorial content – an important source of financing beyond the revenues from sales and distribution. All these products are distributed physically or digitally, directly or through service providers. Because media businesses live by the diversity of the content they produce and distribute, good networks of creative talent and content producers are a key success factor.

Services: A wide variety of industries rely on Bertelsmann's portfolio of solutions, including telecommunication providers, energy suppliers, banks, insurance companies, e-commerce, IT and Internet providers. At the core of this segment are services Bertelsmann delivers to the end customers of its clients ("B2B2C services"). Typical support services include CRM solutions, marketing, IT logistics and financial services. These services combine a variety of resources: staff resources, technology, and the use of natural capital in the form of energy and materials. While hardware and standard software are sourced from third-party suppliers, software solutions for specialized applications are mostly developed in-house. In its print operations, Bertelsmann processes materials like paper and ink to produce media and advertising products for business customers – typically books, catalogs, magazines and brochures – using offset, gravure and digital printing presses by third-party manufacturers. The most important raw material used in the CD, DVD and Blu-ray replication business is polycarbonate.

Education: With its digital education and range of services focusing on the health and technology sectors, Bertelsmann creates the work-related learning of the 21st century. Educational activities include the e-learning providers Relias Learning and Udacity, as well as participation in the online education service provider HotChalk and in Alliant International University. Like our service businesses, the business models in the education segment are based on the combined deployment of highly qualified employees and technology.

Example: TV Broadcasting
RTL Group is a leader across broadcast, content and digital, with interests in 60 television channels and 31 radio stations, content production throughout the world, and rapidly growing digital video businesses. The production, aggregation, distribution and monetization of professionally produced video content is the core business of RTL Group. The goal

is to offer content wherever the audience wants to watch it – on various platforms and devices. With subsidiaries in 31 countries, the worldwide network of Fremantle Media produces around 12,000 hours of broadcast programming and sells more than 20,000 hours of content worldwide every year. In addition, RTL Group's families of channels produce or commission local content. The channels develop and structure their program lineup with a wide variety of genre formats, including news, entertainment shows, fictional series, reality TV formats and live sports broadcasts, to shape their channel brand identities. Their main source of income is the sale of advertising airtime, complemented by revenues from distribution platforms.
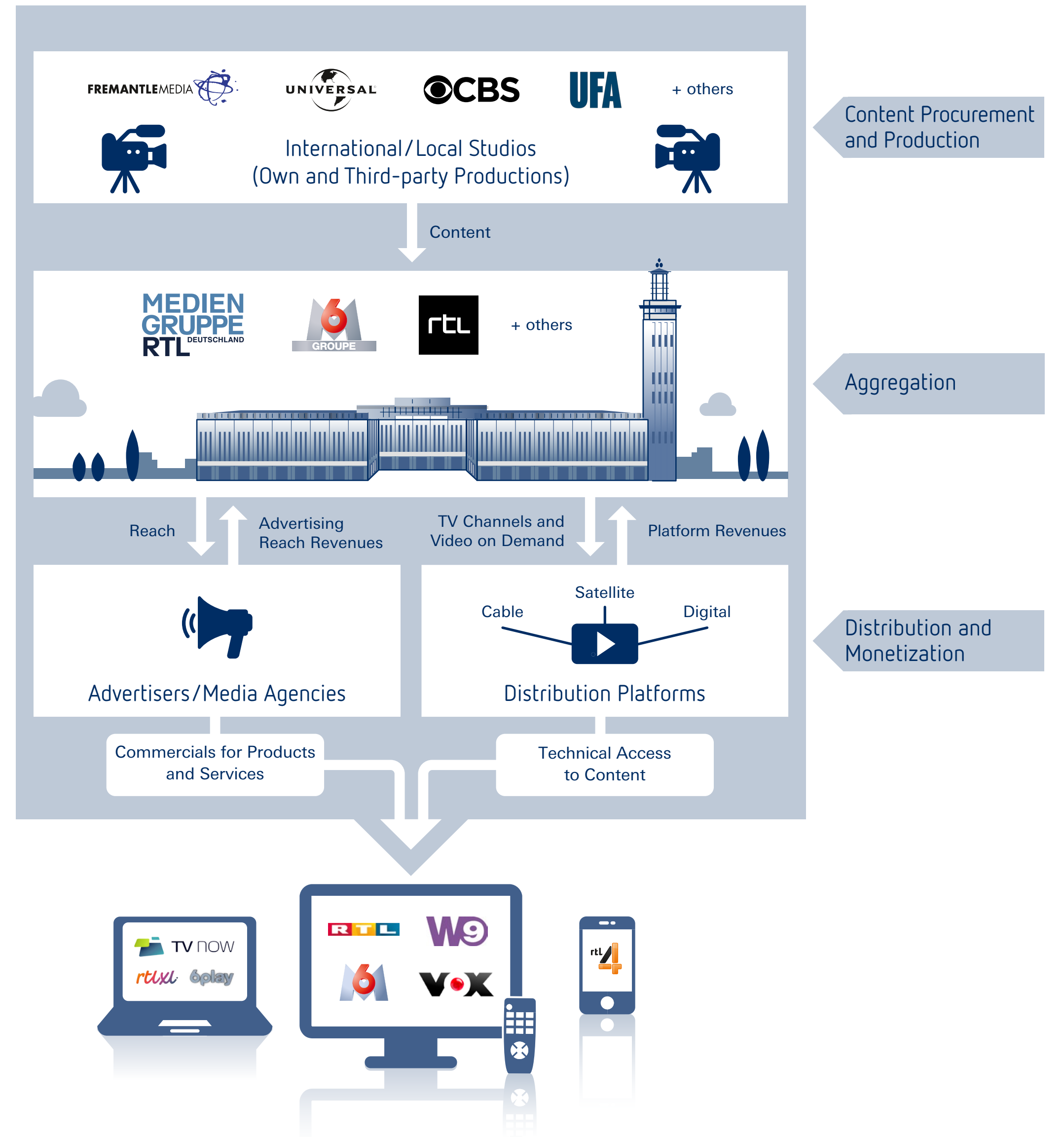
Corporate Management

In line with the recommendations of the German Corporate Governance Code, Bertelsmann stands for responsible corporate governance. Shared values and principles guide the Group's business conduct.

80.9%
capital shares held by foundations

1 of 6
female executive board members

6
nationalities on the Supervisory Board

Corporate Management

In addition to all applicable legal regulations, Bertelsmann's corporate management is based on the recommendations of the German Corporate Governance Code, which sets internationally and nationally recognized standards of good and responsible corporate governance.

Corporate Governance

The German Corporate Governance Code sets out key statutory requirements concerning the management and monitoring of German listed companies and contains relevant standards for good and responsible corporate management. Its recommendations and suggestions, in addition to the applicable provisions of law, form the basis for corporate governance at Bertelsmann. Bertelsmann SE & Co. KGaA is a capital-market-oriented company but is unlisted. It is not, therefore, subject to the statutory requirement to issue a formal declaration of compliance as per section 161 of the German Stock Corporation Act.

Legal Form and Statutory Bodies

Bertelsmann's legal form is that of a partnership limited by shares (KGaA). The statutory bodies of Bertelsmann SE & Co. KGaA are the General Meeting, the Supervisory Board and Bertelsmann Management SE as a general partner. Bertelsmann SE & Co. KGaA and Bertelsmann Management SE each have their own Supervisory Boards. The duties and responsibilities of the individual bodies are clearly defined in each case and are strictly separated from each other. Simultaneous membership on the Executive Board of Bertelsmann Management SE on the one hand, and on the Supervisory Board of Bertelsmann Management SE or the Supervisory Board of Bertelsmann SE & Co. KGaA on the other, is not permissible.

Responsibilities and Committees

The general partner, Bertelsmann Management SE, represented by its Executive Board, is responsible for independently managing the company. The duties consist of determining the corporate objectives, setting the strategic direction of the Group, developing management, and conducting corporate planning and financing. The Executive Board provides the respective Supervisory Boards with regular, prompt and comprehensive reports on all matters relevant to business development and strategy implementation, planning, financial and earnings position, the risk situation, and risk management. This ensures compliance with the provisions of law and corporate guidelines within the Group.

The members of the Executive Board bear joint responsibility for overall management. Matters of fundamental significance and matters concerning the spheres of responsibility of a number of Executive Board members are addressed by the overall Executive Board. Notwithstanding this overall responsibility, the individual members of the Executive Board manage their departments as part of the duties stipulated by the overall Executive Board.

In addition, the Executive Board has established the Group Management Committee (GMC), which

advises the board on important corporate strategy and development matters and other issues that affect the Group. The GMC, which had 16 members in 2016, is comprised of all members of the Executive Board, as well as executives who represent key businesses, countries, regions, or important Group-wide functions.

In the 2016 financial year, women composed one-sixth (17 percent, previous year: 20 percent) of the Executive Board (one person) and 31 percent (previous year: 31 percent) of the GMC. The average age of the Executive Board was 50 (previous year: 49), and the average age of the GMC was 53 (previous year: 52). The Executive Board members have worked for the Group for an average of 17 years (previous year: 20 years) and served on the Executive Board for an average of four years (previous year: four years). One member of the Executive Board was non-German (17 percent, previous year: 20 percent), and 31 percent (previous year: 31 percent) of the GMC was non-German.

Shareholder Structure
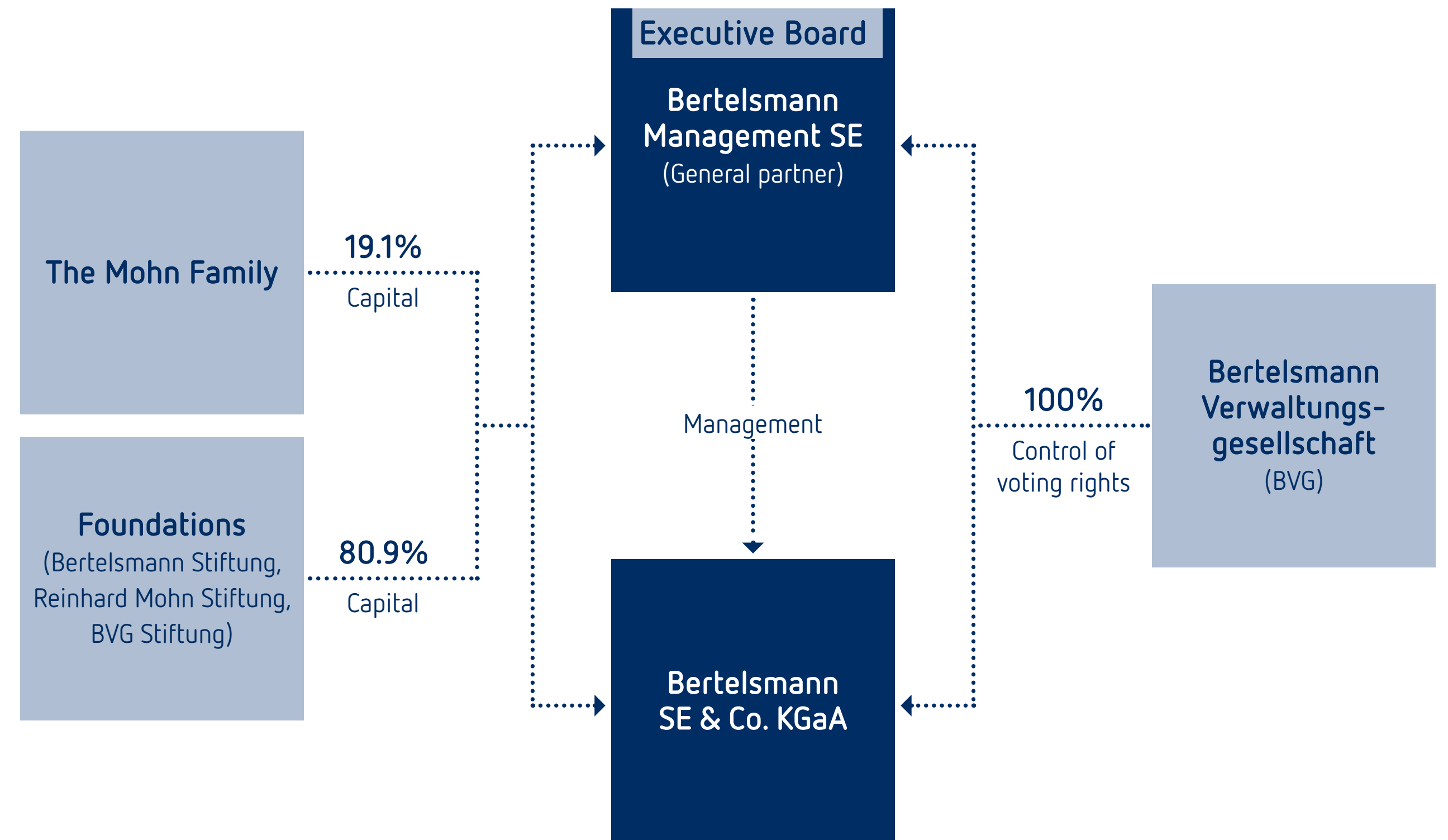
The Mohn Family

Foundations
(Bertelsmann Stiftung, Reinhard Mohn Stiftung, BVG Stiftung)

19.1%
Capital

80.9%
Capital

Executive Board

Bertelsmann Management SE
(General partner)

Bertelsmann SE & Co. KGaA

Management

100%
Control of voting rights

Bertelsmann Verwaltungs-gesellschaft
(BVG)

Tasks and Decision-making Processes

The Supervisory Board of Bertelsmann SE & Co. KGaA supervises the management of the business by the Bertelsmann Management SE and uses its extensive information and control rights for this purpose. In addition, the Supervisory Boards advise the Executive Board on strategic matters and significant transactions. The Executive Board and Supervisory Board work in close, trusting cooperation and are therefore able to reconcile the demands of effective corporate governance with the need for rapid decision making. Fundamental matters of the corporate strategy and its implementation are discussed openly and voted on in joint sessions. The shareholders of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE exercise their rights and vote at the respective General Meetings.

The Supervisory Board of Bertelsmann Management SE has formed an HR Committee and a Program Committee, and the Supervisory Board of Bertelsmann SE & Co. KGaA has formed an Audit and Finance Committee and a Working Group of Employee and Management Representatives. The Audit and Finance Committee of the Supervisory Board of Bertelsmann SE & Co. KGaA addresses, among other things, the accounting process and the effectiveness of the risk monitoring and risk management system, the internal control system, and the internal auditing system. It also addresses matters of compliance, in particular the effectiveness and proper functioning of the compliance organization and related topics of integrity within the Group.

In the 2016 financial year, women composed 20 percent (previous year: 19 percent) of the Supervisory Board. The average age of the Supervisory Board was 58 (previous year: 58), and 67 percent (previous year: 69 percent) of the Supervisory Board members were German; 33 percent (previous year: 31 percent) were non-German.

Company Principles

As stated in the corporate constitution, among the prerequisites for a corporate culture in which employees, management and shareholders work together successfully, respectfully and in a spirit of trust, are common goals and shared values – which are summed up in the Bertelsmann Essentials: partnership, entrepreneurship, creativity and corporate citizenship. To ensure that they reflect the changes in our company, its businesses and their environments, the Bertelsmann Essentials are subject to constant critical review and development.

The Bertelsmann Code of Conduct, a binding guideline for law-abiding and ethically responsible conduct in the company, defines standards for responsible conduct toward business partners and the public, as well for interpersonal conduct within the company. Everyone in the company – including the Executive Board and the Supervisory Board – is obliged to adhere to the principles stipulated in it.

The Group also defined the Bertelsmann Sense of Purpose in 2016. Expressed in the triad, "To Empower. To Create. To Inspire." it is the result of an intensive, worldwide process involving employees, executives and shareholders, and provides orientation for the company's staff and partners.

The company principles are available for download:

↗ Bertelsmann Essentials
↗ Bertelsmann Code of Conduct

Bertelsmann supports the UN Global Compact:

↗ The 10 Principles of the UNGC

Risk Management

As a global corporation, Bertelsmann is exposed to a large number of risks, including legal and regulatory risks. The company has set up a risk management system (RMS) for the early identification, evaluation of, and handling of internal and external risks. Its aim is to identify material risks to the Group in good time, so that countermeasures can be taken and the risk can be monitored. Risks are defined as possible future developments or events that could lead to a negative economic forecast or target deviation for Bertelsmann. In addition, risks can negatively affect the achievement of the Group's strategic, operational, reporting and compliance-related objectives, and its reputation.

The risk management process is based on the internationally accepted frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and is structured into the sub-processes of identification, assessment, response, control, communication and monitoring. The key element of risk identification is an annual risk inventory that lists the significant risks of the business operations, from profit center level upward. The assessment of a given risk is the product of its estimated negative impact on the Group's free cash flow should the risk occur, and the estimated probability of its occurrence. The time horizon for the assessment of risks is both one year and three years. The risks are compared against risk management and monitoring measures to determine the "net risk." The RMS, along with its component, the internal control system, is constantly undergoing development and is integrated into ongoing reporting to the Bertelsmann Executive Board and Supervisory Board. To ensure compliance with statutory and internal requirements, Corporate and Divisional Risk Management Committee meetings are convened at regular intervals.

For the non-financial aspects defined in the German "CSR[1] Directive Implementation Act" – environmental, employee and social concerns, respect for human rights, and the fight against corruption and bribery – no significant net risks were reported as part of the 2016 reporting. For a review of CR risks, see .

Compliance

To avoid violations of laws and regulations, directives, and company guidelines, the Bertelsmann Executive Board created a compliance organization. It appointed a Corporate Compliance Committee (CCC) and established an Integrity & Compliance program. The Integrity & Compliance department is subordinated to the CCC and advises and supports it. The head of the Integrity & Compliance department reports to the head of the Corporate Legal Department and Chair of the CCC. The latter, in turn, reports to the Chairman and CEO of Bertelsmann, who is responsible for matters of compliance on the Executive Board. This organization reflects the relevant standards for compliance management systems that contribute toward mitigating risks in various ways. Its basic elements include the Bertelsmann Code of Conduct, the Bertelsmann Supplier Code of Conduct, the compliance guidelines, risk analysis, consultation, communication and training measures, whistleblowing systems, and case management.

Bertelsmann employees, business partners and third parties always have the opportunity to ask questions, discuss concerns about possible misconduct in confidence and securely, or make suggestions for improving compliance processes. Contact points include the Integrity & Compliance department, an online whistleblowing system ↗ www.reportconcerns.com, and external ombudspersons appointed by Bertelsmann. All reports submitted are being investigated to ensure adequate response to compliance violations.

Protection of Human Rights

Bertelsmann has declared the protection of human rights within the company and in the supply chain to be a priority. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights and the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) core labor standards. Ensuring fair working conditions is an integral part of Bertelsmann's corporate culture.

Bertelsmann sets binding human rights standards in the company as well as in the global supply chain, which must be adhered to by all stakeholders. Key corporate guidelines that address the issue of human rights and codify these standards are:

> **The Bertelsmann Code of Conduct** is the guideline for legal and ethical conduct. It is binding for every employee worldwide, within the company and toward business partners and the general public. Everyone in the company – employees, the Executive Board and Supervisory Board – is obliged to adhere to the principles stipulated in it. The Code of Conduct is not only a guide to appropriate decision making, but also provides information about the options for seeking advice in the company, and for confidentially and securely expressing concerns about possible misconduct.

> **The Bertelsmann Supplier Code of Conduct** obligates business partners that work for, with or on behalf of Bertelsmann to observe minimum

compliance and ethics standards that correspond to the Bertelsmann Code of Conduct. Bertelsmann also requires its business partners to pass these minimum requirements along their own value chain to any third parties they may use (subcontractors, etc.) to fulfill their contract with Bertelsmann. In the event of breaches of the Supplier Code of Conduct, Bertelsmann reserves the right to make appropriate responses corresponding to the severity of the breach, which may include contract termination.

> **The Executive Board Guideline on Anti-corruption and Integrity** mandates an appropriate due diligence process when selecting business partners, and the incorporation of the Bertelsmann Supplier Code of Conduct into all contracts with third parties. It also requires an appropriate monitoring of third parties for the term of the contract.

In the following, several specific human rights issues are discussed, mainly in connection with

safeguarding of fair working conditions →Fair Working Conditions, p. 36.

The Code of Conduct and the Supplier Code of Conduct reaffirm the **right to freedom of association and the right to engage in collective bargaining,** in accordance with applicable laws and regulations, for employees of Bertelsmann companies as well as those of business partners. At Bertelsmann violations of this principle may be reported via the aforementioned whistleblowing channels, both by employees and by third parties.

Bertelsmann does not tolerate **child and forced labor,** and expects its business partners to share this position. The Code of Conduct and the Supplier Code of Conduct contain accordingly explicit prohibitions. In addition, individual Bertelsmann Group companies as well as Bertelsmann itself have issued statements in accordance with the UK Modern Slavery Act that condemn all forms of

modern slavery, coercive and child labor, exploitation, and discrimination, and present measures to prevent these human rights violations.

The Code of Conduct and the Supplier Code of Conduct contain a clear **prohibition of discrimination** and intimidation. In addition to the aforementioned reporting channels, AGG contact persons have been appointed at all German locations. Employees can contact them in the event of suspected breaches of Germany's General Equal Treatment Act (AGG). Employees are informed about their rights under the AGG by means of brochures, posters and information provided on the company intranet. In an international context, the topic of antidiscrimination was addressed in a Group-wide e-learning designed to build employee awareness of the issue and advise them of their rights.

Anti-corruption and Integrity

Corruption and bribery hinder the development of the economy, deter investors and contribute to

the persistence of poverty in many countries. For this reason, many countries have tightened their anti-corruption laws in recent years. In the event of infringement, executives and employees, as well as the company itself, may face considerable consequences under criminal and civil law, such as imprisonment, fines, confiscation of profits, exclusion from tendering procedures and the revocation of permits. Business customers are also increasingly demanding evidence of effective anti-corruption compliance measures as a prerequisite for cooperation. Responsible management must therefore also include measures to prevent corruption.

