

2017 Slavery and Human Trafficking Statement

This statement outlines the measures taken by Bertelsmann to prevent forms of modern slavery and human trafficking for the 2017 fiscal year. In doing so, Bertelsmann is fulfilling its duties pursuant to Section 54 (1) of the UK Modern Slavery Act 2015.¹⁾

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:

Arvato	www.arvato.com/uk/about/responsibility.html
Bertelsmann Printing Group	www.prinovis.co.uk/company/corporate-responsibility/
FremantleMedia	www.fremantlemediauk.com/privacy-policy-2/
Penguin Random House	www.penguin.co.uk/

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 119,000 employees and generated revenues of €17.2 billion in the 2017 fiscal year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.²⁾

Measures taken to prevent forms of modern slavery and forced labor at Bertelsmann

Shared values and principles

Any and all forms of modern slavery, forced and child labor, exploitation and discrimination are prohibited at Bertelsmann. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Core Labour Standards of the International Labour Organization (ILO). Ensuring fair working conditions is an integral part of Bertelsmann's corporate culture.³⁾

The **Bertelsmann Essentials**⁴⁾ set out the binding fundamental values for all executive bodies, management and employees. These form the basis for the principle of cooperative partnership, citizenship, creativity and entrepreneurship at Bertelsmann. The **Bertelsmann Guidelines for Management** require all Bertelsmann managers to take action against any conduct in violation of these principles or the law. The **Bertelsmann Code of Conduct**⁵⁾, which is available in 18 languages, requires all Bertelsmann executive bodies, management and em-

1) <http://www.legislation.gov.uk/ukpga/2015/30/section/54/enacted>

2) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=6>

3) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=17>

4) <https://www.bertelsmann.de/media/verantwortung/downloads/englisch/bertelsmann-essentials-eng.pdf>

5) <https://www.bertelsmann.com/corporate-responsibility/compliance/code-of-conduct/>

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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.

Corporate policies

Responsibility for ensuring fair working conditions is decentralized, in that it lies with the management of the local businesses. Bertelsmann provides Group-wide framework conditions that enable local businesses to fulfill this responsibility. Beyond statutory requirements, Bertelsmann's corporate principles (Corporate Constitution and Essentials), the Code of Conduct, collective regulations (e.g. Group company agreements), and Executive Board Guidelines, e.g. on remuneration and the use of external employees, provide further direction.

In addition, a working group on the Corporate level addresses the topic of fair working conditions. As the central contact for the various committees representing employee interests, Bertelsmann's Chief Human Resources Officer heads this working group.⁶⁾

The Bertelsmann Integrity & Compliance program

The Bertelsmann Executive Board established an Integrity & Compliance program to ensure the protection of human rights within the company. The Corporate Compliance Committee (CCC), appointed by the Bertelsmann Executive Board, submits an annual Compliance Report to the Executive Board and the Audit and Finance Committee of the Supervisory Board. With regards to the ongoing day-to-day-business, the CCC is supported by Integrity & Compliance department (ZJ-I&C), which is part of the Corporate Legal department and operates under the CCC. ZJ-I&C ensures that employees worldwide are made aware of the key legal provisions and internal company guidelines, including those concerning the respect for human rights.⁷⁾

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. As in the previous year, ZJ-I&C implemented all required training and communication measures in 2017. In particular, a new web-based training "Anti-Corruption & Integrity" was implemented Group-wide. Among other topics, this training instructs employees how to carefully select and monitor business partners (supply chain compliance) in order to avoid compliance and human rights violations.

To familiarize new managers with the company culture, organization, and strategy of Bertelsmann, a new Leadership Onboarding program has been developed and implemented. This training also contains information about the Bertelsmann Essentials and the Bertelsmann I&C program.

6) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=37>

7) <http://qb2017.bertelsmann.de/reports/bertelsmann/annual/2017/gb/English/3080/combined-non-financial-statement.html>

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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 Bertelsmann Code of Conduct, as well as training and further **communication measures**, ensure that, in addition to all employees, third parties are also informed of the various reporting channels available for reporting suspected violations, including violations of the prohibition on forced labor. 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. Depending on the outcome, the Bertelsmann Compliance Management System might be adjusted and expanded, if required, to further reduce detected risks.

Supply Chain Compliance

Bertelsmann considers combating forms of modern slavery, including in its own supply chain, part of its social responsibility as a company. The Executive Guideline Anti-Corruption & Integrity was updated in 2017 to expand on the requirement of an adequate due-diligence process for the selection of business partners, which should be followed Group-wide.

Bertelsmann has implemented the **Bertelsmann Supplier Code of Conduct** which is to be incorporated in supplier contracts to ensure that corporate responsibility and ethical conduct are emphasized, including in its relationships with its business partners⁸⁾. The Bertelsmann Supplier Code 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 continuation and further development of successful business relationships with Bertelsmann largely depend on this shared commitment to integrity and corporate responsibility. As in the Bertelsmann Code of Conduct, the Supplier Code of Conduct contains express prohibitions of forced and child labor as well as modern forms of slavery and human trafficking. Our business partners are required to adhere to the statutory regulations on fair working conditions and must allow their employees to speak up about issues freely and without fear of retaliation. Furthermore, business partners must ensure a working environment within their company that does not allow for

8) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/supplier-code-of-conduct-en.pdf>

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discrimination and which guarantees health and safety in the workplace.

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.

Additional measures taken by Bertelsmann

Bertelsmann has participated in the United Nations **Global Compact** (UNGC) since 2008.⁹⁾

Since 2011, Bertelsmann has followed the international guidelines set out by the **Global Reporting Initiative (GRI)**¹⁰⁾ 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**¹¹⁾ reflects the above-mentioned aspects of its corporate principles, the Bertelsmann Essentials, the Bertelsmann Code of Conduct and the Bertelsmann Supplier Code of Conduct. The matter of "fair working conditions" is a priority for the company in this context.¹²⁾

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 most recent employee survey took place in November 2016.

Gütersloh, 07/20/2018



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www.bertelsmann.com
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9) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=24>

10) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=92>

11) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=4>

12) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-corporate-responsibility-report-2017-en.pdf#page=37>