

Slavery and Human Trafficking Statement 2020

May 2021

This statement outlines the measures taken by Bertelsmann to prevent forms of modern slavery and human trafficking for the 2020 fiscal year. In doing so, Bertelsmann is fulfilling its duties pursuant to Section 54 of the UK Modern Slavery Act 2015.

This statement includes the measures taken by Bertelsmann and Bertelsmann Group companies. Where Bertelsmann Group companies have taken further measures that are subject to a duty to report under the UK Modern Slavery Act, these will be outlined in a separate statement by the Group company and will be available on the respective Group company's website:

Penguin Random House

www.penguin.co.uk/content/dam/company-pages/policies/Modern-Slavery%20Statement%202020-FINAL.pdf

BMG

www.bmg.com/uk/modern-slavery-statement.html

Arvato

www.arvato.co.uk/modern-slavery-act

Prinovis

www.prinovis.co.uk/fileadmin/Prinovis_UK_Slavery_and_Human_Trafficking_Statement_.pdf

Fremantle

<https://fremantle.co.uk/statement-on-slavery-and-human-trafficking>

DK

www.dk.com/uk/information/about-dk/

Bertelsmann

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 around 130,000 employees and generated revenues of €17.3 billion in the 2020 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. Bertelsmann aspires to achieve climate neutrality by 2030. In 2021, Bertelsmann commemorates the 100th birthday of Reinhard Mohn, the Group's late post-war founder and longtime Chairman and CEO.

Strategy

Bertelsmann's strategic focus is on a fast-growing and highlearning digital, international and diversified Group portfolio. Businesses in which Bertelsmann invests should have longterm stable growth, global reach, sustainable business models and scalability. The education business is being developed into the third earnings pillar alongside the media and service businesses. During the financial year 2020, the Group strategy was further developed and focused on five strategic growth priorities. Under the motto "Bertelsmann next," the focus in the future will be placed on creating national cross-media champions, expanding global content and service businesses, as well as expanding online education business and investments. Overall, Bertelsmann was able to minimize the economic impact of the coronavirus pandemic, thanks to the successful implementation of the previously used four strategic directions – strengthening the core businesses, digital transformation, expanding growth platforms, and expanding into growth regions. The Group benefited from the quality of its business portfolio and the high proportion of revenues from digital business models. In the financial year 2020, additional substantial strategic progress was made in the individual divisions.

Employees

At the end of the financial year 2020, the Group had 132,842 employees worldwide. In 2020, there were 1,137 people serving in trainee positions in Bertelsmann companies in Germany.

In view of the global outbreak of the coronavirus pandemic, Bertelsmann convened a meeting of the Group's crisis committee, its first, in late January 2020. During the course of the year, the committee created extensive protective and preventive measures for Bertelsmann's divisions and companies. The Bertelsmann Executive Board implemented a number of measures early on, focusing on employees' health, continuity of business, cost-cutting measures and temporary investment restraint. In addition, the Executive Board issued a Groupwide travel ban on business trips in the spring and requested that most employees begin working from home in mid-March. At the same time, manufacturing companies and service units were assisted with protective masks and guidelines on distancing regulations and hygiene measures.

Protecting human rights and preventing forms of modern slavery and forced labor at Bertelsmann

Through its Code Conduct and its voluntary commitment to external guidelines, Bertelsmann is committed to respecting and protecting human rights within the company and in its business relationships. The goal is to minimize the risk of human rights violations and discrimination to the greatest possible extent.

Shared values and principles

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. These are set forth in the corporate constitution as well as in the Bertelsmann Essentials "Creativity and Entrepreneurship". Furthermore, the Bertelsmann Code of Conduct – as a binding guideline – defines standards for law-abiding and ethically responsible conduct within the company and toward business partners and the public. Bertelsmann's actions are also determined by external guidelines.

Bertelsmann's actions are also determined by external guidelines. The company uses as guidance the recommendations of the German Corporate Governance Code for good and responsible corporate governance and largely follows the OECD Guidelines for Multinational Enterprises. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization core labor standards. A member of the United Nations Global Compact, Bertelsmann supports the Agenda 2030 of the UN.

The Bertelsmann Code of Conduct, which is available in 18 languages, requires all Bertelsmann executive bodies, management and employees to conduct business in a manner that is both legal and ethically responsible. It emphasizes compliance with human rights as part of Bertelsmann's corporate responsibility. Accordingly, the Code of Conduct clearly prohibits forced and child labor and forbids any form of exploitation or discrimination. In addition, the Code of Conduct stipulates compliance with statutory regulations to ensure fair working conditions, including those on payment, working times and the protection of privacy. Employees' rights to freedom of association and collective bargaining in accordance with valid laws and provisions are also codified in the Code of Conduct.

Compliance organization and Integrity & Compliance program

The Bertelsmann Executive Board established an Integrity & Compliance program and appointed a Corporate Compliance Committee (CCC). The CCC submits an annual Compliance Report to the Bertelsmann Executive Board and the Audit and Finance Committee. The CCC chair is the head of the Corporate Legal Department. The Integrity & Compliance (I&C) department is responsible for implementing the topic, and is subordinated to the CCC in the organization. I&C supports the CCC in fulfilling its tasks and makes suggestions for necessary improvements to the I&C program. I&C ensures that employees worldwide are made aware of the key legal provisions and internal company guidelines, including those concerning respect for human rights.