Bertelsmann complies with all applicable national and international anti-corruption regulations. Bribery and corruption, as well as conduct that could harm the company's assets or those of business partners or third parties, is strictly prohibited.

One of the 10 principles of the United Nations Global Compact, which Bertelsmann has supported as a signatory since 2008 is decisive action against corruption. By reporting in accordance with GRI, Bertelsmann also fulfills its obligation to state, in an annual Communication on Progress, what anti-corruption measures were taken .

Both the Bertelsmann Code of Conduct and the Bertelsmann guidelines expressly prohibit all forms of corruption and bribery. This prohibition also applies to all third parties that work for, with or on behalf of Bertelsmann, as stipulated in the Supplier Code of Conduct.

The Executive Board Guideline on Anti-corruption and Integrity specifies detailed principles and rules of conduct for complying with applicable regulations. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, it prescribes appropriate due diligence processes in dealing with third parties. It also describes the reporting channels

for suspected violations and seeking advice, as well as other prevention and control measures. The Bertelsmann Supplier Code of Conduct requires Bertelsmann business partners that work for, with or on behalf of the company to comply with the same strict anti-corruption rules. The Executive Board Guideline for dealing with alleged compliance violations anchors an obligation to report suspected violations of the prohibition against corruption to the Bertelsmann Corporate Center.

The topic of corruption prevention is globally managed and further developed by the Integrity & Compliance department.

Major anti-corruption results in 2016 included:

> Advising executives and employees on the subject of anti-corruption
> Anti-corruption e-learning tutorial for executives and employees who fulfill the nomination criteria for anti-corruption training

> Entry into force of the Bertelsmann Supplier Code of Conduct, which includes a strict prohibition of corruption for business partners, and advises the Group's companies on how to integrate this in contracts
> Consultation and coordination regarding the revision of Bertelsmann's Guideline on Anti-corruption and Integrity
> Development of a concept for a new e-learning tutorial on anti-corruption – based on an analysis of the relevant legal developments in anti-corruption legislation for all the countries in which Bertelsmann operates
> Processing reports of suspected violations related to anti-corruption
> Reporting of measures taken as well as case indicators to the Executive Board and Supervisory Board in the Compliance Report

A quantitative survey of and reporting on e-learning training measures on the topic of anti-corruption is planned for the 2017 fiscal year.

Fair Competition

Bertelsmann is committed to the principle of fair competition and condemns antitrust violations and anti-competitive behavior. The company takes action against any contravention. An extensive training program (face-to-face training, online training for refresher courses) is designed to prevent antitrust violations.

"We comply with applicable antitrust and competition laws and consult expert company counsel on antitrust and competition issues."

Bertelsmann Code of Conduct

CR Management

Transparent responsibilities, thematic focuses and cross-divisional networks are the defining hallmarks of Bertelsmann's Corporate Responsibility Management.

2011
first CR report according to GRI

2008
joined the UN Global Compact

7
CR focus topics

GRI 102-20

CR Management

Responsible conduct – in business, toward employees, in society and in dealing with the environment – is firmly anchored in Bertelsmann's corporate culture. The Bertelsmann Essentials codify citizenship as a core value for all the company's employees, executives and shareholders. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling its commercial interests with social and environmental concerns within the Group and beyond.

Strategic Development
Bertelsmann is constantly working on the strategic evolution of its sustainability management. It focuses on transparency regarding relevant CR topics, Group-wide CR objectives in alignment with the corporate strategy, exchange with relevant stakeholders, and ways to coordinate and collaborate across the Group's divisions. In 2016, the spotlight was on further developing CR management approaches and performance indicators and on defining reporting processes for key CR topics. The Advancing CR at Bertelsmann project, launched in

2015, in which international and cross-divisional workgroups analyzed the requirements and implementation of relevant CR topics, was further focused and continued in 2016.

Organization

The Bertelsmann CR Council, chaired by the Chief Human Resources Officer, regularly brings together senior officers from the various corporate divisions. Together, they work to advance the strategic development of CR at Bertelsmann, and make sure the perspective of the businesses is considered. In some cases, cross-divisional working groups and networks develop or prepare specific objectives and measures on certain CR topics.

At the Group level, the Corporate Responsibility & Diversity Management (CR&DM) department, a central staff function of the Chief HR Officer, coordinates and supports the work of the CR Council. It does so in close cooperation with other Group functions such as Reporting, Risk Management,

Finance, Legal, Integrity & Compliance, Communications and employee representatives. CR&DM also handles the Group's CR reporting, its stakeholder dialogue on relevant CR topics, in-house networking and consulting projects, and environmental and climate protection-related matters across the divisions. In the field of Diversity Management, the department works to ensure diversity-friendly framework conditions, and acts as a change agent and support resource for the Group's divisions in promoting employee diversity .

In the spirit of the decentralized company structure that has evolved at Bertelsmann over the decades, the principle of delegating responsibility applies for CR implementation across the Group: Because Bertelsmann's local Managing Directors know their businesses and the social and ecological environment they operate in best, more specific CR measures and projects are also locally implemented. Bertelsmann's corporate divisions and companies have their own structures and processes in place for this, in accordance with local requirements.

GRI 102-15, 102-20

← →

Corporate Responsibility
Report 2016

Bertelsmann Corporate Responsibility Organization
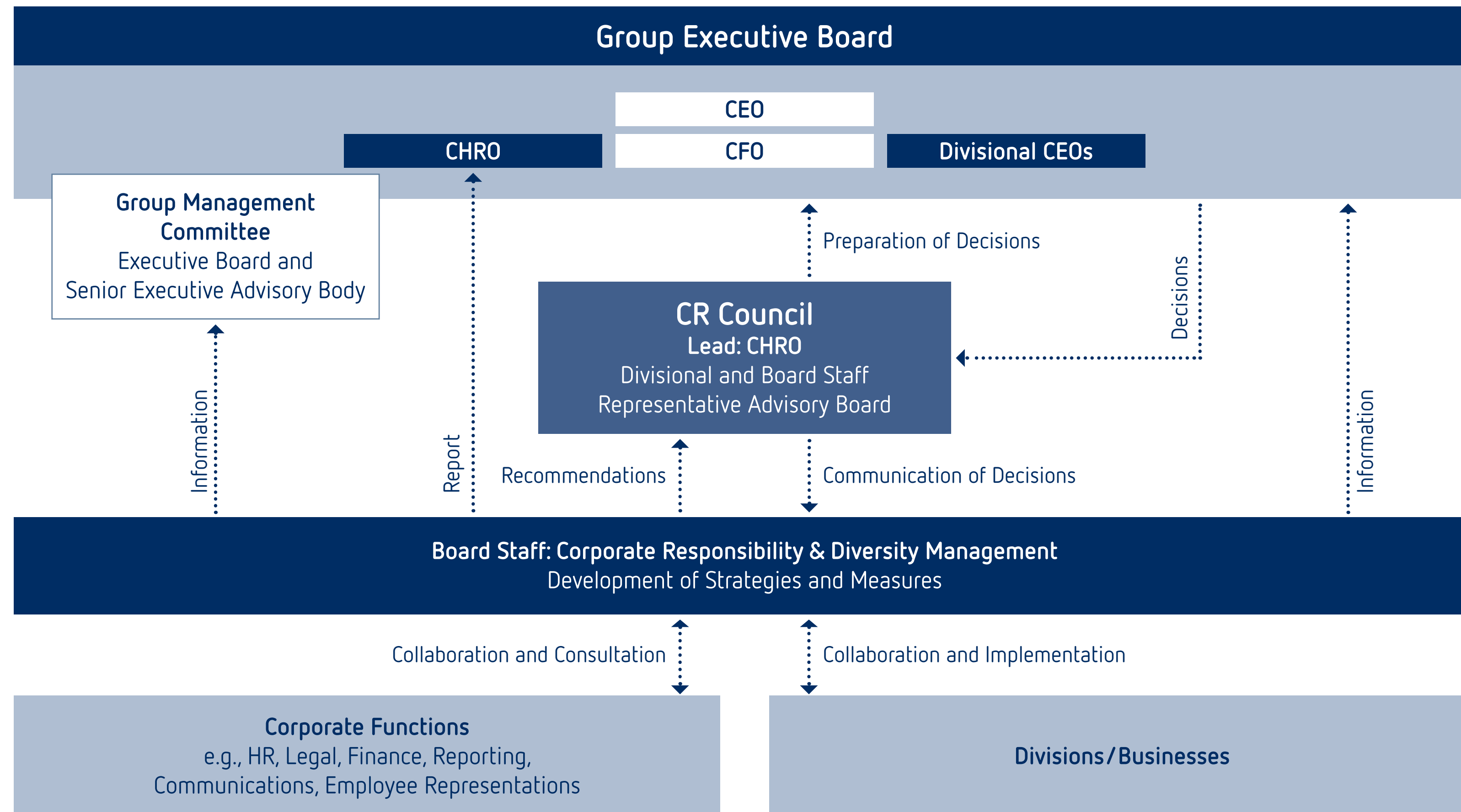
GRI 102-20

Commitments

Bertelsmann has supported the 10 principles of the United Nations Global Compact as an active participant since 2008. The company is committed to the objective of working with employees, customers and suppliers at its international sites to promote ongoing and sustained progress in the areas of labor standards, human rights, environmental protection and anti-corruption measures. An annual Communication on Progress reports on the measures achieved and planned in these action areas. Since 2011, Bertelsmann has based its Corporate Responsibility reporting on the currently valid international guidelines issued by the Global Reporting Initiative (GRI).

In addition to numerous strategic partnerships and collaborations at the Group, divisional and company level, Bertelsmann has been a member of econsense, the German business sector's forum for sustainable development, since 2015. Bertelsmann is also active at the Group and divisional level in the international Responsible Media Forum network.

An overview of all memberships and collaborations is available online on the ↗ Bertelsmann corporate website.

Stakeholder Dialogue

Through its business operations and other activities, Bertelsmann is in active and direct contact with people inside and outside the company: employees and their representatives, customers, suppliers, journalists, investors, political decision makers, and representatives of governmental and non-governmental organizations (NGOs) and associations.

Bertelsmann prioritizes dialogue with stakeholders who have a strong influence on the company's business, social or environmental performance, and regulatory framework that governs its activities. The Group also seeks exchange with stakeholders significantly affected by its economic, social or ecological performance.

Stakeholders at a Glance

NGOs
Media
Competitors
Science
Shareholders
Policymakers and regulatory authorities
Employees
CR ratings and certification agencies
BERTELSMANN
International organizations
Business partners
Media users and customers
Culture and the arts
Capital market
Applicants
Society

Interaction with External Stakeholders

In its day-to-day business, Bertelsmann is in regular contact with journalists, investors and customers through its press offices, investor relations experts and service centers. Beyond daily press interaction and the many events Bertelsmann organizes, the Annual Press Conference on year-end results, the accompanying communications to the publication of half-year figures (conference call) and quarterly figures (press releases on Q1 and Q3 results) represent proven formats for contact with media, journalists and investors. Because capital market financing is a major element in the Group's financing strategy, transparency toward the capital market is of great importance for the company's financial security and independence. Here, regular interaction with investors and analysts is an important contribution. Organizing a systematic dialogue on selected corporate responsibility topics with

GRI 102-40, 102-42, 102-43

external stakeholders is an integral part of the strategic development of CR at Bertelsmann in 2017.

Dialogue with Policymakers

The creative industry is an engine for economic growth and jobs. To be able to continue investing in high-quality creative and professional content, Bertelsmann's political lobbying efforts include championing strong copyright protection and a convergent media order in the digital age.

Bertelsmann's public affairs managers offer political decision makers access to the company's expert dialogue partners, communicate the latest positions and facts, and provide helpful information. Positions are developed by in-house working groups, through association and other organizational memberships, as well as internal and external experts.

Functioning as a discussion forum, think tank, database and committee of experts, Bertelsmann's liaison offices in Berlin and Brussels, and the divisional public affairs officers, introduce policymakers

to the Group's various business models in the media, services and education sector. Their activities include presenting the international media group's new digital businesses and a wide variety of cultural activities to Bertelsmann's core markets.

Bertelsmann SE & Co. KGaA has been entered in the Transparency Register of the European Union, and signed its Code of Conduct.

Bertelsmann does not donate to political parties .

Internal Dialogue

In fostering the Group's internal stakeholder dialogue on corporate responsibility, the company identifies relevant stakeholder groups. For example, for participation in analyses to determine Group-wide CR focus topics based on the criteria of balance and diversity, representatives from top management, administrative departments and the operative businesses are as systematically involved as shareholders and employee representatives, working to

"We maintain proper and legally irreproachable relations with all government regulators and agencies."

Bertelsmann Code of Conduct

GRI 102-43; 103-1, 103-2, 103-3 Public Policy

ensure diversity with regard to management, inter-nationality, age and gender. These representatives, in turn, interact directly with their businesses' external stakeholders.

Since 2008, Bertelsmann has sought to attract up-and-coming talent, especially among students around the world, through career events such as its "Talent Meets Bertelsmann."

Information on the various dialogue formats the company regularly carries out to promote exchange with employees and their representatives can be found under →Employees, p. 32.

Formats for Stakeholder Dialogue
(a selection)

Information
> Group reporting, press relations
> Response to requests from customers, public authorities and ratings agencies

Dialogue
> Talks with employees and in teams
> Customer service
> Association work
> Conferences, panel discussions and workshops with science and academia, policymakers and competitors, etc.

Surveys
> Bertelsmann Employee Survey
> Customer surveys
> Strategic stakeholder surveys

GRI 102-43

CR Topics

Bertelsmann strives to ensure sustainable and responsible conduct where its value creation encounters stakeholder expectations: in the company's business operations, the quality of its media and services, toward employees, in society, and toward the environment.

What social and environmental topics are particularly relevant to Bertelsmann and its divisions? In a 2014 analysis, more than 130 participating executives and employee representatives from around the world rated 12 issues with more than 30 subtopics on a four-point scale. Two evaluative dimensions were surveyed: first, the business relevance of each topic, based on a qualitative estimation regarding the categories of risk potential, financial impact, efficiency and optimization potential, differentiation and growth potential, and future orientation; and second, stakeholder relevance regarding employees, end users and business customers, as well as – depending on the division – other relevant stakeholders. Overall, seven topics were identified as particularly relevant:

Matrix of CR Issues

Protection of Media Users and Customers

Press Freedom

Education

Fair Working Conditions

Diversity

Health

Eco-Efficiency/Environment

Employee Participation

Supply Chain Responsibility

Work-Life Balance

Donations and Aid Projects

Sustainable Business Models

High

Low

Stakeholder Relevance[1]

Business Relevance

High

● Relevant Bertelsmann CR topics
○ Further Bertelsmann CR topics

Eco-efficiency/environment and diversity were identified as relevant Bertelsmann CR topics, mainly due to increasing reporting requirements in this connection. Other topics such as anti-corruption, antitrust law, foreign trade, business partner compliance, and intellectual property protection were not part of this assessment of social and environmental issues.

1) Internal analysis

> **Education –** with a focus on learning and corporate training, social education initiatives, and the promotion of media literacy
> **Press freedom –** with a focus on creative, journalistic and editorial independence, from an internal and external perspective
> **Fair working conditions –** with a focus on partnership, job security, fair distribution of benefits and treatment of external employees
> **Protection of media users and customers –** with a focus on content responsibility (protection of minors and fair marketing) and protection of customer data
> **Diversity –** with a focus on gender, generations and internationality
> **Health –** with a focus on integrated health management and prevention
> **Eco-efficiency/environment –** with a focus on energy, emissions and paper

An update of the CR relevance analysis at Bertelsmann, focusing also on dialogue with external stakeholders, is planned for 2017 .

Corporate Responsibility, or CR-related issues, including non-financial performance indicators, are not part of Bertelsmann's value-oriented management system in a broader sense. Due to limited measurability, among other things, no directly quantifiable statements can be made regarding relevant interdependencies and value-adds for the Group. For this reason, non-financial performance indicators are not used to manage the Group's businesses. .

GRI 102-15, 102-44, 102-46, 102-49

CR Risks

A number of "non-financial" risks associated with CR topics are relevant for Bertelsmann. These risks can arise from the company's own business activities or from its business relationships, and can affect the company or its environment and stakeholders.

As defined in the German CSR Directive Implementation Act, the major "non-financial" aspects where risks can occur are employee, environmental and social issues, respect for human rights, and the fight against corruption and bribery. At Bertelsmann, specific product-related topics such as press freedom, content responsibility, data protection and the protection of intellectual property can also be grouped under social issues →CR Topics, p. 28. In contrast to the net view presented in the company's Risk and Opportunity Report ↗ Bertelsmann Annual Report 2016, p. 29 ff, the following risk description is to be considered independently from any countermeasures that exist in the company; that is, without considering the effect of existing concepts and measures.

CR risks that may arise from Bertelsmann as a company include increasing business customer requirements stemming from a range of "non-financial" topics, the nonfulfillment of which may result in revenue losses. CR issues are increasingly subject to statutory regulations, which can lead to noncompliance penalties linked to loss of trust in various stakeholder groups. Disruption in business processes, such as bottlenecking in the procurement of paper or energy, can arise because of a resource scarcity. In human resources, risks may arise due to inadequate working conditions, with implications such as decreased employee motivation and productivity, inadequate skills due to lack of training, increased illness, or increased staff turnover. Developments in media and social policy, such as in the area of press freedom, also contain potential risks for Bertelsmann's businesses.

By the same token, the way in which Bertelsmann fulfills its corporate responsibility also has an impact on the company's surroundings, environment and stakeholders. Working conditions have a direct and indirect impact on the well-being of employees, their individual opportunities and their family environment. Bertelsmann's business operations also have a reciprocal relationship with the local communities where they operate and with global society. Corruption, for example, can impede economic development, contribute to the continuation and growth of poverty, and reduce the equality of opportunity. Regarding human rights, Bertelsmann's journalistic conduct and its treatment of data affect the state of public information, freedom of opinion, self-determination and democracy.

Specific to the environment, the use of resources such as paper influences the survival, development and diversity of ecological systems, and with them, sustainable living conditions. The company contributes to global warming through the direct and indirect emission of greenhouse gases.

Finally, all risks caused by Bertelsmann – and their possible negative implications – can also cause risks for the company, affecting such factors as

GRI 102-11, 102-15

reputation, attractiveness as an employer or business partner, litigation, and inclusion in "do-not-source" lists and indexes.

The concepts and measures Bertelsmann uses to counter these risks are described in the following chapters: →Employees, p. 32, →Media, Services and Education, p. 54, →Environment, p. 66 and →Society, p. 76.

Employees

Motivated employees who identify with Bertelsmann and its values are the driving force behind the company's quality, innovation and growth.

116,434
employees worldwide

150
nationalities in the workforce

54%
women in the workforce

GRI 103-1, 103-2, 103-3 Employment

Employees

Every day, about 116,000 people in more than 50 countries work to ensure Bertelsmann's success, growth and continuous development. That's why, for generations, the company has made responsibility toward its employees a priority. Bertelsmann's goal is to create a working environment of partnership for all employees. This aspiration is firmly anchored in the core values of the Group's corporate culture, the Bertelsmann Essentials.

Recruiting and Retaining the Best

Employees are the key factor in Bertelsmann's success. They develop new ideas and offers every day. This is equally true for media, services and the new education division. For employees to be creative, innovative and successful, the company must create framework conditions that are motivating, and emphasis freedom, trust and respect.

To be an attractive employer, retain employees long-term and remain competitive, Bertelsmann promotes the development of its employees, creating the fair working conditions that allow diversity, creativity and performance in a healthy work environment. While aspiring to this worldwide, Bertelsmann honors the widely varying cultural, regulatory, economic and social conditions where it operates.

Increasingly today, employees – of all generations – want to do something meaningful with their working lives. To attract the best talent, employers are expected to have and convey a greater "sense of purpose." Only when employees identify with their company and its values and strategic goals are they able to actively implement and ensure that these goals are achieved. This is especially true in times of change. Following intensive, worldwide discussions with employees, executives and shareholders, Bertelsmann has defined its sense of purpose with the triad "To Empower. To Create. To Inspire." Providing employees with orientation, it also conveys the importance and purpose of their daily work.

Employees by Division headcount
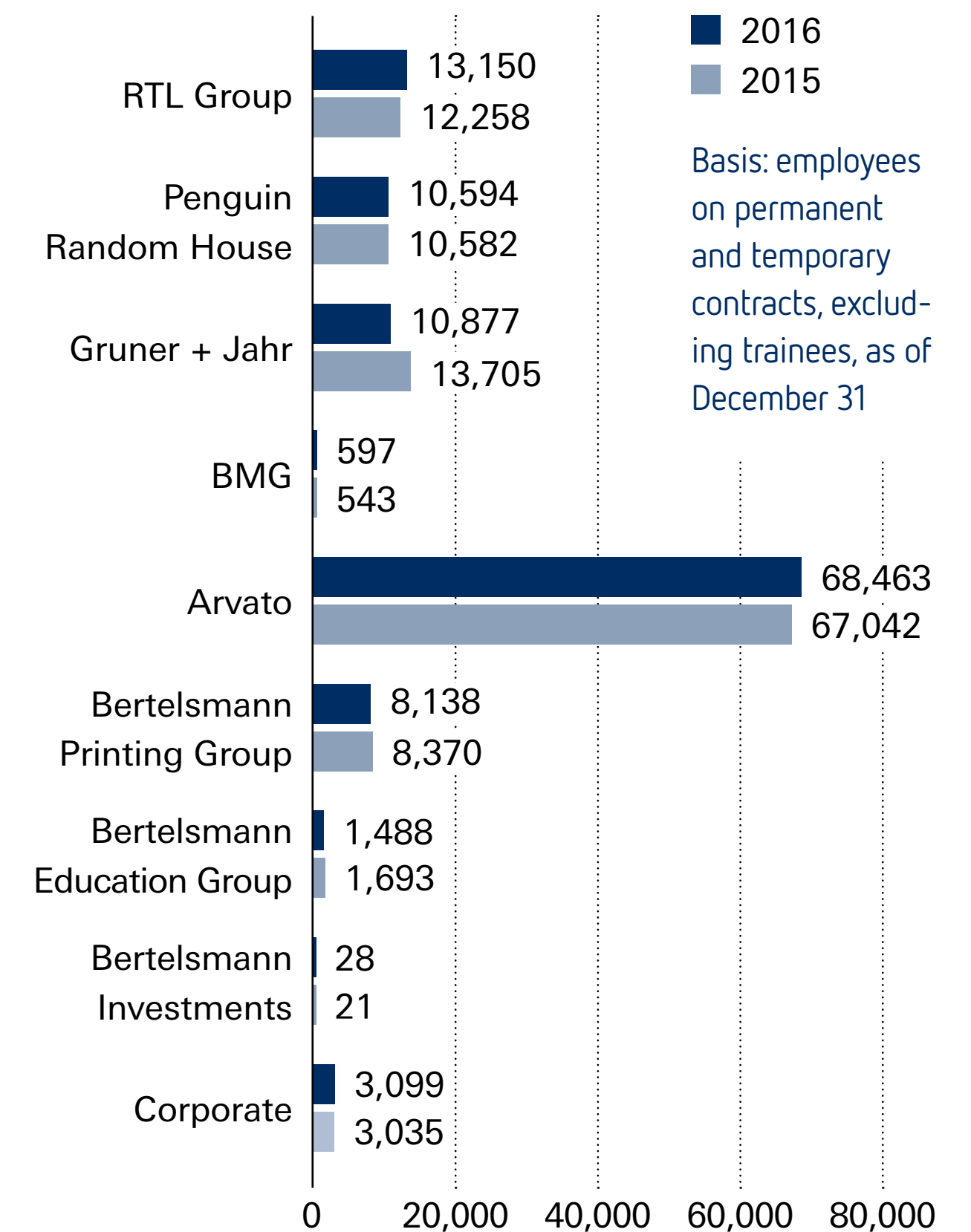
2016
2015

Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31

Division	2016	2015
RTL Group	13,150	12,258
Penguin Random House	10,594	10,582
Gruner + Jahr	10,877	13,705
BMG	597	543
Arvato	68,463	67,042
Bertelsmann Printing Group	8,138	8,370
Bertelsmann Education Group	1,488	1,693
Bertelsmann Investments	28	21
Corporate	3,099	3,035

Employee Distribution Worldwide headcount
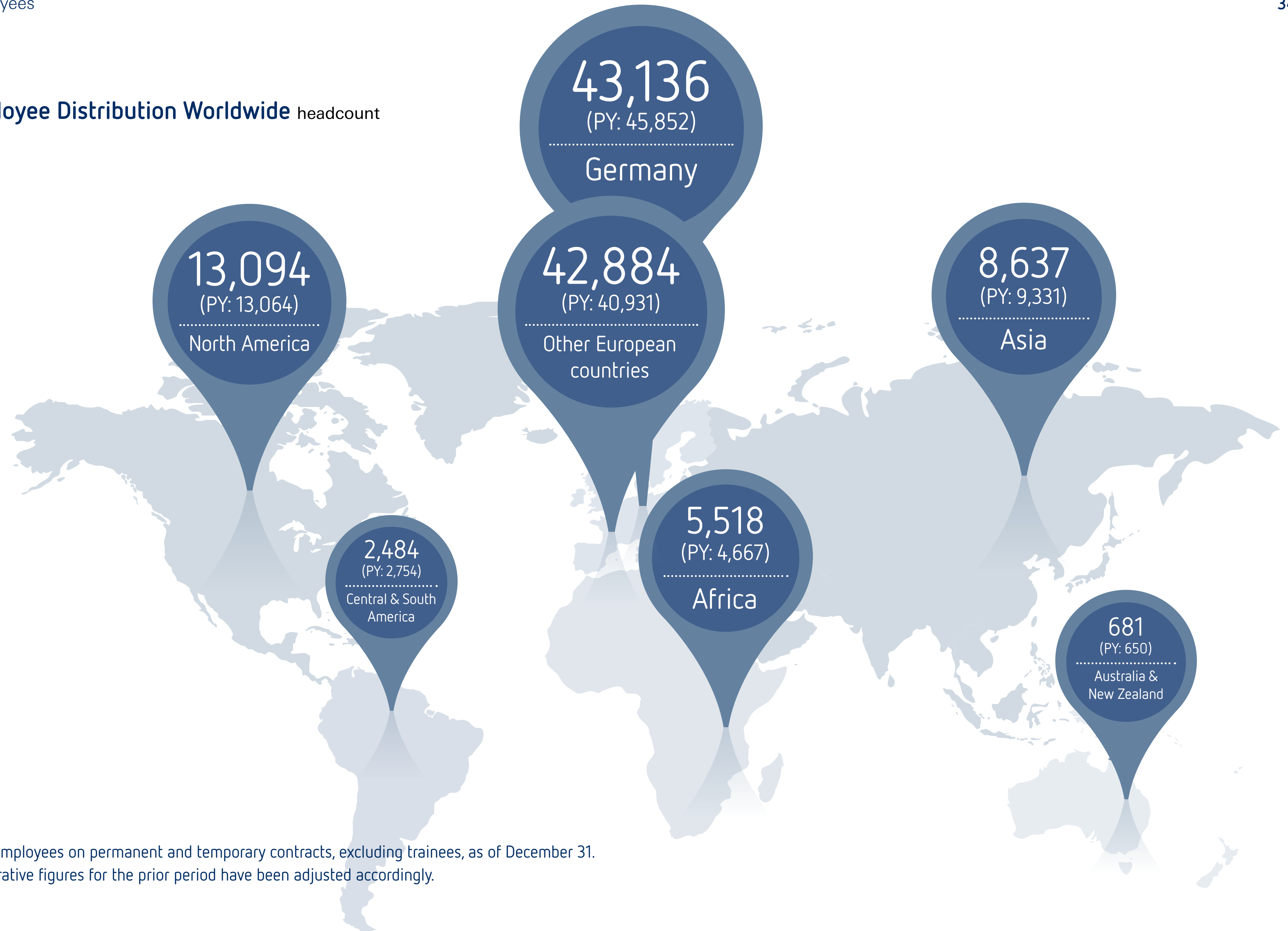
43,136
(PY: 45,852)
Germany

13,094
(PY: 13,064)
North America

42,884
(PY: 40,931)
Other European
countries

8,637
(PY: 9,331)
Asia

2,484
(PY: 2,754)
Central & South
America

5,518
(PY: 4,667)
Africa

681
(PY: 650)
Australia &
New Zealand

Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31.
Comparative figures for the prior period have been adjusted accordingly.

GRI 102-8, 102-48

Guidelines, Structures and Processes

HR work at Bertelsmann is based on the company's identity as codified in the corporate constitution and the Bertelsmann Essentials. Supplementary regulations are set out in the Bertelsmann Code of Conduct, which is binding for all employees, as well as the Executive Board Guidelines on HR Work →Compliance, p. 17.

The Chief HR Officer (CHRO), steers human resources Group-wide. As head of the Corporate HR department, which supports the coordination of tasks and development of relevant HR policy, the CHRO cooperates closely with divisional HR directors. Additional main areas of responsibility include developing the Group's HR agenda in collaboration with the HR Committee, further developing and promoting intracompany partnership, aligning management development with the Group's strategic priorities, managing staffing and remuneration processes for key Group positions, and ensuring the standardization and IT support of important HR processes.

To ensure the coordination of procedures throughout its decentralized structure, Bertelsmann's HR function is organized according to a "dotted line" concept; that is, with complementary reporting as well as supervisory relationships. This allows Group-wide HR topics to be implemented in accordance with the Executive Board's decisions. Additionally, regular dialogue with employees and their representatives makes it possible to continually review workplace conditions, identify possible improvements and derive measures →Participation and Dialogue, p. 37.

Another important aspect of Bertelsmann's HR work is the exchange of information in committees.

The **HR Committee** determines the basic aspects of HR work in the interest of the entire Group. Its members include the CHRO, divisional heads of HR and senior executives from the Group's Corporate HR department.

HR Country Coordination Meetings are designed for cross-divisional coordination within a region and ensure the implementation of HR Committee and Group HR department initiatives across the Group. Its members include the heads of HR of the Group's largest companies or those with the largest number of employees in a specified country.

Divisional and Corporate **Nomination & Compensation Committees** decide on the implementation of remuneration and staffing policies in their areas of responsibility.

Fair Working Conditions

Bertelsmann's top priority is to provide employees with good framework conditions for working, as well as offering them support and orientation. In addition to the protection of human and personal rights →Compliance, p. 17; partnership and trustworthy cooperation with employees and their representations, workplace safety, fair distribution of benefits, flexible working arrangements, and fair treatment of freelancers and external employees are key aspects of fair working conditions at Bertelsmann.

Guidelines and Structures

Responsibility for ensuring fair working conditions is decentralized, meaning it lies with the management of the local businesses. Bertelsmann develops Group-wide framework conditions that enable local businesses to fulfill this responsibility. Beyond statutory requirements, guiding principles include Bertelsmann's corporate principles (Corporate Constitution and Essentials) and Code of Conduct →Compliance, p. 17; collective regulations (e.g., Group company agreements); and specific

Executive Board Guidelines on certain topics, especially those on remuneration and the use of external employees.

In addition, there are external regulations, such as the standards of the International Labor Organization, the OECD Guidelines for Multinational Enterprises and Bertelsmann's voluntary commitment in accordance with the UN Global Compact →Commitments, p. 24. A cross-divisional working group also addresses the topic of fair working conditions. As the central contact for the various committees representing employee interests, Bertelsmann's CHRO heads this working group.

Shaping Change Together

Digital transformation is changing the work environment and every individual's tasks. At Bertelsmann, this process also includes the restructuring of several traditional businesses. Parallel to this, some parts of the company are being dismantled while others reorganize, expand or newly build. Seeing

6.5 years

Average Duration of Employment
with the Group in Years
(PY: 6.6 years)

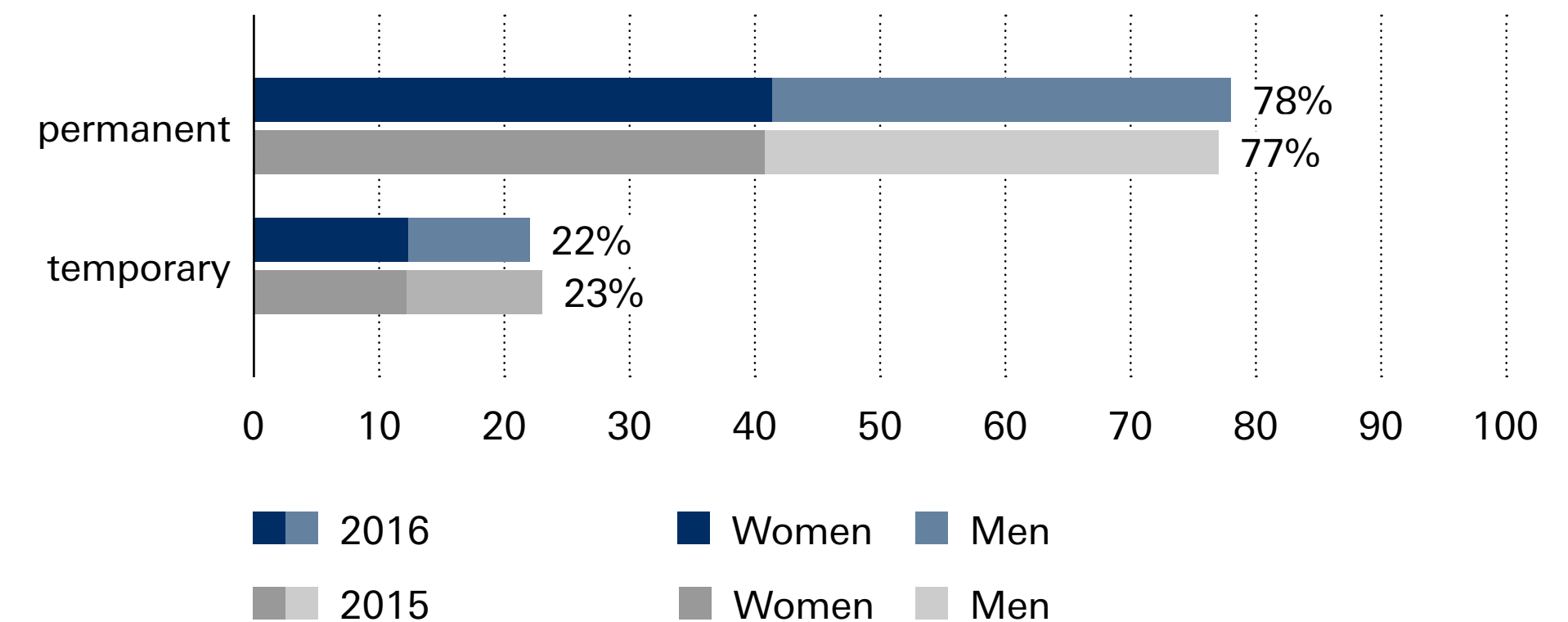Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31. Temporary employees of RTL Group are not included.

change as both a challenge and an opportunity, the company's management seeks to shape those changes together with employees.

Bertelsmann's management works to ensure that employees are informed of change processes in as timely a manner as possible, and involves the workforce and employee representatives at an early stage to collaboratively identify the best solutions. In many cases, the company exceeds the statutory requirements set out in provisions such as the German Works Constitution Act. For example, at the end of 2015, HR managers and works councils created the ↗ "BeWege" Project in collaboration with local company managers. The project proactively addresses the firms' structural change requirements. For businesses in structural decline with jobs at risk, affected employees receive early consultation at a Development and Transfer Center, where they can also develop additional qualifications for new positions within the Group.

Employees by Employment Period in percent

Basis: employee headcount on permanent and temporary contracts, excluding trainees, as of December 31

Participation and Dialogue
Bertelsmann sees continual dialogue between employees and company management as a fundamental prerequisite to the company's success. The company practices a partnership-based approach. Such a relationship requires strong representatives, clear rules and mutual trust. Employees have five representatives on the Supervisory Board of Bertelsmann SE & Co. KGaA: four works council members and one representative from the Bertelsmann Management Representative Committee (BMRC). In addition, the general

workforce, managers, employees with disabilities, and trainees all have platforms for exchanging ideas, advancing topics and constructively voicing their concerns. Among the successful formats is the Bertelsmann Group Dialogue Conference, held for the fifth time in 2016. Approximately 60 works councils representatives from Bertelsmann, Mediengruppe RTL Deutschland, Prinovis, and Gruner + Jahr met over two days with the Chairman and CEO and the CHRO at Bertelsmann's representational offices in Berlin.

Employees are also involved in the development and improvement of working conditions through standardized HR interview tools (Performance and Development Dialogue, Agreements on Objectives and Team Talk), as well as the Bertelsmann Employee Survey. The Employee Survey has been a key element of Bertelsmann's corporate culture of partnership since 1977. In 2016, 89 percent of employees worldwide took advantage of this opportunity to participate and anonymously rated

topics including their workplace conditions, work with supervisors and on teams, opportunities for training and development, and the communication of strategy and changes in the Group. Based on the respective company and team results, managers and employees jointly identify improvement potential and draw up an action plan.

Remuneration and Participation in the Company's Success

Fairly distributed benefits and fair pay are important prerequisites for a practiced partnership between employers and employees that leads to high-quality results. Bertelsmann's remuneration system is intended to ensure gender-neutral pay that is in line with the market, the job function and the employee's performance. Bertelsmann also feels it is important to have employees participate in the company's success. Employee profit participation in Germany is based on the same key indicators as the bonus payments for Executive Board members and executives. The profit-participation scheme principally

"Ensuring fair working conditions is an integral part of Bertelsmann's corporate culture."

Bertelsmann Code of Conduct

includes all the German operations of the Group's fully consolidated companies apart from RTL Group and Gruner + Jahr. These and companies with external shareholders have similar success and profit participation models adapted to local requirements.

In 2016, a total of €95 million of the 2015 profits was distributed as part of such schemes (previous year: €85 million).

Flexibility and Fairness

Participation in decision-making processes and allowance for the greatest possible freedom

GRI 102-43; 103-1, 103-2, 103-3 Labor/Management Relations

contribute to employee loyalty and satisfaction. To support a healthy work-life balance, this also includes offering employees flexible arrangements about where and when they work. Bertelsmann strives to offer modern working solutions and develops them as site, technical and organizational requirements permit. Working-time models that focus on results rather than physical presence, as well as trust-based working hours, are now widespread, and home-office guidelines have been successfully introduced.

The flexibility requirements of a rapidly changing world of work also mean that knowledge and expertise need to be sourced from outside the company to ensure satisfied customers during peak phases. The company relies on staffing agencies and employs external staff in addition to permanent employees where the specifics of the tasks allow and require this. Bertelsmann defines external staff as self-employed persons, service providers and consultants, or as agency staff who work for a Group company. The employment of external staff

must be in accordance with the company's values. The Executive Board guideline on the use of external partners requires standard processes to ensure compliance with legal requirements. This is supplemented by the Supplier Code of Conduct, which also obliges service providers.

Number of Full- and Part-Time Employees Germany in percent
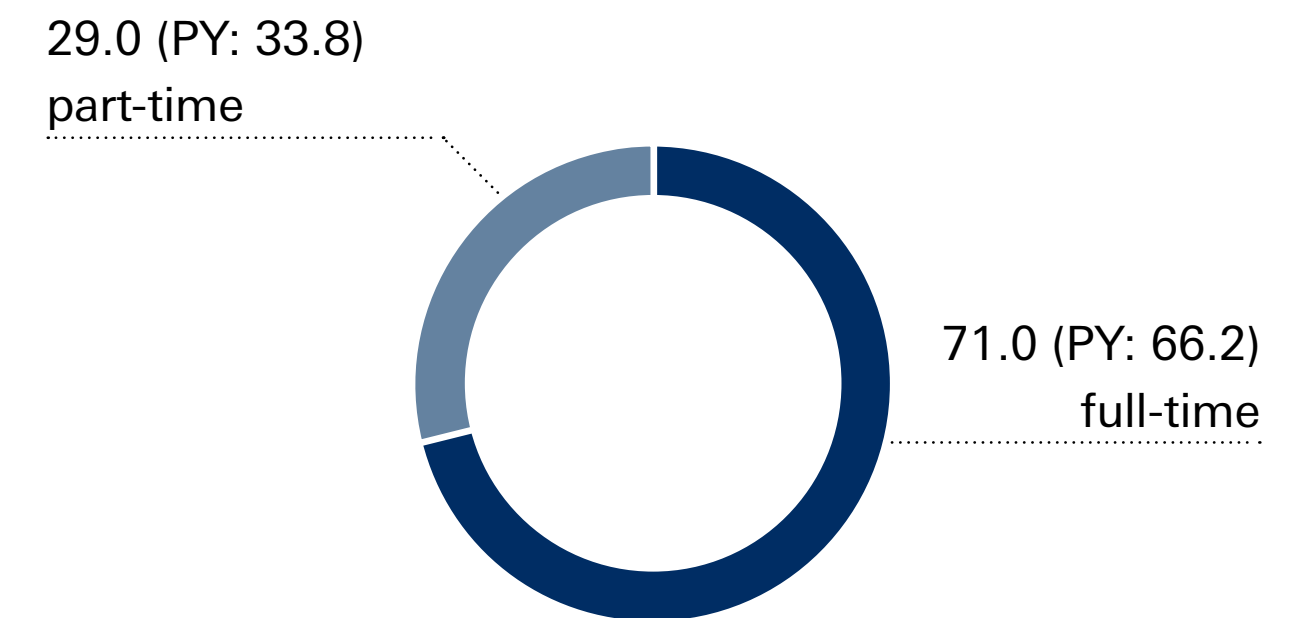
29.0 (PY: 33.8)
part-time

71.0 (PY: 66.2)
full-time

Basis: employee headcount on permanent and temporary contracts, excluding trainees, as of December 31

GRI 102-8

Learning

A company's success is determined by its employees' qualifications: With this belief in mind, Reinhard Mohn founded the Bertelsmann publishing company's private vocational school more than 50 years ago. This set the cornerstone for the Group's present system of training in Germany and created the impetus for the establishment of a comprehensive system of corporate education. Major challenges such as the Group's progressive internationalization, the digital transformation of the media and services landscape, and demographic change can only be tackled with well-trained employees. Vocational education and training are a long-term investment in the future, for both the company and its employees.

Bertelsmann University: Lifelong Learning

In a very dynamic environment, Bertelsmann builds on dedicated and highly qualified employees and executives. The rapidly changing business environment constantly gives rise to new challenges for all employees in their workaday routine. Helping to ensure employees' long-term employability by offering lifelong learning programs is both a commitment and a challenge for Bertelsmann. The better this works, the more successful the company can be, and the more attractive it is for its workforce and for the next generation of employees. Moreover, by doing so, the company contributes to individual job security and the stability of society.

Structures and Processes

With four different campuses – Strategy, Leadership, Function and Individual – Bertelsmann University is the central learning organization for employees and executives. It offers excellent learning content and innovative learning formats that systematically promote and develop the competencies and skills of Bertelsmann's employees and executives, worldwide and across all divisions. Examples include strategy and innovation skills, leadership skills, digital and soft skills, as well as specialist skills and foreign languages. Thanks to digital formats, the relevant content is available to every employee, and they can choose when and where they want to learn, depending on their individual needs and requirements.

Bertelsmann University is a main department based at the Corporate Center. It is managed by the Chief Learning Officer, who reports to the CHRO. The CHRO, Group Management Committee (GMC) and HR Committee regularly discuss and review the University's orientation and activities. They are supported by the Divisional Learning Committee, which includes Learning and Development representatives from the divisions.