Communication and training

All Bertelsmann employees are well-informed about the rules of conduct and their rights through Group-wide communication and training measures concerning the Bertelsmann Code of Conduct, some of which are carried out online and some of which are carried out as in-person training sessions. I&C continued its Code of Conduct training sessions in 2020 and took communication measures that included the topic "Respect for Human Rights." Furthermore, various measures were implemented in the divisions again in 2020, especially as a response to the Black Lives Matter movement.

Speak up channels

Bertelsmann has established comprehensive communication and speak-up channels that allow for the reporting of Compliance violations, e.g. human rights violations. Employees in supervisory roles or whose role or position holds them particularly responsible for ensuring compliance are obligated to report significant compliance violations. The reporting obligations include violations of human rights, sexual harassment and violations of antidiscrimination laws as significant compliance violations needing to be reported. The following reporting channels are available to both employees and third parties to report violations of the prohibition on forms of modern slavery or other suspected violations at any time: Integrity & Compliance Department (integrity@bertelsmann.com), electronic whistleblowing system (www.reportconcerns.com), and ombudspersons (ombuds@discussconcerns.com).

Any reports of possible violations are processed and investigated by the Integrity & Compliance Department and/or the ombudspersons as part of confidential processes. If violations are identified, appropriate measures are taken to immediately rectify them and prevent future violations. Retaliation against Bertelsmann employees who report suspected misconduct in good faith is prohibited. This is guaranteed in the prohibition of retaliation stipulated in the Bertelsmann Code of Conduct.

Compliance risk analysis

As part of the yearly compliance risk analysis, risks with regards to human rights violation and discrimination are evaluated. The findings of the Bertelsmann Compliance Risk Analysis of 2020 show that the risks of human rights violations and discrimination are minimized to the greatest extent possible in view of the measures that have been taken.

Supply Chain Compliance

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.

Respect for human rights within the supply chain is also expressly stipulated by the Bertelsmann Code of Conduct and the Supplier Code of Conduct. This includes a ban on child and coercive labor and a ban on discrimination and intimidation, and it reaffirms the right to freedom of association and the right to engage in collective bargaining. The Executive Guideline Anti-Corruption & Integrity formulates adequate due-diligence processes for the selection of business partners, which should be followed Group-wide.

The Bertelsmann Supplier Code – as standard part of all contracts – sets specific minimum standards for ethical conduct that must be observed by any third parties wishing to engage in business activities with Bertelsmann. These obligations apply to any business partner that will be working for, together with, or on behalf of Bertelsmann. The Bertelsmann Supplier Code of Conduct anchors these minimum ethical requirements throughout the value chain by requiring business partners to pass on the requirements set by Bertelsmann's minimum standards to their own downstream business partners if any are deployed for Bertelsmann.

Employee Matters

Responsibility for ensuring fair working conditions is decentralized, in that it lies with the management of the local businesses. The Chief Human Resources Officer (CHRO) of Bertelsmann is primarily responsible for the strategic framework for employee matters within the company. The main focus of his work throughout the Group includes setting the strategic HR agenda, aligning management development with the Group's strategic priorities, Bertelsmann University, standardizing and providing IT support for important HR processes, developing the corporate culture and implementing corporate responsibility in the Group. The CHRO heads the HR Committee, which is the corporate committee responsible for international HR matters at Bertelsmann. Its members are the heads of HR at the corporate divisions who have a functional reporting line to the CHRO, as well as head managers of the corporate HR department.

Additional measures taken by Bertelsmann

Bertelsmann has participated in the United Nations Global Compact (UNGC) since 2008.

Since 2011, Bertelsmann has followed the international guidelines set out by the Global Reporting Initiative (GRI) as part of its corporate responsibility reporting. Through its GRI reporting Bertelsmann also fulfills its obligation to submit an annual progress report for the United Nations Global Compact. Bertelsmann's corporate responsibility reporting reflects the above-mentioned aspects of its corporate principles, the Bertelsmann Essentials, the Bertelsmann Code of Conduct and the Bertelsmann Supplier Code of Conduct.

To identify key CR topics, Bertelsmann carries out regular CR relevance analyses. For each analysis, the company conducts a survey of internal and external stakeholders; the external stakeholders estimate the impact of Bertelsmann's business activity on the CR topics, while the internal stakeholders assess their business relevance. This process serves to identify CR topics that are necessary for understanding the business development, the business performance, the position of the Group and the impact of its activity on the non-financial aspects, which include employee and social matters, respect for human rights, anti-corruption and bribery matters as well as environmental matters. These topics are analyzed within the company boundaries, unless otherwise stated. In 2020, the Bertelsmann Executive Board confirmed the validity of the current CR relevance matrix.

For the non-financial matters defined in the German Commercial Code – employee and social matters, anti-corruption and bribery matters, respect for human rights and environmental matters – no significant risks were identifiable as part of the 2020 reporting.

In addition, Bertelsmann regularly conducts a global employee survey addressing, inter alia, awareness of the Code of Conduct as well as working conditions and employee satisfaction. If survey results indicate a need for improvement, appropriate measures are implemented. The employee survey in 2019 confirmed that the awareness of the Code of Conduct has further improved since the survey taken in 2016. The next employee survey will take place in June 2021.

Gütersloh, 05/12/2021



Thomas Rabe

Chairman and Chief Executive Officer of Bertelsmann
Chief Executive Officer of RTL Group

www.bertelsmann.com | integrity.bertelsmann.com

Sources:

www.legislation.gov.uk/ukpga/2015/30/section/54/enacted; bertelsmann-annual-report-2020-finance-engl-final.pdf;
www.bertelsmann.com/media/unternehmen/grundwerte/code-of-conduct/be-code-of-conduct-en-2020-l01.pdf;
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