Objectives and Results

Bertelsmann University has defined three objectives in its efforts to support employee performance: to build employee skills, strengthen the company and leadership culture, and develop the digital learning infrastructure. Progress is measured, among other things, using the digitalization rate (proportion of digital training hours). In 2016, it increased from

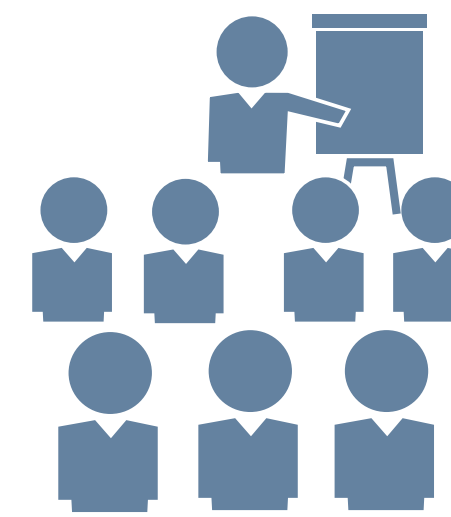GRI 102-20; 103-1, 103-2, 103-3 Training and Education; 404-2

10 percent (2015) to 23 percent. Another indicator is the number of training hours of all Group employees worldwide. With the expansion of the range to include courses offered by lynda.com, the number rose sharply from 235,585 training hours in 2015 to 405,924 in 2016. Other results for 2016 included:

> **A strengthened leadership and learning culture:** Development of a Leadership Learning Framework
> **Expanded learning opportunities:** New concept and implementation of "Mastering New Challenges" for top managers. Rollout and internationalization of the "Creativity Bootcamp"
> **Increased reach through Digital First strategy:** Established digital courses in the field of technology, and worldwide introduction of online language training in cooperation with Learnship

Training in Germany: A Wide Range of Offers

The diversity of businesses operated by Bertelsmann companies is matched by the diversity and breadth of vocational training offered at Bertelsmann. In Germany alone, the Group offers young people industrial and commercial training options in more than 50 different professions. In addition to traditional apprenticeship programs, this spectrum also includes a variety of dual-study programs within the Group.

With its nationwide offer, Bertelsmann is one of the country's largest apprentice training companies and is a protagonist in shaping the vocational training landscape. One of the specific challenges that must be addressed is future-proofing of training programs to prevail in the intensified competition for highly qualified talent. This requires considering

405,924

Total Training Hours
(PY: 235,585)

23%

Share of Digital
Learning Hours
(PY: 10%)

Basis: all training data maintained in the system

Basis for employees: employees on permanent and temporary contracts, excluding trainees, with access to the HR IT platform "peoplenet" as of December 31

changes in the educational landscape, such as the growing tendency toward academic degrees, as well as structural changes such as digitalization of the Group's businesses. The better this works, the greater the company's contribution to a future-proof society and to people's qualifications. The integration of unemployed teens and young refugees also plays a role here.

Structures and Processes

The Central Education department in Gütersloh is responsible for central training measures. It develops needs-driven offers, ensures that they are in line with the company's values, and guarantees an optimal design of the processes for selecting apprenticeship applicants. It also works closely with the works councils, the managing directors and HR managers of the training companies.

In Gütersloh alone, approximately 500 young people are taking the opportunity to learn a profession or to complete a part-time Bachelor of Arts or Bachelor of Science degree. Of these, approximately 200 students are undergoing industrial and commercial training at the Group's own vocational school.

Objectives and Results

Vocational training at Bertelsmann is intended to ensure a supply of well-qualified junior employees for the company's various business fields, and to enable vacancies to be filled via the in-house job market. In 2016, the number of graduates in IT education increased by about 10 percent. Other results included:

> Development of concepts for integrating digital learning content into vocational training and the Group's own degree programs
> Increased offer of in-house academic degree programs
> Launch of a one-year qualification program for young refugees in the Gütersloh region ("Be Welcome"), in which 11 Syrian young adult refugees participated in 2016 →Refugee Aid, p. 83.

GRI 103-1, 103-2, 103-3 Training and Education

Diversity

For Bertelsmann, workforce diversity is a prerequisite for innovation and long-term business prosperity. With this in mind, Bertelsmann Diversity Management works to develop framework conditions and processes that enable all employees to optimally contribute their abilities, experience and potential toward the company's success. For the well-being of the company and its workforce, Bertelsmann values not only what people have in common but also the differences that make them unique.

Diversity – the Business Case

Diversity is defined by the variety of traits, characteristics and attributes that make up an employee's identity. It includes sociodemographic factors such as gender, age, ethnicity/nationality and disability, as well as sexual orientation, gender identity, social background, religious affiliation, specific abilities and ways of thinking. For Bertelsmann, diversity is among the keys to its economic success. A varied and diverse workforce has a positive impact on creativity, innovation and performance, as well as employee motivation. It enhances flexibility and success in the different markets. With their individual skills, experience and viewpoints, heterogeneous teams contribute to a diversity of perspectives in their company – with positive implications for business processes and decisions. Diversity also strengthens employer attractiveness. Diversity management helps to counter the risks resulting from demographic change. Additionally, it addresses the economic risks that arise where contracting governmental authorities require statutory quota compliance in public procurement processes, or with business partners having specific contractual requirements.

Guidelines, Structures and Processes

The Bertelsmann Code of Conduct codifies the promotion of diversity by mandating a respectful, appreciative treatment of all employees. The same goes for the Bertelsmann Supplier Code of Conduct. The Executive Board Guideline on Principles of

"We are committed to equal opportunities and encourage a respectful and diverse workplace in which each individual's unique value is recognized and each person is treated with courtesy, honesty and dignity."

Bertelsmann Code of Conduct

GRI 102-16; 103-1, 103-2, 103-3 Diversity

Ratio of Female/Male Staff in percent

20 (PY: 19)
Women

Supervisory
Board

80 (PY: 81)
Men

17 (PY: 20)
Women

Executive
Board

83 (PY: 80)
Men

31 (PY: 31)
Women

Group
Management
Committee

69 (PY: 69)
Men
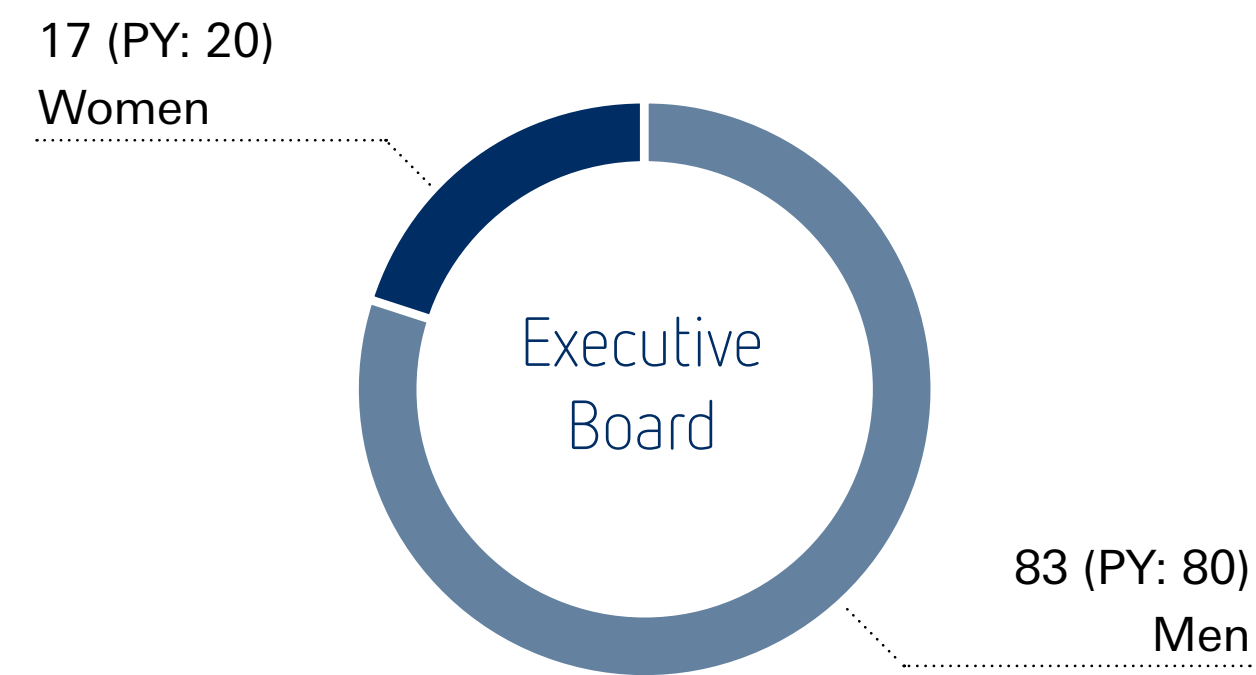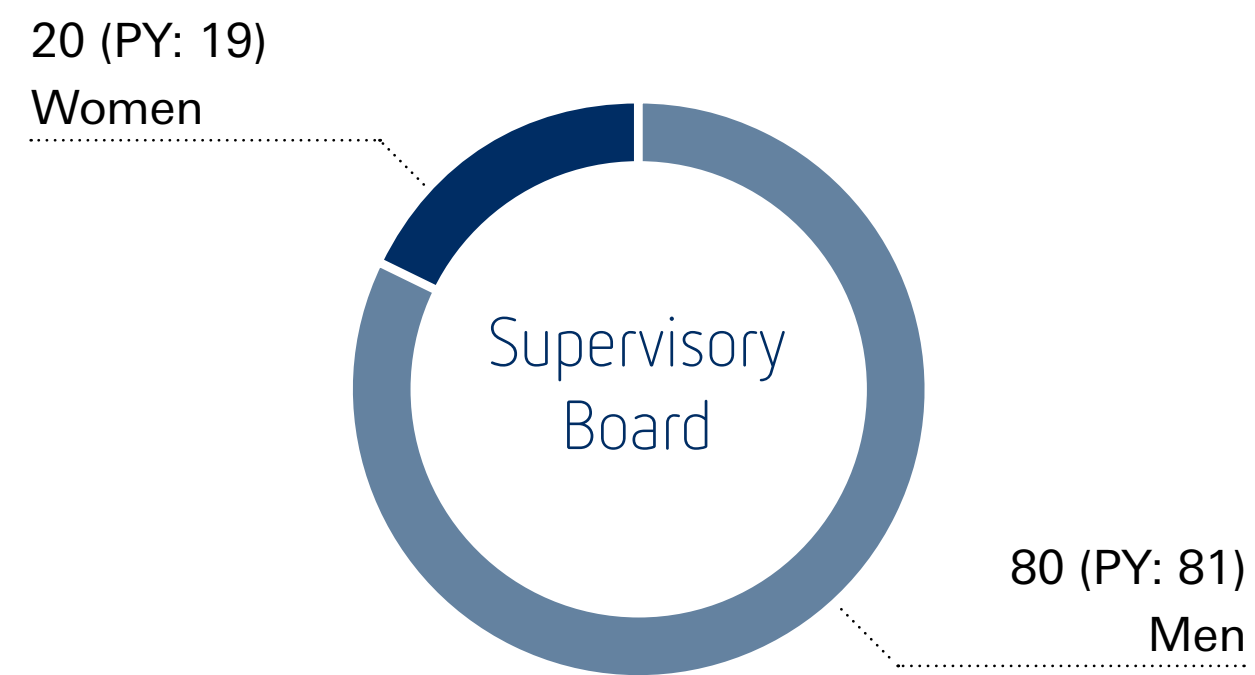
As of December 31

Hiring Policy also serves as a guideline for dealing with diversity. Furthermore, some divisions and companies have additional self-commitments and concepts for diversity. For example, RTL Group has defined diversity as a key issue in its CR strategy and has adopted a diversity statement. Penguin Random House's CR strategy also includes diversity as a focal topic. Bertelsmann's overall diversity strategy takes its cue from new legal regulations regarding inclusion and equal opportunity, although the company does not necessarily fall within the scope of required compliance.

The motto of Bertelsmann's diversity strategy is "Business – Evolution – Focus" and spotlights three areas of action: gender, generation and internationality. Other relevant dimensions are disability, sexual identity and gender orientation.

The Corporate Responsibility & Diversity Management (CR&DM) department reports to the CHRO, who has strategic responsibility for diversity. The department is an agent for impetus and change. It provides in-house consulting and is a strategic partner

Ratio of Female/Male Staff in percent

16 (PY: n/a)
Women

Top
Management[1]

84 (PY: n/a)
Men

28 (PY: n/a)
Women

Senior
Management[1]

72 (PY: n/a)
Men

54 (PY: 53)
Women

Employees

46 (PY: 47)
Men
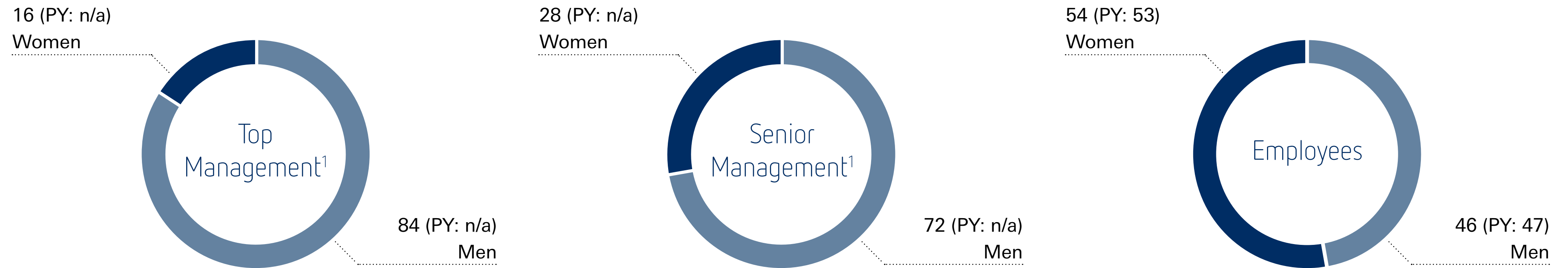
Basis: employees on permanent and temporary contracts, including trainees, as of December 31

1) Top and senior management are defined as those positions that are of particular importance for corporate talent management because of their success-critical function and their strategic relevance for the Group's continued transformation and the achievement of its strategic targets. Top management positions include the GMC positions, but not the Executive Board positions.

for Bertelsmann's divisions and companies. CR&DM is supported by an international Diversity Working Group, with representatives from the divisions and Corporate Talent Management. The Executive Board and the Group Management Committee (GMC) regularly address matters of diversity – as do the Bertelsmann Management Representative Committee (BMRC), employee representatives, and other actors and committees at various levels of the Group. In line with the Group's policy of decentralization, specific measures are implemented in a division or company as most suitable to the business model.

Gender-neutral Compensation

The equal treatment of men and women set out in the Code of Conduct explicitly applies to compensation. Bertelsmann's remuneration policy is to establish consistent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is exclusively driven by the market, function and performance, taking into account business-specific characteristics – and is therefore gender-neutral. Where explicit employment descriptions or compensation exist, these are likewise completely gender-neutral. Men and women in comparable markets, in comparable positions and delivering the same performance have equal earning opportunities.

The Contribution of Corporate Talent Management

Talent management is regarded as crucially important in increasing diversity in top and senior management. Employees are defined as "talent," if they

Age Pyramid
Employees worldwide in percent
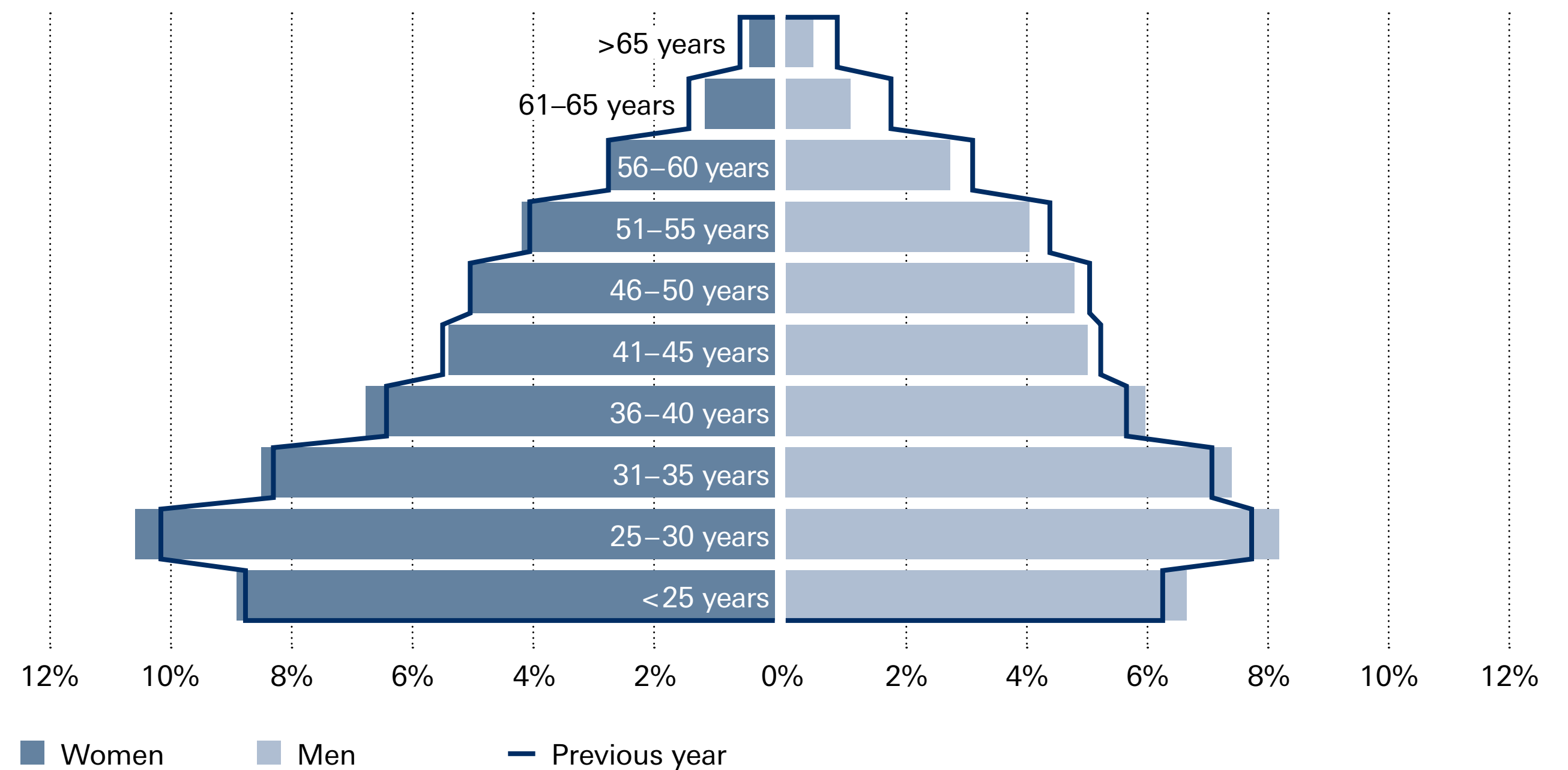
Women   Men   — Previous year

Basis: employee headcount on permanent and temporary contracts, excluding trainees, as of December 31. Temporary employees of RTL Group are not included.

consistently deliver above-average performance, have vertical potential and are willing to take on responsibility and be mobile, and thus wish to pursue cross-functional, cross-divisional and international development. According to the so-called "triple two" approach, leaders in top and senior management positions should ideally have covered at least two functions, two divisions and two countries in their professional career. Talent Management measures primarily aim at increasing employee mobility and expanding cultural, regional and professional experience related to functions, business areas and markets.

In addition to systematically promoting broadening the personal experience and skills that are such a decisive factor in hiring and promotion, Talent Management also helps create transparency on diversity within the company. In its top and senior management target groups, it documents statistics relevant to Group recruiting and staffing policy, including gender, age and nationality.

Objectives and Results

Diversity Management at Bertelsmann pursues the objective of strengthening employee diversity at all levels of the organization according to the priorities of gender, generations and nationality. The proportion of women in Bertelsmann talent pools (Top Management, Senior Management, Career Development) shall be increased to one-third in each. This was already considered in the 2016 talent pool nominations. At a divisional level, RTL Group has set the objective of increasing the proportion of women in top and senior management in stages.

As of December 31, 2016, the proportion of female leadership in top management positions at Bertelsmann was 16 percent (previous year: n.a.) and in senior management positions, 28 percent (previous year: n.a.). Fifty-four percent of all Bertelsmann employees were women (previous year: 53 percent). The proportion of female representation on the Supervisory Board was 20 percent (previous year: 19 percent). One woman was on the Executive

Board, which corresponds to 17 percent (previous year: 20 percent). The Group Management Committee had a total of 16 members (previous year: 16 members) and was very heterogeneous. As in the previous year, its membership represented six nationalities, with five women (31 percent).

The 25 to 30 age group constituted the largest proportion of all employees on December 31, 2016 (22 percent, previous year: 21 percent). Most employees in top and senior management were ages 46 to 50. Thus, 28 percent (previous year: n.a.) of employees in top management positions (based on 98 percent employee age reporting information) and 29 percent (previous year: n.a.) of employees in senior management positions (based on 80 percent employee age reporting information) were 46 to 50 years old. In 2016, half of Executive Board members (previous year: 60 percent) were ages 46 to 50, and the other half (previous year: 40 percent) were between ages 51 and 55. On the Group Management Committee (GMC), the largest age group

GRI 102-22; 103-1, 103-2, 103-3 Diversity; 405-1

(31 percent) was 51 to 55 years, with the previous year's largest group (44 percent) being 46 to 50 years of age. Most the members of the Supervisory Board were ages 51 to 55, or over 65 years (27 percent, respectively). In the previous year, the 51 to 55 age group represented the largest group (31 percent).

In financial year 2016, Bertelsmann and its companies had operations in 50 countries around the world. Employees of 150 different nationalities (previous year: n.a.) worked for the Group. On a management level, distribution by nationality was as follows: The quota of non-German members on GMC was 31 percent (previous year: 31 percent), and on the Executive Board, 17 percent (previous year: 20 percent). On the Supervisory Board, 67 percent (previous year: 69 percent) of members were German and 33 percent (previous year: 31 percent) were non-German.

In Germany, the proportion of people with disabilities in the company's total workforce was 4.7 percent (previous year: 4.3 percent).

Age Distribution in percent

	Supervisory Board[1]		Executive Board[1]		GMC[1]		Top Management[2][3]		Senior Management[2][4]	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<25 years	0	0	0	0	0	0	0	n/a	0	n/a
25–30 years	0	0	0	0	0	0	0	n/a	1	n/a
31–35 years	0	0	0	0	0	0	0	n/a	3	n/a
36–40 years	7	6	0	0	0	0	3	n/a	14	n/a
41–45 years	7	6	0	0	13	13	26	n/a	25	n/a
46–50 years	0	6	50	60	25	44	28	n/a	29	n/a
51–55 years	27	31	50	40	31	13	26	n/a	18	n/a
56–60 years	20	6	0	0	13	13	11	n/a	7	n/a
61–65 years	13	25	0	0	13	19	3	n/a	3	n/a
>65 years	27	19	0	0	6	0	3	n/a	1	n/a

1) Basis: members of the bodies as of December 31
2) Top and senior management are defined as those positions that are of particular importance for corporate talent management because of their success-critical function and their strategic relevance for the Group's continued transformation and the achievement of its strategic targets. Top management positions include the GMC positions, but not the Executive Board positions.
3) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with age indication (98%)
4) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with age indication (80%)

Other results of the promotion of strategic and operational diversity in 2016 included:

> Further development of diversity performance indicators
> Bertelsmann Diversity Conference for managers
> Concept development for Smart Decisions – Managing Unconscious Biases Effectively training for managers
> Inclusion of the topic of diversity in leadership training
> Concept development for pilot project relating to demography check in a G+J company
> Bertelsmann Exchange Initiative (pilot) as a temporary employee exchange
> Concept development for diversity curriculum for curated online courses for employees
> Internal communications campaign on diversity

GRI 103-1, 103-2, 103-3 Diversity

Health

New ways of organizing work, digital technologies, accelerated workflows, heavier workloads and steadily increasing international pressure to compete have an impact on the health of employees. On top of these changes in working conditions, there is demographic change, which is accompanied by such factors as an aging workforce. As the retirement age rises, employees work longer and are faced with ever-increasing demands in their jobs.

Preventing Risks, Designing a Healthy Workplace

Rising absenteeism, an increase in chronic and mental health disorders, inability to work and the early retirement of experienced employees are among the challenges that arise from changes in the modern working world. Bertelsmann wants to counter these developments at an early stage and has therefore invested in the health of its employees for many years. Healthy, motivated employees are essential to the company's success. Health is understood not merely as the absence of illness, but as a complex system of needs; physical, psychological and social resources; ability to cope; and personal goals.

Objectives, Structures and Processes

In 2012, with a view to creating a health-promoting work environment and preventing work-related risks of disease, Bertelsmann and the Group Works Council resolved to establish and expand a systematic health management system at the German sites. Bertelsmann Health Management, part of the Group HR department, has been put in charge of supervising and coordinating the Germany-wide health strategy and associated activities, together with a Health Management strategy group in Gütersloh.

The Bertelsmann Health Community in Germany, which comprises health experts, works council chairs, supervisory board members, HR managers and representatives for employees with disabilities, also plays an important role in developing the health strategy and implementing the associated measures. The Health Community also serves as

"We will provide a healthy and safe workplace for our employees by complying with all applicable health and safety laws and standards. Managers in particular must ensure that appropriate health, safety and security practices and safeguards are in place to comply with applicable laws and management standards."

Bertelsmann Code of Conduct

GRI 102-20; 103-1, 103-2, 103-3 Occupational Health and Safety

a platform for systematic networking to establish uniform standards at the German sites.

Bertelsmann sets four standard priorities here: Companies are to train their executives on the subject of health, set up a Health working group, inform their employees about health topics and services, and give them access to company social counseling. The medium-term objective is to internationalize Bertelsmann's health management.

Examples of Facilities and Services

Networking plays an important role in successful health management, as shown by the example of the Gütersloh site, where various bodies have been working together to promote health for many years. They include, besides the Occupational Safety department, Company Medical Services, the Bertelsmann BKK company health insurance (with around 8,500 members in Germany), in-house social services, and our Sports and Health department, all of which in turn cooperate under the title "BeFit."

Occupational Safety and Company Medical Services advise Bertelsmann's German companies regarding the implementation of occupational health and safety tasks and standards required by the German Occupational Safety Act. The in-house social services team serves about 65 percent of the companies in Germany in matters relating to the personal sphere or the workplace, as well as in health matters. Meanwhile, the Sports and Health department offers more than 10,000 employees at the Gütersloh site an extensive company sports program with more than 250 sports and fitness classes a week. The focus is on work-related and workplace-oriented measures with a particular focus on back health and relaxation.

In 2016, these entities joined forces with Bertelsmann Health Management to form the Health Management strategy group mentioned earlier, with a view to planning future cooperation and the strategy for the site and beyond. The chairs of the Corporate Works Council and the Group's

representative body for employees with disabilities, as well as the head of the Corporate Responsibility & Diversity Management department are also represented on the strategy group.

Results

At the end of 2016, the status of health management at Bertelsmann in Germany was as follows:

> 83 percent of Bertelsmann companies offered their management training on health-related topics. In 2016, around 34 percent of executives were trained in these companies.
> 78 percent of companies have set up a health working group.
> 100 percent informed their employees about healthcare issues and services. The Bertelsmann Health website, which was set up in 2016, has received around 13,000 visitors since its activation in March.
> 87 percent of companies offered in-house social counseling to their employees.

GRI 103-1, 103-2, 103-3 Occupational Health and Safety

These cross-divisional measures were complemented by a wide range of activities in the divisions, at the national and international levels. The following is a selection:

> In **Germany**, a pilot project for integrated health management was successfully completed at RTL Nord, a Mediengruppe RTL Deutschland subsidiary. On its Health Day 2016, RTL Radio Center Berlin (RCB) devoted itself to preventive measures for back health. In 2016, the Arvato HR department teamed up with BKK Bertelsmann and Arvato CRM Healthcare GmbH to continue the "Preventiometer" project, which uses a digital "health cockpit" to develop individual health plans for employees, based on several health parameters and an interview with a qualified medical assistant.

> RTL Group has hosted an annual charity sports event in **Luxembourg** since 2005. During the indoor cycling event, or the Télévie Challenge on Tour on the road, employees cycle as many kilometers as they can in one day. In 2016, as in previous years, the €60,000 raised by their pedaling went to the Fonds de la Recherche Scientifique (FNRS). In **Belgium**, RTL Belgium made stress prevention the focus of its health activities. Managers were trained to better identify signs of stress in their team members, and understand the role they play in the prevention of stress and burnout.

> Motorpress Ibérica in **Spain**, part of Gruner + Jahr, prepared a conference on the progress on health at companies in 2016. Company representatives, delegates from Spain's healthcare sector, experts from the fields of fitness and nutrition, and top athletes attended to talk about measures to promote healthy habits in the workplace. Penguin Random House Grupo Editorial is introducing the "Me gustar estar bien" ("I like to feel good") program to strengthen the health and health consciousness of its Spanish employees, and surveyed them about their needs beforehand.

Objectives: Four Minimum Standards for Health Management in Germany

> Health competency is a necessary part of all national leadership qualifications.

> A permanent working group on health is established in every company with representation from management, work councils, employees with disabilities representatives, and HR.

> All Group companies ensure that employees have informational access to in-house health and preventive service offers.

> Every employee has access to in-house social counseling.

> To minimize accidents and health risks, the Prinovis site in Liverpool, **United Kingdom**, renewed its occupational health management certification according to OHSAS 18001 (Occupational Health and Safety Assessment Series) in 2016. This ensures a regular auditing of progress made in the prevention of accidents and occupational illness.

The average sick rate (number of sick days/target working days) at German Bertelsmann companies was 6.8 percent in 2016 (previous year: 6.6 percent).

Bertelsmann companies in Germany also record data on accident statistics, taking into account the workplace and road accidents that are subject to reporting requirements. The accident rate in the reporting year 2016 was 18.2 accidents per 1,000 employees (previous year: 17.8).

GRI 403-2

Media, Services and Education

Bertelsmann wants to reach as many people as possible with its products and services. The company relies on creativity, customer orientation, diversity and quality.

800 million
books, e-books and audiobooks sold by Penguin Random House

Approx. 100
editorial offices operated by RTL Group and G+J

150 million
consumers serviced by Arvato worldwide

GRI 102-7

Media, Services and Education

Media is simultaneously an economic and a cultural asset, and plays a role in the formation of public opinion. Bertelsmann takes the social responsibility that this implies seriously: for its business and journalistic activities, as well as the production and distribution of content and formats worldwide. In providing outsourcing, print and education services, the company gives top priority to professionalism and customer focus, service quality, and the protection of personal information.

Creative, Customer-oriented, Diverse

The Bertelsmann Essentials define entrepreneurship and creativity as important guiding principles in the manufacture and distribution of media products and services. With its wide range of products and services, the company aims to reach as many people as possible, occupy top positions in its markets and make a positive contribution to society. Worldwide, the company's media products aim to inspire readers, viewers and listeners, and enable our business partners with future-oriented solution services. Bertelsmann systematically aligns its offers to the needs of its customers and, as digitalization increases, continually develops and diversifies its own portfolio. The creativity and innovation of Bertelsmann's employees, entrepreneurs, authors and artists is the engine that drives this ongoing development.

Guidelines, Structures and Processes

In addition to the Bertelsmann Essentials, the Bertelsmann Code of Conduct specifies key principles for the responsible production and distribution of media and services that are consistent and binding for all Bertelsmann companies. The company operates in a strongly regulated space, particularly when handling customer data and disseminating offers to potentially vulnerable groups. Compliance with legal requirements and the highest quality standards is a matter of course for Bertelsmann, and is fundamental to the company's success.

Responsibility for the design of the media and services businesses is decentralized and rests with the divisions and companies. Cross-divisional networks, programs and events promote synergies and the exchange of best practices on specific topics related to the company's product, content and service responsibility. Beyond this, Group-wide policies and procedural and technical management systems have been implemented for some areas such as privacy and data security.

GRI 103-1, 103-2, 103-3 Content Creation

Press Freedom

Press freedom stands for a plurality of content, opinions and positions, and presupposes the independence of the media in the production and dissemination of content. Bertelsmann interprets this independence in two directions: Inside the company, it means that our management does not attempt to influence the decisions of artists, editors and program managers, or to restrict their artistic or editorial freedom. To the outside, it means that the company does not capitulate to political or economic influence in its journalistic coverage, and complies with existing laws regarding the separation of editorial content and commercial advertising.

Independence as a Competitive Advantage

Bertelsmann sees censorship and attempts at political influence-mongering in its international markets as a risk to its businesses, and resolute opposition to it as an opportunity. Regarding content, maintaining independence from advertising business partners is a continual challenge. Bertelsmann is aware of the responsibility it has toward the public in its role as an opinion-shaper, and handles this responsibility with care.

In competing for the attention of media users and costumers, independence, credibility, reliability and diversity are crucial factors for the company's media brands. Bertelsmann benefits directly from these values as they make the company attractive for employees, writers, artists and other creative talent.

Guidelines, Structures and Processes

The Bertelsmann Code of Conduct defines freedom of speech and opinion, in the sense of editorial and journalistic independence (freedom of the press), as a basic principle of Bertelsmann's business activities. In-house press freedom at Bertelsmann is guaranteed by the "Editor-in-Chief Principle": editorial decisions are the exclusive responsibility of the people in charge of the program. This allows them to operate free from the influence of

"Editorial and journalistic independence is the foundation of our publishing, broadcasting and news reporting activities."

Bertelsmann Code of Conduct

GRI 102-16; 103-1, 103-2, 103-3 Freedom of Expression; M3

the Group's owners or management. Many companies and editors have also implemented separate statutes to safeguard journalistic independence in their day-to-day business. These focus primarily on journalistic and editorial duties of care, respect for privacy, dealing with representation of violence, and the protection of minors.

Such topics are also part of our in-house training for editors. Bertelsmann has two journalism schools that promote independent quality journalism: The RTL School of Journalism for TV and Multimedia in Cologne, offering a two-year practical training course for television editors, and the Henri Nannen School from the G+J, ZEIT and SPIEGEL publishing companies, which teaches young people the journalistic craft for print and digital media.

Representatives and experts from the Bertelsmann divisions also meet once a year in a cross-divisional working group to discuss current issues relating to press freedom and editorial and journalistic

independence, as well as to share information, ideas and best practice. An RTL Group representative heads this working group.

Objectives and Results

The many accolades that the company's editors and creatives win for their products, formats and publications are indicators of the successful realization of quality journalism and independent program creation at Bertelsmann. In 2016, they included:

> A variety of ↗ prizes and awards for RTL Group's programming, including the German Television Award in seven categories for the channels VOX and RTL Television, and the UFA film production company; an International Emmy Award for the RTL production "Deutschland 83"; and the German Radio Award in three categories for RTL Radio Center Berlin broadcasters

> 585 Penguin Random House titles on "The New York Times" bestseller lists, with 101 reaching #1

> More than 200 awards for Gruner + Jahr's publications and creative professionals, including six top-10 placements in the "Journalists of the Year" list published by the German magazine "Medium," and the "Freiheit der Presse" Foundation Journalism Award to the Sächsische Zeitung, a G+J company

A selection of important prizes and awards for the Group's media and services can also be found on the ↗ Bertelsmann corporate website.

In addition, Bertelsmann's companies advocate for a diverse media landscape by awarding their own prizes, through sponsorship programs and by supporting external initiatives:

> Among other activities, RTL Group supports young journalists with the Unicef Belgium Young Journalist Award, presented by RTL Belgium in cooperation with UNICEF, and the Jean-Baptiste Dumas Grant, a competition for

journalism students conducted by RTL Radio France.

> Penguin Random House is an active supporter and partner of PEN America and, through its own values, supports PEN's mission to advocate freedom of opinion, help marginalized groups to be heard and promote social dialogue. As part of the New York Creative Writing Awards initiative, Penguin Random House had also awarded $2.5 million in prize money for college scholarships by the end of 2016. In Great Britain, Penguin Random House's WriteNow program aims to discover, mentor and publish new writers from under-represented social groups, including authors from ethnic minorities or members of the LGBT community. Penguin Random House UK is also among the main sponsors of ↗ World Book Day.

> G+J is an official signatory to the ↗ European Charter on Freedom of the Press and supports the European Center for Freedom of the Press and Media, founded in Leipzig in 2015, which,

among other activities, documents violations of press freedom and the persecution of journalists throughout Europe. Since 2005, G+J has also honored outstanding work in German-speaking journalism with the Henri Nannen Prize, awarded to authors in the print and digital realm, as well as to photographers.

GRI 102-12; 103-1, 103-2, 103-3 Freedom of Expression

Content Responsibility

Bertelsmann wants to reach as many people as possible with its creative products. This comes with a responsibility to reflect on the repercussions of the content it produces and distributes, and to protect the rights and interests of media users to the greatest possible extent. A special responsibility applies to the youngest media users, because today's children and young adults have long since lived in a world shaped by media.

Guidelines, Structures and Processes

In accordance with Bertelsmann's Editor-in-Chief Principle, responsibility for the production and dissemination of media content is the sole responsibility of program managers, who are free from influence from the Group's owners or local management in the company's decentralized structure →Press Freedom, p. 56. Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia; by voluntary commitments to external guidelines such as the ethics codes of national press councils; and within the company by the Bertelsmann Code of Conduct. With it, Bertelsmann's editorial staff are committed to "respecting privacy and the responsible treatment of information, opinion and images." In some cases, other statutes regulate the handling of content responsibility at the divisional, company and editorial-department level. The representation of social diversity, as well as regulations to avoid discriminating or stereotyping content, also play an important role.

Example: RTL Group

In addition to local laws and voluntary commitments, RTL Group has its own ↗ Newsroom Guidelines that steer the work of its editorial staff. The Guidelines describe editorial duties of care, and include regulations on the protection of minors, impartial reporting, the protection of privacy and how to handle the representation of violence. In Germany, Mediengruppe RTL Deutschland also has a voluntary Media Advisory Council. The panel, with representatives from politics, culture, business and religious organizations, advises the media group's management with special attention to diversity of opinion and plurality of channels and products. The council also monitors and discusses developments in the media and in media policy. RTL Group's channels broadcast diverse programming for their various audiences. Diversity is also a priority in RTL Group's in-house productions.

Example: Penguin Random House

Penguin Random House complies with all applicable laws for the publication of content, including regulations on defamation, privacy and advertising. In the US and in Great Britain, Penguin Random House has implemented a rigorous process whereby books containing potentially dangerous content are subject to legal review prior to publication. Furthermore, the publishers' editorial offices have standardized processes to obtain written releases from private individuals

whose personal information is included in a publication. If the names or pictures of minors are to be used, parental consent is required. Penguin Random House is current on media developments and media-related laws.

Child and Youth Protection

The purpose of media policies and laws is to protect minors through the review of media content to determine any possible detrimental effects on the development of children and young adults. If such an effect is suspected, various distribution restrictions apply. The policies and laws are intended to ensure that such media content is only accessible to age groups with the necessary maturity to put the possibly disturbing or unsettling content into context and process it appropriately. Bertelsmann gives high priority to the protection of children and young adults in the production and dissemination of its media content and complies with the relevant requirements. These include broadcast time restrictions as well as content and product labeling.

Particularly in Bertelsmann's media broadcasting divisions and companies, efforts are often made to go beyond the existing European and national regulations, (e.g., the Audiovisual Media Services Directive).

In Germany, for example, Mediengruppe RTL Deutschland's channels teamed up with other commercial program providers to found the ↗ Self-Regulation Body of the Television Industry (FSF) in 1993. The channels' Youth Protection Officers proactively submit youth protection-relevant programs to the FSF's independent review groups prior to broadcast. The FSF reviews programs for suitability for minors and makes a binding decision as to whether and at what time a program may be broadcast. In France, as early as 1989, the channels of Groupe M6, part of RTL Group, developed a voluntary labeling system for their broadcasted films – a system adopted and made obligatory in 1996 for other French broadcasters by the Conseil Supérieur de l'Audiovisuel.

"We are aware of and treat with care, the responsibility that we as opinion makers, have toward the public."

Bertelsmann Code of Conduct

Promoting Media and Internet Literacy among Children and Young Adults

In addition to passive measures to protect minors, media providers at Bertelsmann also engage in various initiatives to actively promote media literacy among children and young adults →Promoting Media Literacy, p. 82. Online media literacy, or Internet literacy, is a particular focus of their efforts. RTL Group was a founding member of the EU's "CEO Coalition to make the internet a better place for kids" initiative, which develops specific recommendations for handling digital media. These efforts continue under the name "Alliance to better protect minors online." Likewise, the EU "klicksafe.de" initiative, sponsored by the German TV channel Super RTL, works to promote public awareness of safe Internet use through practical programming and materials. Super RTL also supports the online search engine "fragFINN.de," which provides children between the ages of 6 and 12 with a safe, child-friendly website to research topics that interest them. The Penguin

Random House publisher "Dorling Kindersley" offers a similar platform with "DKfindout!"

M4; GRI 103-1, 103-2, 103-3 Media Literacy; M7

Customer Privacy

In the production and distribution of its media and services, Bertelsmann encounters customer data every day. In the service segment in particular, many of the world's largest corporations entrust our company with parts of their value chain, such as the management of their supply chains or customer communications. The confidential and careful handling of personal data also plays a decisive role in contact with media users. Privacy is a fundamental human right. Accordingly, the company attaches great importance to protecting customer data.

Ensuring Compliance, Maintaining Trust
Protecting customer data includes safeguarding the personal data of individual customers of a Group company, as well as protecting personal information about customers that is provided to individual companies in the Group by their partners. The objective of customer data protection is to protect an individual's right to determine who acquires what knowledge about them, and when (right to

informational self-determination). This includes personal information, or information that could identify a person, being handled only in accordance with legal requirements, and adequately protecting this information against unauthorized access, such as reading, alteration or deletion.

Bertelsmann operates in a highly regulated environment when it comes to handling customer data. In all the core countries where Bertelsmann does business →Corporate Profile, p. 5, the protection of customer data is already required by law, and compliance is a given for the company. European legislators in particular are pushing ahead with further data protection regulations against the background of Economy 4.0. The European General Data Protection Regulation, which comes into force on May 25, 2018, stipulates heavy fines for serious infringements. Violations would not only be detrimental to a company's reputation and adversely affect trust among business customers and media users but would also result in substantial financial penalties.

In view of tighter regulation, increasing customer audits and demands for regulation of liability issues are to be expected on the part of business partners. For Bertelsmann, a decisive management of data protection is therefore an investment in the basis of its business success.

Guidelines, Structures and Processes
The rules and regulations that cover the protection of customer data privacy include the Bertelsmann Code of Conduct, the Executive Board Guidelines on Information Security and IT Risk Management, the Bertelsmann Cloud Policy, and, for the German companies in the Group, the "Handbuch zum Konzerndatenschutz" (Group Data Protection Manual). The Executive Board Guideline on Data Protection is designed to ensure consistent data protection management across the Bertelsmann Group. It anticipates the requirements of the EU General Data Protection Regulation, which will come into force in Europe and substantially replace existing national legislation in May 2018.

Responsibility for customer data protection is decentralized and rests with the management of the individual companies. To ensure compliance with the relevant German laws governing customer data protection, the Group companies in Germany have a data protection organization consisting of central data protection officers and local data protection coordinators. The latter report to the local management, as well as annually or occasionally to the central data protection officers, who in turn report to the Bertelsmann Executive Board. A similar organization with appropriate processes is being set up for Group companies outside Germany. The central data protection officers are supported by expert colleagues at the Bertelsmann SE & Co. KGaA Corporate Legal department as well as in the individual divisions.

An information security management system (ISMS, based on the ISO 27001 industry standard) introduced across the Group in 2014 creates the technical framework for confidential data processing. The ISMS features a regular and structured survey to ensure compliance with statutory information security requirements, a systematic recording of risks and the derivation of related mitigation measures.

Objectives and Results

In 2016, a strategy for implementing the EU General Data Protection Regulation was developed to ensure future compliance. In addition to the Executive Board Guideline on Data Protection, this involved drawing up a concept for reporting, organization and documentation. This concept will be implemented across Bertelsmann by 2018. Accordingly, from fiscal 2017, a worldwide survey of the number of data protection training courses and of the number of lawsuits ongoing with data protection agencies, including monetary implications, is planned, among other things. In 2016, German Bertelsmann companies processed a total of 81,548 inquiries regarding stored personal information (previous year: 74,073).

"We collect, retain, use and transmit personal data and information in compliance with applicable law and policy."

Bertelsmann Code of Conduct

Further Topics

Protecting Intellectual Property

Bertelsmann is a home for artists, writers and creative talent across all fields. The company promotes their artistic development and, with it, their commercial success. Bertelsmann's businesses develop, produce, transfer, license, and sell products and services that are protected as intellectual property. For Bertelsmann, the protection of intellectual property rights is the foundation of its business success. For this reason, the company is committed to a high level of global copyright protection worldwide.

Transferring copyright protection comprehensively and fairly from the analog to the digital world plays an important role. Bertelsmann works proactively to build awareness regarding the value of intellectual property, strengthen copyright protection in the digital world, and take action against the illegal dissemination of content. By doing so, Bertelsmann remains competitive as a media company and creates the prerequisites for continuing to make long-term investments in new products and services, attract new creative talent, and contribute to cultural and creative diversity.

Product Safety and Product Labeling

In their production and distribution of products and services, all Bertelsmann companies comply with legal requirements and the highest quality standards as a matter of course. The Bertelsmann Code of Conduct codifies this as a binding principle: "We are committed to providing our customers with safe, high-quality products and services. Our products and services must not contain defects or unsafe features that could lead to the endangerment of health or damage to property." Responsibility for the protection of media users and customers, as well as compliance with related requirements, standards and commitments, is decentralized and rests with the management of the individual companies.

Bertelsmann and its companies use a variety of principles and procedures for product labeling, reflecting the diversity of their products and services.

Especially relevant areas where labeling is used include the protection of minors (e.g., in broadcasting →Content Responsibility, p. 59), as well as environmental and climate protection (e.g., in paper procurement and recycling →Paper, p. 73). Product safety is a focus topic that plays a special role, as in the production of children's books at Penguin Random House adhering to the strictest safety standards in connection with the manufacturing and production of its books, toys and related products to ensure that all Penguin Random House products are risk-assessed and safety tested for such things as choking hazards and toxicity.

Fair Marketing

The protection of media users – especially of minors – and the safeguarding of customers' privacy and data security are essential for Bertelsmann's business activities. This goes also and especially for the advertising activities and marketing communications of Bertelsmann's companies. The Bertelsmann Code of Conduct specifies principles

for this: "We do not knowingly engage in or promote misrepresentation or fraud in the marketing or advertising of our products and services." Beyond this, responsibility for compliance with national and industry-specific legal requirements and voluntary commitments in advertising and marketing lies with the local businesses.

In selling its products and services, Bertelsmann complies with local, national and international laws. Products that are prohibited by law are not offered.

At the same time, Bertelsmann enshrines freedom of speech and opinion, as well as editorial and journalistic independence, as fundamental principles for the production and dissemination of its media products and content →Press Freedom, p. 56. In this connection, public discourse about media products and content is an explicitly encouraged and desired effect of the company's own journalistic activity. One example is Penguin Random House's industry-leading support of ↗Banned Books Week,

when thousands of libraries, schools, bookstores and community centers across the nation and world unite to celebrate the freedom to read and exercise the right to do so without interference or censorship.

"We do not knowingly engage in or promote misrepresentation or fraud in the marketing or advertising of our products and services."

Bertelsmann Code of Conduct

GRI 103-1, 103-2, 103-3 Marketing and Labeling

Environment

Bertelsmann's environmental management focuses on global climate protection and responsible, efficient natural resource management.

−2.6%
reduction in CO_2 emissions since 2015

−1.3%
reduction in electricity consumption since 2015

86%
paper from recycled or certified sources

Environment

Through its business activities, Bertelsmann enters a complex interrelationship with the environment. This gives rise to a special environmental responsibility for the company. Together with its employees, and in dialogue with its stakeholders, Bertelsmann strives to use natural resources sparingly and efficiently, and to reduce direct and indirect greenhouse gas emissions. This is part of the company's overall efforts to minimize the environmental impact of its production, business and distribution processes.

Transparency and Climate Protection

Protecting our environment and climate plays a key role in ensuring a future that is worth living in. To reduce negative effects on the environment and climate, Bertelsmann actively advocates environmental protection – for reasons of social responsibility, as well as to ensure a sustainable direction for its business.

Against a backdrop of increasingly limited natural resources with a growing global population, and in view of global warming, societal and regulatory requirements to disclose and manage the environmental impact of business activity are on the rise. This means that Bertelsmann's business clients also expect Bertelsmann and its companies to have effective environmental management that ensures compliance with laws and regulations. This is particularly relevant for Arvato's services businesses and the Bertelsmann Printing Group.

Bertelsmann meets these growing challenges by establishing transparency about its environmental impact along the value chain. Combined with effective energy and environmental management, this has the potential to lower costs and reduce the company's environmental footprint. It is also a potential way to prevent the interruption of commodity flows due to resource scarcity or extreme weather events. In Bertelsmann's understanding, the principle of eco-efficiency includes the responsible and efficient use, as well as sustainable sourcing, of energy and natural resources. This is based

"We strive for environmentally responsible procurement and use of natural resources (energy, water, materials and land) in the production and distribution of our products and the performance of our services."

Bertelsmann Code of Conduct

GRI 103-1, 103-2, 103-3 Materials; 103-1, 103-2, 103-3 Energy; 103-1, 103-2, 103-3 Water; 103-1, 103-2, 103-3 Emissions; 103-1, 103-2, 103-3 Effluents and Waste

on the belief that this behavior will eventually pay off economically in the short, medium or long term.

Guidelines, Structures and Processes

Environmental protection is a core element of the UN Global Compact's principles to which Bertelsmann has pledged itself →CR Management, p. 21. The Bertelsmann Environmental Policy initiated by the Executive Board and the Bertelsmann Paper Policy provide the framework for the responsible use of natural resources throughout the Group, as well as environmentally friendly energy and material procurement.

Operational responsibility for energy and environmental management is decentralized and rests with the management of Bertelsmann's companies. In addition to Group-wide objectives for reducing greenhouse gas emissions →Energy and Emissions, p. 69 and for paper use →Paper, p. 73, business units, whose operations create significant environmental impacts, set their own policies for

improving their environmental performance in local management systems. Bertelsmann's international "be green" working group serves as a platform for environmental efforts across the divisions.

The "be green" working group is coordinated by the Corporate Responsibility & Diversity Management department, which reports to the CHRO. Representatives from the Bertelsmann divisions, such as paper buyers, energy and environmental officers, logistics experts, and controllers, regularly meet to discuss current environmental issues and best practice, and they maintain a dialogue with external stakeholders. Beyond this, the "be green" working group experts coordinate the Group-wide collection of environmental data.

Since 2008, Bertelsmann has regularly calculated its Group-wide Carbon Footprint and gathered other data on energy, paper, water, wastewater and waste. To do this, each year the Corporate Center collects, analyzes and aggregates the environmental data

of the companies and sites of the divisions from all around the world. The data collection for 2016 covered companies from all divisions that in sum represented 90 percent of employees (full-time equivalents) and 87 percent of Group revenues. The results of the Carbon Footprint not only create transparency about impacts on the environment and climate, as well as on Bertelsmann's environmental performance, but also enables the management to derive measures for improvement. In addition to the environmental data presented in the following, further information, including explanations of the data and indicator methodology, are available online in the ↗Bertelsmann Carbon Footprint 2016.

Energy and Emissions

Energy is a focus of Group-wide cooperation on environmental and climate protection, because although the increasing digitalization of Bertelsmann's businesses reduces their dependence on limited natural resources, it also increases the energy needed for data management. The sharing of knowledge and experiences in the Bertelsmann "be green" network (e.g., regarding energy-saving technology or renewable energies), and cooperation in energy-efficiency projects, can help reduce energy consumption and emissions, costs, and effort.

Objectives and Results

Bertelsmann supports the goal of the international community of states to limit global warming to below 2° C. In the 2016 fiscal year, the company calculated the company-specific contribution necessary to achieving the <2° C goal, taking into account the methodology of the Science-Based Target Initiative. Based on this analysis and from 2017 onward, Bertelsmann is striving to reduce its greenhouse gas emissions by 10 percent, compared with 2014 by the year 2020, and by 20 percent by the year 2025.

The Group-wide measured value for Bertelsmann's carbon footprint and climate objectives is the Bertelsmann Carbon Footprint, which includes direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions. The calculations are carried out in close alignment with the Greenhouse Gas Protocol (GHG Protocol) and are reported in CO_2 equivalents (CO_2eq), which, in addition to carbon dioxide, also include methane and nitrous oxide according to their greenhouse potential. Other indirect greenhouse gas emissions are also indicated (Scope 3).

In 2016, Bertelsmann's carbon footprint was 572,300 metric tons (previous year: 577,600 metric tons) of CO_2eq. This reflects a slight year-on-year decrease of 1 percent. Of this, 286,000 metric tons were allocated to Scope 1 (previous year: 287,900 metric tons). Of the Scope 1 emissions, 38 percent are attributable to electricity generation, 55 percent to heating, and 7 percent to transport with company-owned vehicles. Indirect CO_2eq emissions from the purchase of energy (Scope 2) amounted to 286,300 metric tons (previous year:
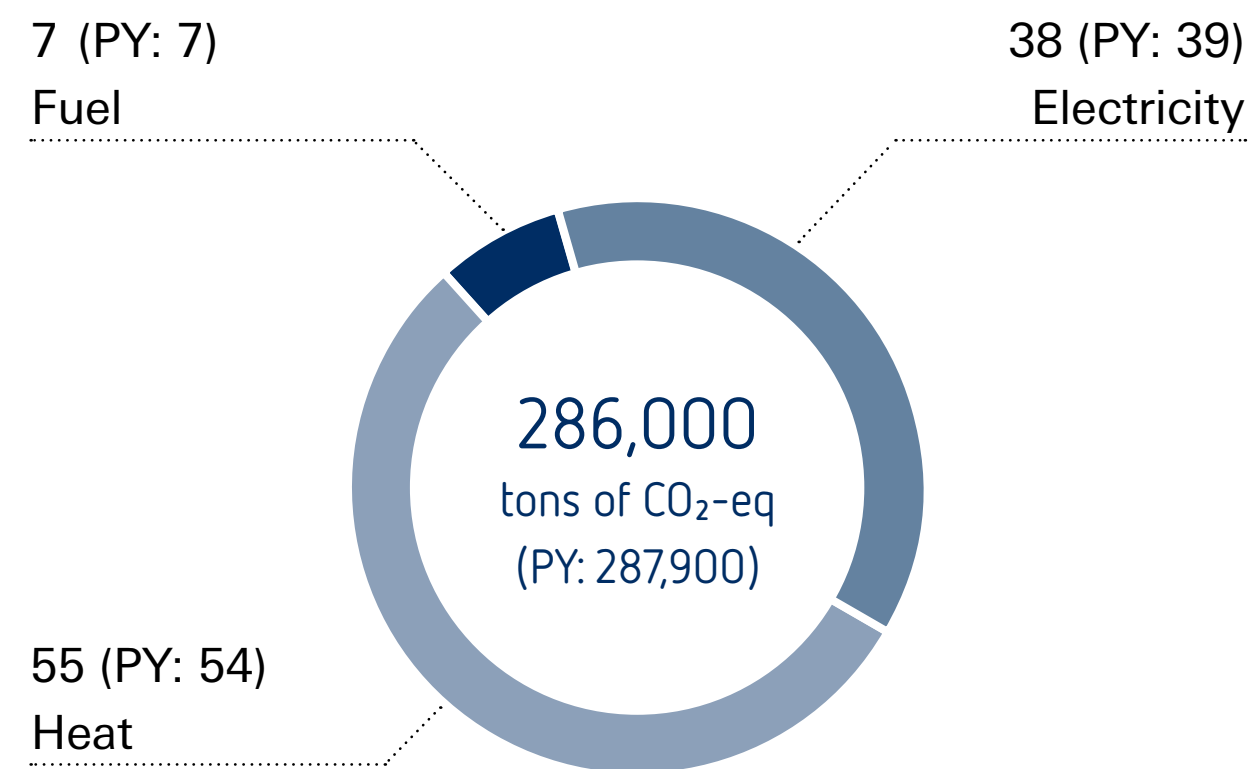
Scope 1 and 2 Emissions in metric tons of CO_2-eq

Scope 1   Scope 2 (market based)
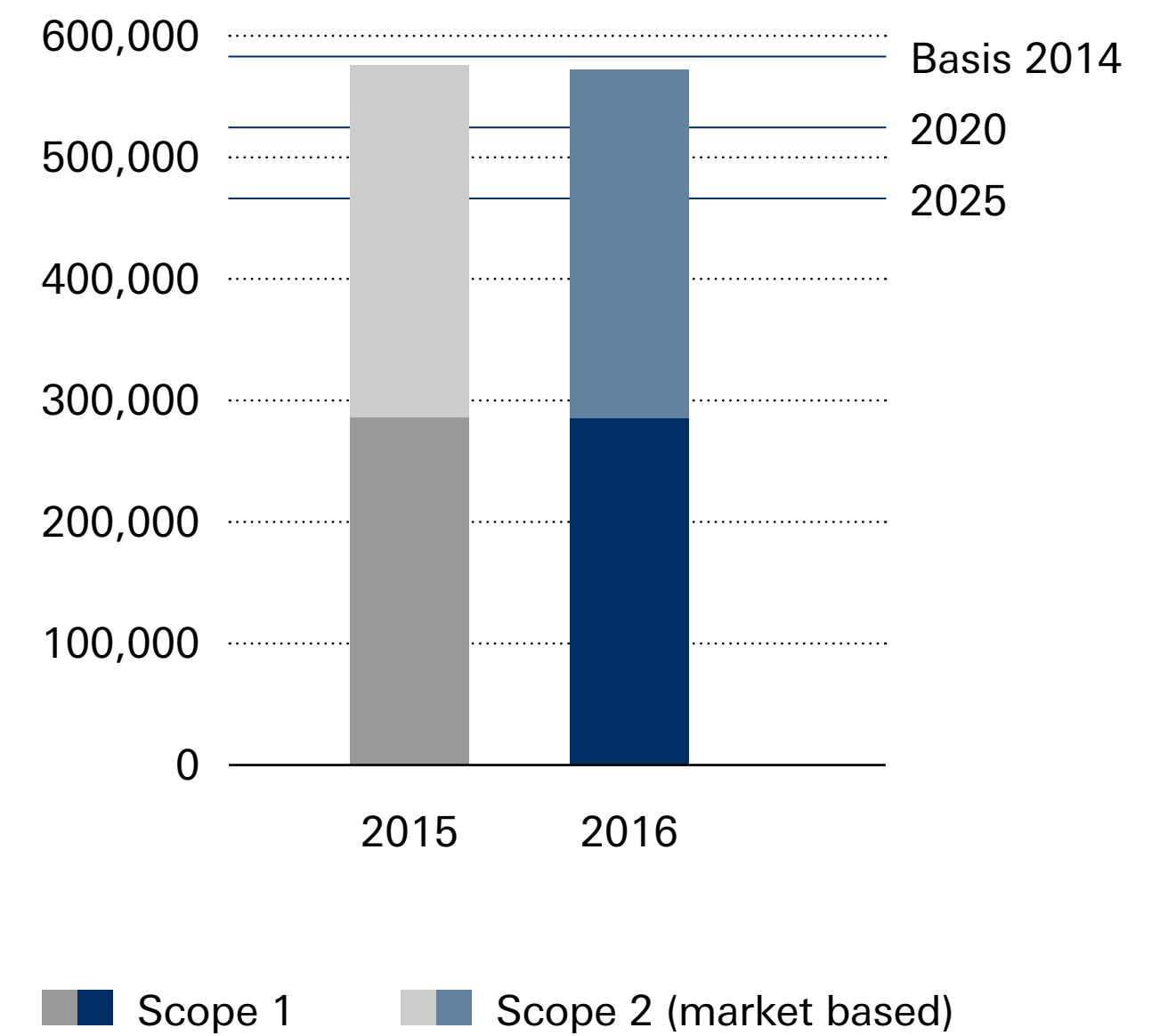
Greenhouse Gas Emissions by Scope

Scope 1 breakdown in percent

7 (PY: 7)
Fuel

38 (PY: 39)
Electricity

286,000
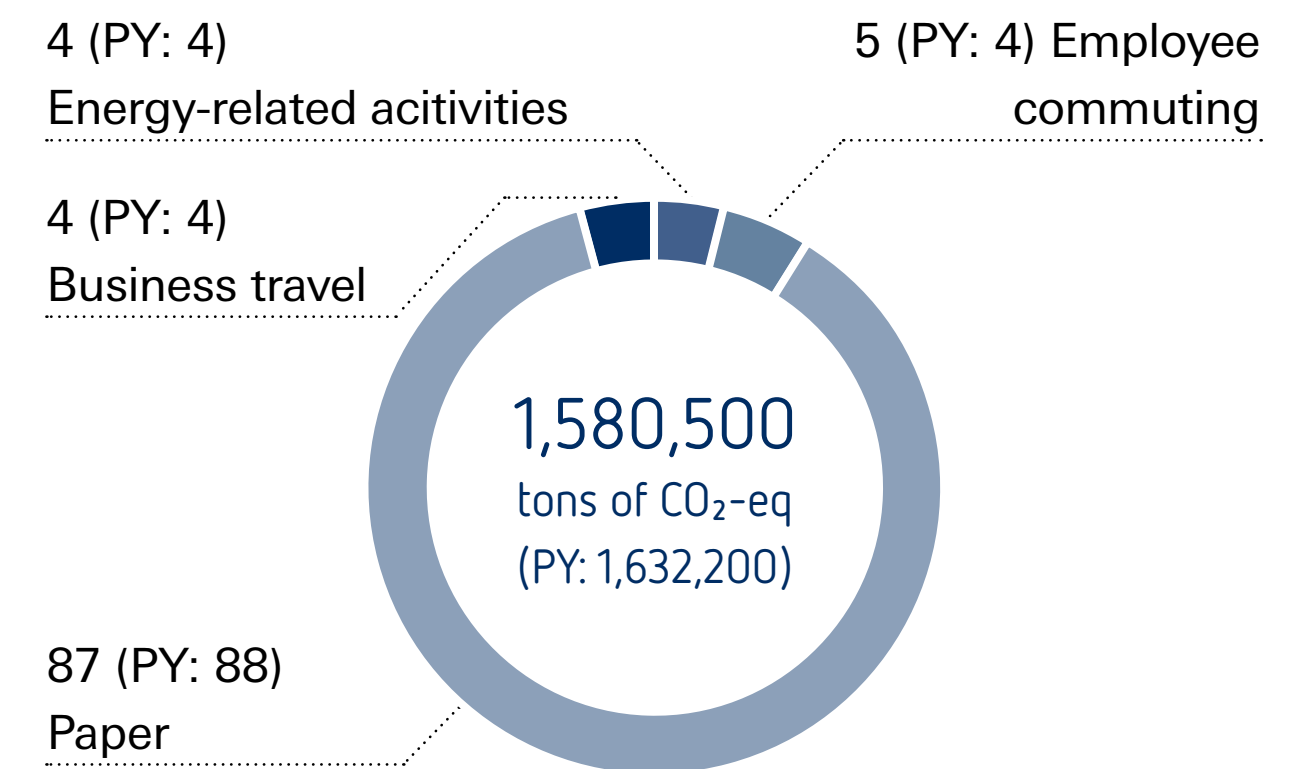tons of CO_2-eq
(PY: 287,900)

55 (PY: 54)
Heat

Scope 1: Greenhouse gas emissions from sources owned by Bertelsmann or its fully consolidated subsidiaries (e.g., owned power and heat generation facilities, and company vehicles).

Scope 2 breakdown in percent

21 (PY: 13)
Heat

286,300
tons of CO_2-eq
(PY: 289,700)

79 (PY: 87)
Electricity
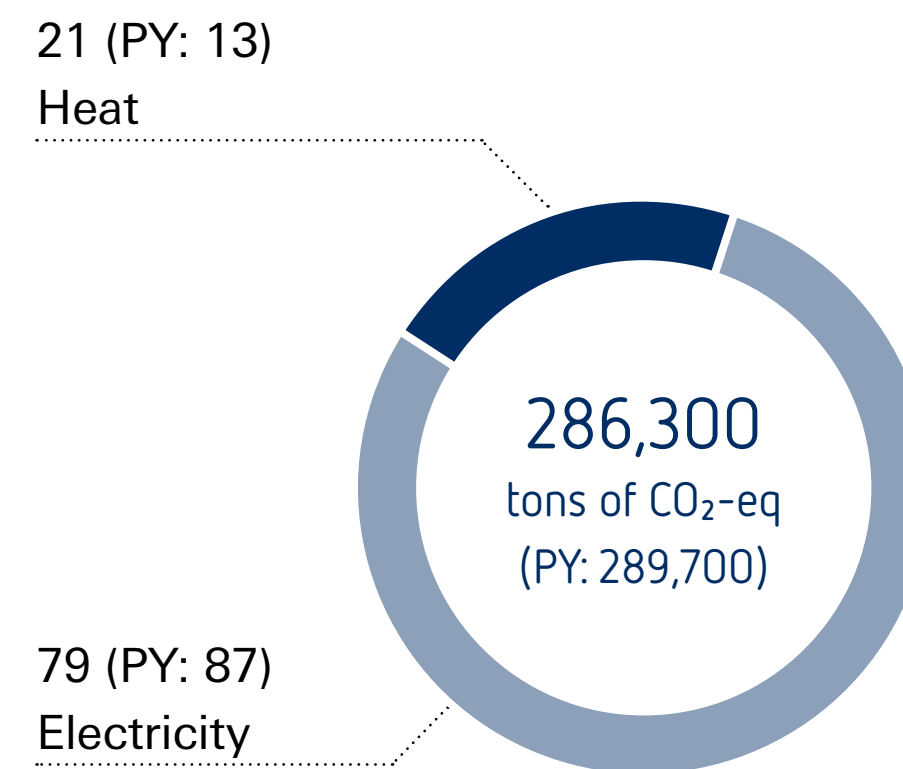
Scope 2: Indirect greenhouse gas emissions generated by energy production at suppliers (e.g., emissions from the production of purchased electricity and district heat).

Scope 3 breakdown in percent

4 (PY: 4)
Energy-related acitivities

5 (PY: 4) Employee commuting

4 (PY: 4)
Business travel

1,580,500
tons of CO_2-eq
(PY: 1,632,200)

87 (PY: 88)
Paper

Scope 3: Indirect greenhouse gas emissions from business activities outside the company's boundaries (e.g., emissions from the production of purchased paper or business travel, or fuels and energy used in the supply chain).

GRI 305-1, 305-2, 305-3

289,700 metric tons). Of this, 79 percent was due to electricity consumption and 21 percent to district heat consumption. Scope 2 emissions are calculated using market-based methodology, in accordance with the GHG Protocol Scope 2 Guidance. In terms of the defined objectives with the base year 2014, Scope 1 and 2 have been reduced by 1.6 percent.

Due to the very diverse businesses of the individual divisions, specific greenhouse gas emissions (Scope 1 and 2) are reported based on the revenues of the Group units included in the environmental data. In 2016, specific emissions decreased slightly to 38.6 metric tons CO_2eq/million € (previous year: 39.0 metric tons of CO_2eq/million €).

As part of Bertelsmann's environmental data collection, indirect greenhouse gas emissions from the production of purchased paper, from energy-related activities (outside Scope 1 and 2), from business travel and from employee commutes are reported under Scope 3. For the 2016 financial year, a

total of 1.38 million metric tons of CO_2eq (previous year: 1.44 million metric tons) were recorded for the paper volumes purchased by Bertelsmann companies. Scope 3 emissions from energy-related activities amounted to 67,800 metric tons of CO_2eq (previous year: 68,400 metric tons). Business travel emissions amounted to 55,600 metric tons of CO_2eq (previous year: 56,900 metric tons). Emissions from employees' daily commutes totaled 75,900 metric tons of CO_2eq (previous year: 71,600 metric tons).

Compared to the previous year, total energy consumption remained virtually unchanged at 1,609 gigawatt-hours. Electricity consumption in 2016 was reduced slightly compared to 2015, by 1 percent to 827,600 megawatt-hours (previous year: 838,100 megawatt-hours). This is due in particular to the closure of a Bertelsmann Printing Group site, as well as an RTL Group medium-wave site, and the divestment of further international activities by Gruner + Jahr. In addition, energy-efficiency measures taken at Arvato nearly compensated for the additional electricity consumption

of new logistics sites. At Arvato SCM in Singapore, for example, numerous improvement measures were taken to cut electricity consumption by nearly 36 percent. Likewise, many Bertelsmann Printing Group companies carried out measures to improve efficiency, such as in the area of climate control and ventilation. RTL Group in Luxembourg was also able to save energy by optimizing the output of its long-wave broadcasting operations.

Heating and cooling consumption totaled 711,300 megawatt-hours in 2016 (previous year: 701,600 megawatt-hours), a 1 percent increase compared to 2015. Reasons for this include the construction of new Arvato SCM Solutions sites, as well as changing weather conditions, which led to a higher demand for heating, especially at locations in Eastern Europe. In 2016, the use of fuel for the vehicle fleet slightly increased by 1 percent from 69,200 megawatt-hours to 69,800 megawatt-hours. The energy intensity is reported based on the revenues of the Group units included in the environmental data. In the reporting year 2016, the

specific use of energy, at 108.6 megawatt-hours per €1 million revenue, was slightly below the previous year (previous year: 108.7 megawatt hours).

Selected Other Results

> **Transparency:** In 2016, Bertelsmann took part in the ↗ CDP Supply Chain Program for the first time, and made comprehensive information about its climate management and emissions available to business customers. On a scale from A to F, it received an above-average rating of C.

> **Networking:** In 2016, an in-house energy network was set up at Bertelsmann in Germany. The first network meeting was held in Gütersloh in November 2016. Experts from most of the divisions will meet three to four times a year to optimize energy management, expand their expertise in the areas of energy efficiency and energy audits, and share experiences.

> **Renewable energy:** In 2016 Bertelsmann made its first larger-scale investment in producing renewable energy in-house, and expanded its

procurement of green electricity. In October 2016, a photovoltaic plant went into operation on the roof of an Arvato SCM Solutions logistics building in Landsberg, and has since produced "green" electricity for telecoms and healthcare customers. With a peak output of 1.7 kilowatts, it is one of the largest rooftop photovoltaic plants in the German state of Saxony-Anhalt, and the first in-house plant of this size used by Arvato. RTL Nederland has also been increasingly buying "green" electricity at its Hilversum site.

Energy Consumption in megawatt hours
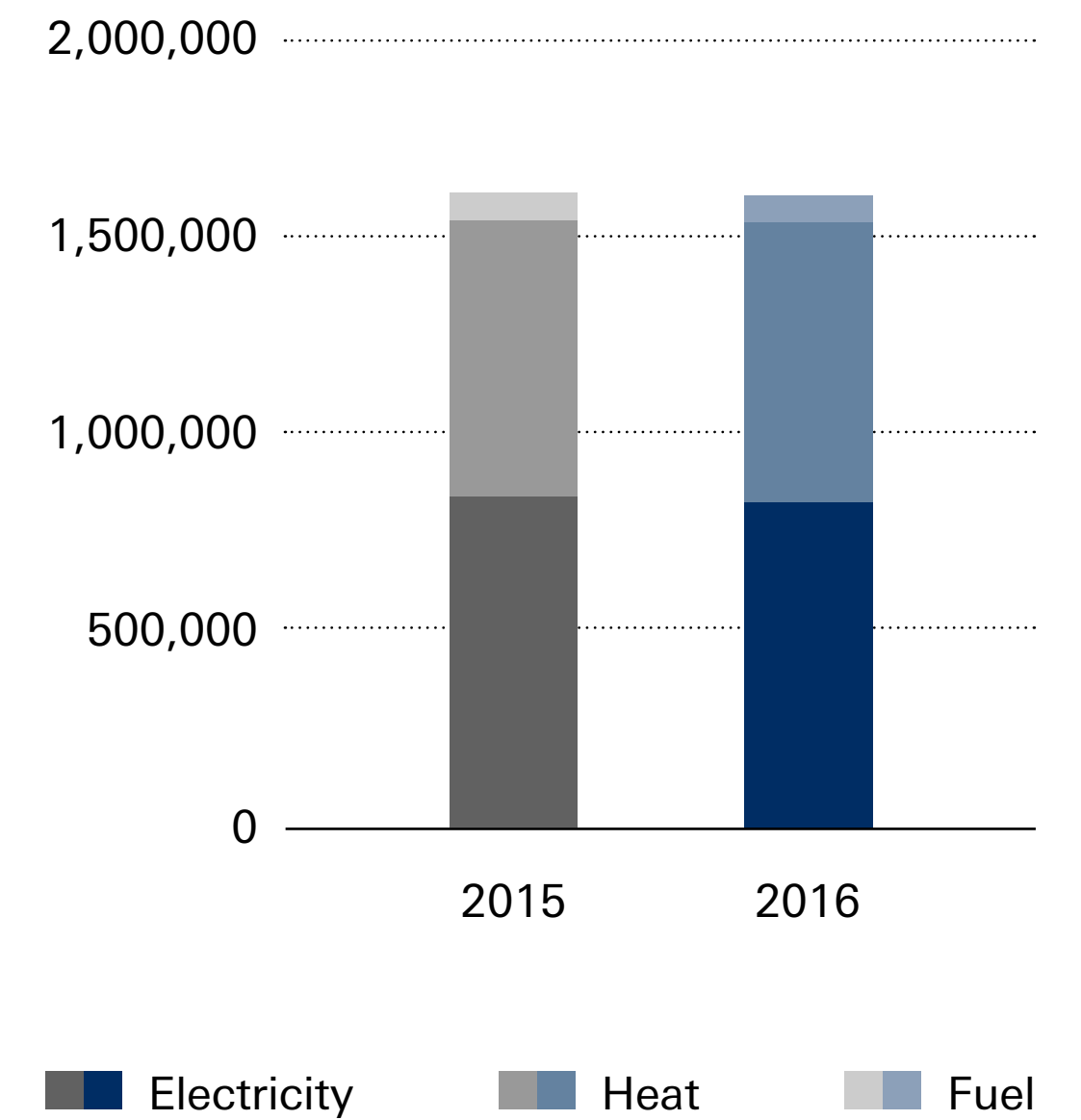
Electricity — Heat — Fuel

Paper

Paper, still the most important resource for the print media business, has a special priority at Bertelsmann. Even in an increasingly digital media landscape, printed books, magazines, brochures and leaflets will continue to have their place, which is why resource conservation and waste prevention play a major role at Bertelsmann across the paper value chain. To safeguard forests, which are valuable for climate protection and biodiversity, Bertelsmann advocates responsible paper procurement. In their role as print service providers and paper buyers, Bertelsmann companies offer their customers an extensive range of sustainably certified and carbon-neutral print products.

Objectives and Results

Paper consumption accounts for the largest share of Bertelsmann's total raw material consumption. Compared to 2015, it decreased by 10,000 metric tons (-1 percent) in 2016, to 1,852,200 metric tons. Of the paper consumed, Bertelsmann bought a total of 1,134,000 metric tons on its own account (61 percent of the paper consumption). The

remaining paper volumes were provided to the printing plants by customers.

For paper procurement, Bertelsmann has adopted a Paper Policy to supplement its Environmental Policy. The policy also promotes certified sustainable forestry. For example, as the Paper Policy stipulates, no paper may be used whose production involves wood from virgin or protected forests. In addition, Bertelsmann takes care to ensure that, beyond certified wood fiber, the paper used contains as much recycled paper as possible. To complement its Paper Policy, Bertelsmann strives to increase the share of recycled paper and paper from certified sustainable forestry to more than 90 percent by 2020.

In 2016, paper from sustainable sources accounted for 86 percent of the total volume of paper purchased by Bertelsmann companies. Sustainable sources include recycled paper as well as paper from certifiable sources that meet the requirements of FSC®, PEFC™, SFI® or equivalent standards. The year-on-year increase of 12 percentage points (previous

"We seek the responsible, efficient and considerate use of paper in our entire value chain."

Bertelsmann Paper Policy

GRI 103-1, 103-2, 103-3 Materials; 301-1, 301-2

year: 74 percent) is partly due to improved transparency regarding existing certifications in paper procurement, as well as to changing order behavior among customers and the responsible buyers. In 2016, the share of certified paper procured was 64 percent (previous year: 53 percent). Recycled paper accounted for 22 percent of this (previous year: 21 percent).

Paper Bought by Bertelsmann in thousands of metric tons

Recycled   Certified   Other
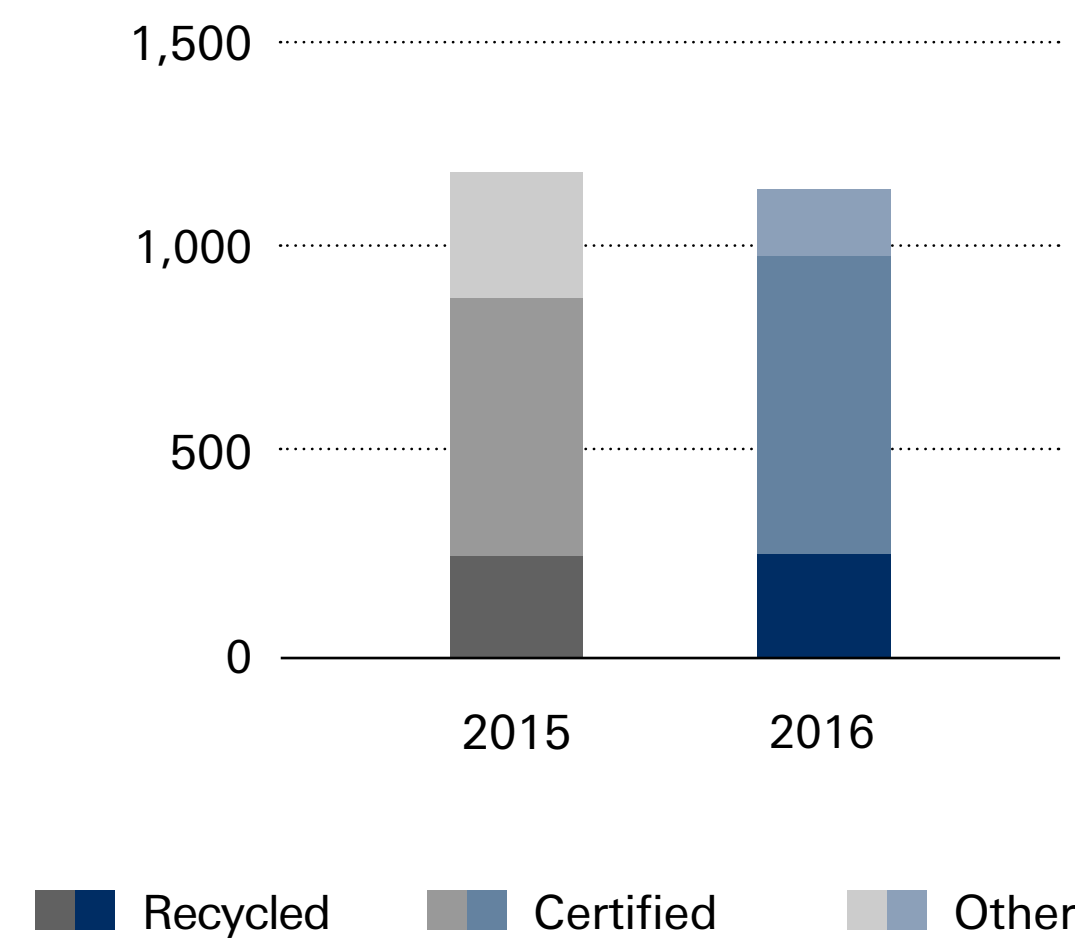
Paper from Sustainable Sources in percent
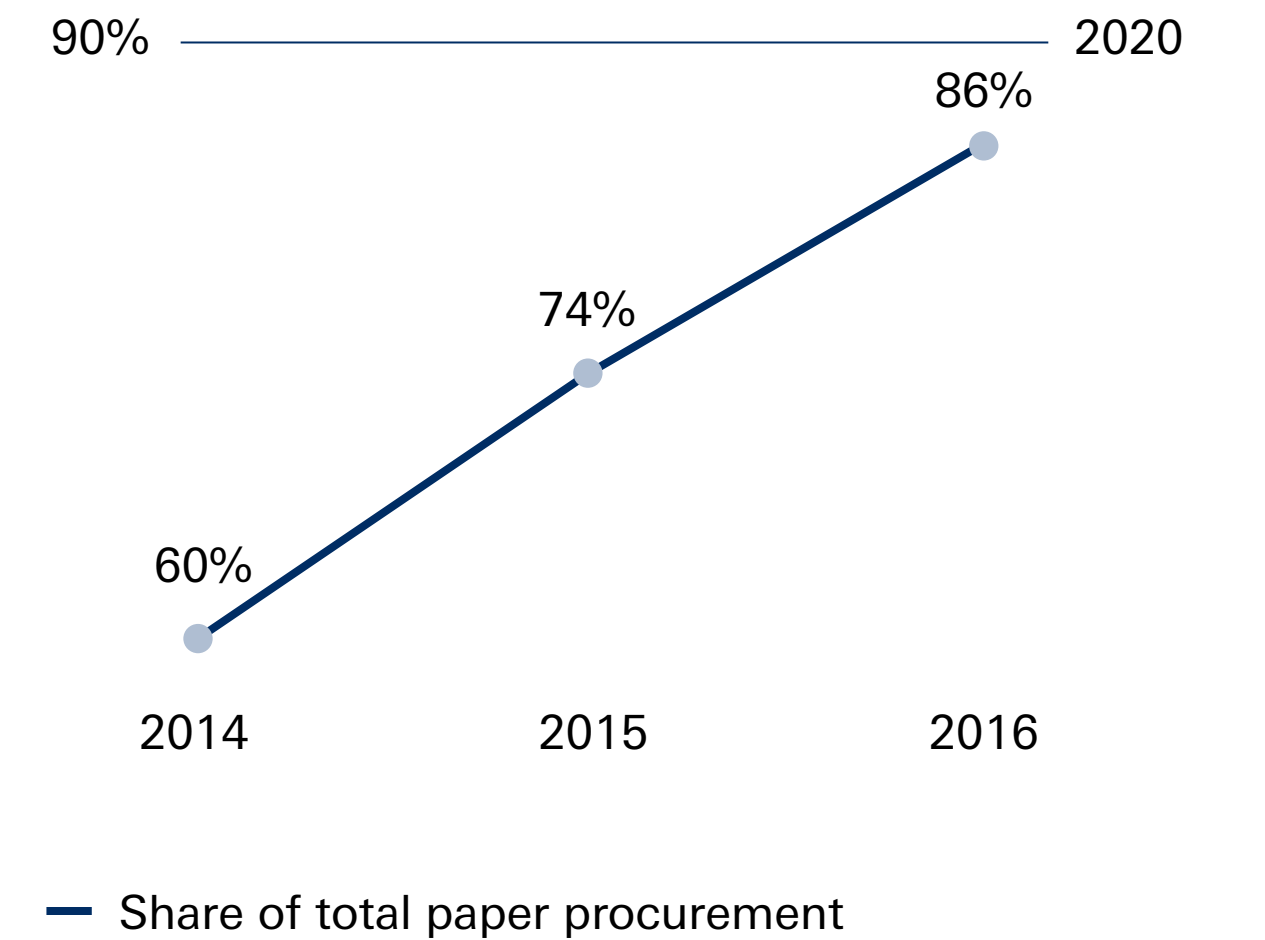
— Share of total paper procurement

GRI 301-2

Other Environmental Data

Data on water consumption, wastewater and waste disposal is recorded across the Group as part of the annual environmental data collection. This information can be used to identify trends and potential for improvement. Due to the disparate relevance and regulation of water and waste management locally, these topics are mainly handled in a decentralized manner by the local businesses.

Water Extraction

In the 2016 financial year, the total volume of water extracted from the public supply and company wells increased to 4.8 million cubic meters (previous year: 4.7 million cubic meters). This 2 percent overall increase can be attributed to, among other things, higher consumption of environmentally friendly air-conditioning at Mediengruppe RTL Deutschland.

Wastewater

In the 2016 financial year, the total volume of water extracted from the public supply and company wells increased to 4.8 million cubic meters (previous year: 4.7 million cubic meters). This 2 percent overall increase can be attributed, among other things, to higher consumption by environmentally friendly air-conditioning at Mediengruppe RTL Deutschland.

Waste

In 2016, waste volumes increased by 1 percent to 318,800 tons (previous year: 314,300 tons). More than 95 percent of this was recyclable waste, most of which is paper waste generated in the printing plants. The remaining waste is classified into waste for disposal (4 percent) and hazardous waste (<1 percent).

Society

Citizenship is firmly anchored in Bertelsmann's corporate culture.
The Group aspires to make a valuable contribution to society with its
products and services.

>15 million
books donated by
Penguin Random House
by 2020

> €20 million
funds raised for charity
during RTL Group flagship
events

€600,000
donated for IT at
elementary schools in
Gütersloh

GRI 201-1; 303-1

Society

Bertelsmann sees itself as part of society. As one of the four Bertelsmann Essentials, corporate citizenship is deeply rooted in the corporate culture and, with it, the daily activities of the Group, its divisions and companies. In this sense, Bertelsmann strives to be a "good citizen" – working toward a community worth living in through positive contributions to society. This also includes the Group contributing its media, services and education business expertise, as well as financial assistance, when needed outside the company.

Ensuring "License to Operate"

As a media, services and education company, Bertelsmann's activities are interwoven with societal development around the world. Today, society and employees alike expect the company to play an active role beyond its own businesses. Bertelsmann's corporate social responsibility efforts, on the Group, divisional and company level, encompass a wide range of measures and sponsorship programs that involve and develop local communities. By the same token, these efforts pay dividends for the company's success by supporting its "license to operate"; that is, enhancing the community's acceptance of Bertelsmann.

Donations, Sponsorship and Projects

Donations, sponsorship, funding for charity projects and memberships are an expression of socially responsible behavior and support Bertelsmann's role as a good corporate citizen worldwide. Carefully planned and professionally implemented support measures boost the company's reputation and anchor Bertelsmann as a responsible partner in the communities where it operates.

Guidelines, Structures and Processes

The Executive Board's Guideline on Donations, Sponsorships and Memberships ensures that support measures in the form of donations, sponsorship and membership comply with legal and fiscal requirements and are consistent with the company's strategy. At the Group level, Bertelsmann Corporate Communications is responsible for donations and sponsorship. In line with the principle of decentralization, the divisions independently select their sponsorship projects and donations, guided by the Executive Board Guideline and in coordination with Corporate. The Chair & CEO decides on one-off donations and sponsorships of more than €100,000 as well as regular commitments exceeding €50,000. All commitments must be reported annually to the Group tax department to fulfill related due-diligence and compliance obligations by the Bertelsmann Executive Board. Group companies are also required to define and document their donation activities and sponsorship concepts and keep these documents for a period of five years. The general prerequisites of the Executive Board's Anti-corruption Policy are to be complied with in the process and all questions directed to the Integrity & Compliance department.

Bertelsmann's priorities for its corporate citizenship activities, based on the Executive Board Guideline

GRI 102-16, 102-20; 103-1, 103-2, 103-3 Local Communities; 413-1; 103-1, 103-2, 103-3 Media Literacy

on Donations, Sponsorships and Memberships, are as follows:

> **Education,** especially for socially disadvantaged groups and media-related issues (e.g., reading promotion, media literacy)
> **Culture,** especially promoting cultural heritage and newcomers in fields closely associated with Bertelsmann (e.g., literature, TV, movies)
> **Academic Research,** especially on topics closely associated with Bertelsmann, such as economic and social sciences, as well as media and communications science
> **Freedom in creativity and media,** especially freedom of expression and press freedom, protection of intellectual property, content responsibility, and editorial independence
> **Networking activities** with relevant stakeholders

The company also supports humanitarian disaster relief efforts. As a good corporate citizen,

Bertelsmann is especially committed to the locations where its companies operate, and gives preference to organizations and initiatives in which Bertelsmann employees are actively involved.

Bertelsmann explicitly does not donate to politicians, political parties or party organizations. Similarly, it does not support organizations and institutions whose fundamental position conflicts with liberal-democratic principles, or which allow or imply discrimination against people. Bertelsmann also does not engage in sports sponsorship.

Objectives and Results

Bertelsmann seeks to contribute to the future-oriented development of its surroundings through donations, sponsorship and charitable activities, while at the same time securing acceptance and a broad client base. The goal is to reach as many people as possible, create a positive impact on society and increase Bertelsmann's visibility.

"In the view of our shareholders, the possession of property creates an obligation to the community. They believe that in a market economy a corporation derives its legitimacy from making a valuable contribution to society."

Bertelsmann Essentials

Selected donations and projects by Corporate Center

> **Digitization of movie classics:** As an international media company, Bertelsmann promotes the preservation and restoration of early cinematic masterpieces and is committed to the digitization of its heritage. For example, in 2016 Bertelsmann supported the Friedrich Wilhelm Murnau Foundation's comprehensive digital restoration of the 1921 silent film, Destiny, from director Fritz Lang.

> **Digital history of opera:** Milan-based Archivio Storico Ricordi is one of the world's most valuable privately owned music collections. Since 2011, Bertelsmann and the Ricordi team have been collaborating on developing a preservation project of its archives for posterity. Documenting the history of Italian opera, thousands of items from the famous collection have been available for viewing and research via the Collezione Digitale online platform since December 2016.

> **UFA Film Nights:** In August 2016, Bertelsmann and RTL Group's film production company, UFA, presented the sixth UFA Film Nights in Berlin. Over three evenings, early masterpieces of cinema history were screened under the open sky, accompanied by live music.

> **Citizenship activities in the Gütersloh area:** The company has supported approximately 230 organizations, associations and projects in its hometown of Gütersloh and the surrounding area with donations and sponsorship totaling around €1.2 million – the highest sum since 2009. The largest single donation of €600,000 went to Gütersloh elementary schools to buy tablets for teaching. Bertelsmann also pledged €150,000 to modernize the children's library at Gütersloh Town Library →Promoting Media Literacy, p. 82. Bertelsmann also supported the Gütersloh Theater and several schools and kindergartens. At Christmas, the company donated €25,000 to Der Weg nach Hause, a palliative care provider in Bielefeld, for the 10th year. Bertelsmann also made in-kind donations to various organizations, including more than 4,300 books.

Selected donations and projects by the divisions

> **Collaboration with the DKMS:** In 2016, the Mediengruppe RTL Deutschland channel Vox, and its drama series "Club der roten Bänder," supported the DKMS (German Bone Marrow Donor Registry) in the fight against leukemia.

> **Projects in Hamburg:** As part of its annual Christmas Bazaar project, Gruner + Jahr donated approximately €12,000 to five area nonprofit projects that work to improve cooperation and understanding in communities. Since 2000, nearly €800,000 has been donated in this way.

> **"WERTvoller Raum" Project:** Arvato Financial Solutions supported the Malteser Werke in their efforts to integrate refugees as part of the "Aktion Deutschland Hilft" Alliance with €30,000.

> **"erlebe IT" Initiative:** Arvato Systems supported the Bitkom school initiative ↗ erlebe IT, which is dedicated to teaching digital skills in schools through training courses and programming workshops, by providing personnel and financial support of €15,000.

> **Support of "The Prince's Trust":** Since 2014, Arvato UK & Ireland has supported the integration of disadvantaged young people into the labor market through financial donations, fundraising and volunteer activities.

> **IT recycling:** Arvato SCM Solutions Brazil donated 317 kilograms of computer material to a recycling company. Part of the accrued proceeds goes to projects that promote social and digital inclusion.

Measures to promote media literacy and reading are described under →Promoting Media Literacy, p. 82.

GRI 201-1; 413-1

Help through Media and Services

Bertelsmann and its divisions support nonprofit projects and initiatives around the world through media and public fundraising. In addition, some Bertelsmann divisions and companies make time and their employees' expertise available for corporate volunteering programs.

Selected Results

> **Bertelsmann Rosenball:** In April 2016, Bertelsmann and the German Stroke Foundation founded by Liz Mohn hosted the 12th Rosenball in Berlin to raise money for a good cause. The donations raised that evening will mainly go toward building a network of pediatric care centers that will provide children affected by strokes in Germany with quick, qualified diagnosis and optimal treatment.

> **RTL-Spendenmarathon and "Télévie":** In 2016, the 21st RTL-Spendenmarathon, Mediengruppe RTL Deutschland's central fundraiser, raised €7.8 million for charity. This means that the total sum raised by the format since 1996 amounts to more than €151 million. The RTL "Télévie" telethon, a collaboration between RTL Belgium and RTL Luxembourg, has raised more than €162 million since 1989 for the Belgian Fonds de la Recherche Scientifique (FNRS) for the research and treatment of leukemia in children and adults.

> **Volunteering activities at Penguin Random House:** By the end of 2020, Penguin Random House will make 250,000 working hours available for employees to participate in company-organized initiatives, or to volunteer with organizations they personally support.

> **G+J volunteering program:** Since 2008, employees and managers have engaged in the G+J Commitment corporate volunteering program. For each day they take off to volunteer for a social or charity institution, all employees can apply for another day of paid leave (up to a maximum of three days per year). In addition, employees who donate their own money to a project can apply for G+J to make a matching donation of up to three times the amount (€3,333 maximum).

> **Arvato debt counseling:** Arvato Financial Solutions has supported debt counseling at the Diakonisches Werk in Nordbaden since its establishment in 2009 with an annual financial donation of €10,000. In addition, Arvato provides its expertise for looking after and advising debtors. Other Arvato sites carry out similar volunteering activities on their own initiative.

GRI 413-1

Promoting Media Literacy

As a key skill of our time, media literacy has major implications for the education and development opportunities of children, adolescents and adults. By promoting relevant education measures, especially in literacy and reading, Bertelsmann makes an important contribution to societal development. The company is guided by the principle of helping people to help themselves at an early stage, because only those who actively experience, explore and question, as children, what they can do with the media will be able to use it competently in future – as active readers, and as technically savvy and critical users.

Selected Results

> **Reading days:** Every year, Bertelsmann and its divisions host numerous events for World Book Day on April 23, as well as for Germany's Reading Day.
> **Reading initiatives:** To celebrate Liz Mohn's 75th birthday, Bertelsmann donated a newly designed children's section worth €150,000 to Gütersloh's City Library →Donations, Sponsorship and Projects, p. 77. Among other things, Penguin Random House supports the First Book, Save the Children and World Reader organizations, which provide books to children and teenagers. Gruner + Jahr has been the main sponsor of "Buchstart," a long-term early-childhood literacy initiative, since 2007. The publishing house also supports the Germany-wide "Lesestart" project run by the Stiftung Lesen (Reading Foundation). Prinovis UK sponsored events by its charity partner The Reader. The events under the heading "Anytime is Storytime" are aimed at families in Liverpool and are intended to encourage reading. The company also supports the Vision for Literacy Business Pledge initiative to promote literacy in the United Kingdom.
> **Book donations:** One important element in promoting reading and literacy is the provision of free reading material. Bertelsmann's most prominent book donor is the Penguin Random House division. Its target is to donate more than 15 million books to schools and educational programs by 2020, to promote reading among children in need around the world. In addition, 3 million e-books are to be made available to schools and libraries in sub-Saharan Africa by 2020. In 2016, Penguin Random House Grupo Editorial donated 10,000 books to Spanish prisons.
> **Digital literacy for children and teens:** Bertelsmann companies take a variety of approaches to helping children and teens use digital media competently and responsibly. Projects and initiatives in the field of digital skills promotion for young media users are described in greater detail in →Content Responsibility, p. 59.

Refugee Aid

Across all divisions and all hierarchies, Bertelsmann companies and their employees have been working to help people who have had to flee from war and violence in their home countries. The main idea is to make them feel welcome, help them and integrate them into our society.

Selected Results

> **"Be Welcome" program:** At the beginning of April 2016, Bertelsmann launched the "Be Welcome" project in cooperation with the Gütersloh Job Center. The program supports the integration of refugees into the regional labor market. It is aimed at refugees ages 18 to 25 with the aim of helping them develop career prospects in the dual-training system within a year. Eight young men and three women from Syria enrolled in the training program, which is designed and managed by the Bertelsmann Corporate Education department. The concept is based on the "Du bist deine Zukunft" ("You Are Your Future") project, which Bertelsmann

Corporate Education has successfully implemented for seven years.

> **TV format for refugees:** In 2015, the program "Marhaba" on RTL's news channel N-TV was the first program in Germany aimed at refugees and immigrants from the Middle East. Practical information about life in Germany, presented in Arabic, is designed to help them settle into their new everyday lives. For his commitment, the show's presenter, journalist Constantin Schreiber, was distinguished with the Grimme Award in 2016.
> **"Wir zusammen" initiative:** Gruner + Jahr has joined forces with 35 other well-known German companies to help integrate refugees into the labor market through the "Wir zusammen" ("We Together") initiative.
> **"Schal fürs Leben" campaign:** Together with the world's largest independent children's rights organization, Save the Children, the G+J women's magazine "Brigitte" organized the second "Ein Schal fürs Leben" ("A Scarf for Life") campaign in 2016. The campaign calls on

people to knit a scarf to a pattern or buy one. For each scarf, €10 will go to Save the Children's relief projects for Syrian refugee children.

GRI 413-1

Additional Information

List of Relevant CR Topics

CR Topic at Bertelsmann	GRI Aspects Basis: GRI Standards 2016 and GRI Media Sector Disclosures	Boundary/Scope cf. GRI Standards Glossary 2016, p. 17
Education	> Training and Education	> Inside the company
Press Freedom	> Freedom of Expression and Opinion	> Inside the company, outside the company
	> Content Production	> Inside the company, outside the company
Fair Working Conditions	> Employment	> Inside the company
	> Labor/Management Relations	> Inside the company
	> Freedom of Association and Collective Bargaining	> Inside the company, outside the company
	> Child Labor	> Outside the company
	> Forced or Compulsory Labor	> Outside the company
Protection of Media Users and Customers	> Marketing and Product Labeling	> Inside the company, outside the company
	> Customer Privacy	> Inside the company
	> Content Dissemination	> Inside the company
	> Media Literacy	> Inside the company, outside the company
Diversity	> Diversity and Equal Opportunity	> Inside the company
	> Non-discrimination	> Inside the company, outside the company
Health	> Occupational Health and Safety	> Inside the company

GRI 102-46, 102-47

CR Topic at Bertelsmann	GRI Aspects Basis: GRI Standards 2016 and GRI Media Sector Disclosures	Boundary/Scope cf. GRI Standards Glossary 2016, p. 17
Eco-efficiency/Environment	> Materials	> Outside the company
	> Energy	> Inside the company, outside the company
	> Water	> Inside the company, outside the company
	> Emissions	> Inside the company, outside the company
	> Effluents and Waste	> Inside the company, outside the company
Further Topics	> Economic Performance	> Inside the company, outside the company
	> Anti-corruption	> Inside the company, outside the company
	> Anti-competitive Behavior	> Inside the company
	> Protection of Intellectual Property	> Inside the company
	> Local Communities	> Inside the company
	> Public Policy	> Inside the company

GRI 102-46, 102-47

GRI Content Index

General Disclosures

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Organizational Profile			
GRI 102-1: Name of the organization	12		
GRI 102-2: Activities, brands, products, and services	6, 9, 10		↗ Annual Report 2016 (Innovation and Growth) ↗ Corporate Website: Company Profile
GRI 102-3: Location of headquarters	Gütersloh, Germany		
GRI 102-4: Location of operations	6, 7		↗ Corporate Website: Locations
GRI 102-5: Ownership and legal form	12, 13		
GRI 102-6: Markets served	7, 9, 10		
GRI 102-7: Scale of the organization	6–10, 54		↗ Annual Report 2016 (Financial Information), p. 5, 43
GRI 102-8: Information on employees and other workers	34, 37, 39	VI	↗ Corporate Website: Employee Figures
GRI 102-9: Supply chain	9, 10		
GRI 102-10: Significant changes to the organization and its supply chain	8		

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GRI 102-55

Disclosures	Page/Comments	UNGC[1]	Further Information
GRI 102-11: Precautionary Principle or approach	16, 17, 19, 30, 31		↗ Annual Report 2016 (Financial Information), p. 29 ff.
GRI 102-12: External initiatives	12, 16, 17, 24, 36, 57, 58, 60, 61		
GRI 102-13: Membership of associations	24		↗ Corporate Website: Memberships and Cooperations
Strategy			
GRI 102-14: Statement from senior decision-maker	3		
Ethics and Integrity			
GRI 102-16: Values, principles, standards, and norms of behavior	15, 17, 18, 19, 33, 35, 36, 43, 44, 56, 57, 62, 68, 77	I–X	↗ Corporate Website: Bertelsmann Essentials ↗ Corporate Website: Bertelsmann Code of Conduct ↗ Corporate Website: Bertelsmann Supplier Code of Conduct
Governance Structure			
GRI 102-18: Governance structure	12, 13, 14		↗ Annual Report 2016 (Financial Information), p. 126 ff.
Stakeholder Engagement			
GRI 102-40: List of stakeholder groups	25		↗ Corporate Website: Stakeholder Dialogue
GRI 102-41: Collective bargaining agreements	18	III	
GRI 102-42: Identifying and selecting stakeholders	25		↗ Corporate Website: Stakeholder Dialogue
GRI 102-43: Approach to stakeholder engagement	25–27, 37, 38		↗ Corporate Website: Stakeholder Dialogue
GRI 102-44: Key topics and concerns raised	28, 29, 37		↗ Corporate Website: Topics

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Disclosures	Page/Comments	UNGC[1]	Further Information
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GRI 102-49: Changes in reporting	4, 28, 29		
GRI 102-50: Reporting periods	4		
GRI 102-51: Date of most recent report	4		
GRI 102-52: Reporting cycle	4 annual		
GRI 102-53: Contact point for questions regarding the report	98		↗ Corporate Website: Contacts
GRI 102-54: Claims of reporting in accordance to the GRI Standards	4		
GRI 102-55: GRI content index	87–97		
GRI 102-56: External assurance	none		
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GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	7, 8	I–X	↗ Annual Report 2016 (Financial Information) ↗ Annual Report 2016 (Innovation and Growth), p. 12–15
GRI 201-1: Direct economic value generated and distributed	7, 76, 79, 80		↗ Annual Report 2016 (Financial Information), p. 41 f.

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Relevant Topics

Disclosures	Page/Comments	UNGC[1]	Further Information
M1: Significant funding and other support received from nongovernmental sources (ads etc.)	8		

GRI 205: Anti-corruption 2016

GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	17–20	X	↗ Corporate Website: Anti-corruption
GRI 205-2: Communication and training about anti-corruption policies and procedures	20	X	↗ Corporate Website: Compliance Training Initiatives

GRI 206: Anti-competitive Behavior 2016

GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 20		
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The Bertelsmann Annual Report contains more information on this.		↗ Annual Report 2016 (Financial Information), p. 33

GRI 301: Materials 2016

GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	67, 68, 73	VII–VIII	↗ Carbon Footprint 2016 ↗ Corporate Website: Paper

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GRI 303-1: Water withdrawal by source	75	VII–VIII	↗ Carbon Footprint 2016
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GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	67, 68, 69	VII–IX	↗ Corporate Website: Energy and Emissions ↗ Corporate Website: Carbon Footprint ↗ Carbon Footprint 2016
GRI 305-1: Direct (Scope 1) GHG emissions	69, 70	VII–VIII	↗ Carbon Footprint 2016
GRI 305-2: Energy indirect (Scope 2) GHG emissions	69–71	VII–VIII	↗ Carbon Footprint 2016

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GRI 305-4: GHG emissions intensity	71	VIII	↗ Carbon Footprint 2016
GRI 306: Effluents and Waste 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	67, 68, 75	VIII	↗ Carbon Footprint 2016
GRI 306-1: Water discharge by quality and destination	75	VIII	↗ Carbon Footprint 2016
GRI 306-2: Waste by type and disposal method	75	VIII	↗ Carbon Footprint 2016
GRI 401: Employment 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	32, 33, 35, 36	I, III, VI	↗ Corporate Website: Employees
GRI 401-1: New employee hires and employee turnover	36 Bertelsmann does not currently publish information on new hires and employee fluctuation. This is due to adjustments to the definition of the employee categories "full-time employees" and "headcount".	VI	↗ Corporate Website: Employee Figures
GRI 402: Labor/Management Relations 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	33, 35, 36, 37, 38	III	↗ Corporate Website: Employee Representation
GRI 402-1: Minimum notice periods regarding operational changes	37	III	

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GRI 403: Occupational Health and Safety 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	33, 35, 50–52	I, VI	↗ Corporate Website: Health ↗ Bertelsmann Health Website
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	53 Bertelsmann does not report these figures by gender or with regard to freelance and external/third-party employees, and does not provide any information on deaths. Due to the decentralized organizational structures in the field of occupational health and safety, this information is not centrally available at Bertelsmann. A central collection of this information is not currently planned.		
GRI 404: Training and Education 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	33, 35, 40–42	I, VI	↗ Corporate Website: Learning
GRI 404-1: Average hours of training per year per employee	41 Bertelsmann does not currently report these figures broken down by gender and other employee categories, since this information is not available centrally. Bertelsmann is continuing to develop its data collection in this respect, and plans to report on this in the medium term.	VI	
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	37, 40, 41		↗ Corporate Website: Continuing Education
GRI 405: Diversity and Equal Opportunity 2016			
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GRI 406: Non-discrimination 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	18	I–II, VI	↗ Corporate Website: Anti-Discrimination
GRI 406-1: Incidents of discrimination and corrective actions taken	Bertelsmann does not report case numbers, since such incidents are subject to special confidentiality requirements. All reports of suspected compliance violations received are reviewed and examined in accordance with the procedures laid down in the Group Guidelines. If an infringement is confirmed, appropriate remediation measures are taken. Details on case categories, case numbers and total numbers of reports received are regularly reported to the Bertelsmann Corporate Compliance Committee and the Executive Board. Further details on this are subject to trade secrecy provisions.	I–II, VI	
GRI 407: Freedom of Association and Collective Bargaining 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 18	I–III	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	16	I–III	
GRI 408: Child Labor 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 18	I–II, IV	

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Disclosures	Page/Comments	UNGC[1]	Further Information
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor	16	I–II, IV	

GRI 409: Forced or Compulsory Labor 2016

Disclosures	Page/Comments	UNGC[1]	Further Information
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 18	I–II, IV	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	16	I–II, IV	

MSD[2]: Freedom of Expression

Disclosures	Page/Comments	UNGC[1]	Further Information
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	56–58	I–II	↗ Corporate Website: Press Freedom

MSD[2]: Intellectual Property

Disclosures	Page/Comments	UNGC[1]	Further Information
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GRI 413: Local Communities 2016

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GRI 413-1: Operations with local community engagement, impact assessments, and development programs	77–81, 83	I	↗ Corporate Website: Projects Worldwide

GRI 415: Public Policy 2016

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GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	26, 78, 79	I–X	↗ Corporate Website: Public Affairs
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GRI 417: Marketing and Labeling 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	64, 65	I–VIII	
GRI 417-1: Requirements for product and service information and labeling	64		
GRI 418: Customer Privacy 2016			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	62, 63	I–II	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Bertelsmann currently does not report on legitimate privacy complaints, since this information is not available centrally. A data collection process has been set up; Bertelsmann plans to report on this starting in 2018.	I–II	
MSD[2]: Content Creation			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	55, 59, 60	I–II	↗ Corporate Website: Quality ↗ Corporate Website: Press freedom
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M4: Actions taken to improve performance in relation to content dissemination issues and results obtained	57, 59, 60	I–II	↗ Corporate Website: Access to Media

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MSD²: Media Literacy			
GRI 103: Management approach 2016 (including GRI 103-1, 103-2, 103-3)	61, 77, 78, 82	I–II	↗ Corporate Website: Media Literacy
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Further GRI Standard Disclosures (Supplementary to "in Accordance, Core" Disclosures)

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GRI 102-22: Composition of the highest governance body and its committees	14, 47, 48		↗ Annual Report 2016 (Financial Information), p. 133 ff.
GRI 102-23: Chair of the highest governance body	12		↗ Annual Report 2016 (Financial Information), p. 133 ff.

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