

Combined Non-Financial Statement 2022

Extract from the Annual Report

The increase in long-term financial assets, at €306 million, concerns investments in Bertelsmann Capital Holding GmbH, Gütersloh. The decline in receivables and other assets is largely apportioned to financing granted to Bertelsmann, Inc., Wilmington. The €400 million increase in cash funds is related to the repayment of receivables from affiliated companies.

Equity decreased by the dividend of €220 million paid out for the 2021 financial year less the net income of €20 million for the reporting year. Bonds and obligations have decreased by €439 million due to the repurchase of bonds and the repayment of bonds and obligations. The €749 million increase in liabilities to affiliated companies is attributable to the increase in the amount of cash funds that were deposited by subsidiaries with Bertelsmann SE & Co. KGaA.

Risks and Opportunities for Bertelsmann SE & Co. KGaA

As Bertelsmann SE & Co. KGaA is largely linked to the Bertelsmann Group companies, among other things through financing and guarantee commitments, as well as through direct and indirect investments in the subsidiaries, the situation of Bertelsmann SE & Co. KGaA in terms of risks and opportunities is primarily dependent on the risks and opportunities of the Bertelsmann Group. In this respect, the statements made by corporate management concerning the overall assessment of the risks and opportunities also constitute a summary of the risks and opportunities of Bertelsmann SE & Co. KGaA (see the section “Risks and Opportunities”).

Outlook for Bertelsmann SE & Co. KGaA

As the parent company of the Bertelsmann Group, Bertelsmann SE & Co. KGaA receives from its subsidiaries dividend distributions and income or expenses from profit and loss transfer agreements, as well as income from services provided to its subsidiaries. Consequently, the performance of Bertelsmann SE & Co. KGaA is primarily determined by the business performance of the Bertelsmann Group (see the section “Outlook”). Bertelsmann SE & Co. KGaA expects its results for the 2023 financial year to allow a dividend payment at the same level as the dividend for the reporting year.

Dependent Company Report

(Statement in accordance with Section 312 of the German Stock Corporation Act (AktG))

The Executive Board of Bertelsmann Management SE, as general partner of Bertelsmann SE & Co. KGaA, has submitted a voluntary report to the Supervisory Board of Bertelsmann SE & Co. KGaA in accordance with sections 278 (3) and 312 (1) of the German Stock Corporation Act, in which it outlines its relationships with affiliated companies for the 2022 financial year. The Executive Board hereby declares that Bertelsmann SE & Co. KGaA received adequate consideration in return for each and every legal transaction under the circumstances known at the time the transactions were undertaken.

Combined Non-Financial Statement

The following information relates to Bertelsmann SE & Co. KGaA and the Bertelsmann Group (“Bertelsmann”) with its incorporated, fully consolidated subsidiaries (“subsidiaries”) in accordance with sections 315b and 315c of the HGB, in conjunction with sections 289b to 289e of the HGB. Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide (see section “Corporate Profile”). Taking responsibility – for employees, society and the environment – is firmly anchored

in Bertelsmann's corporate culture. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling commercial interests with social and environmental concerns, within the Group and beyond.

In addition to the Non-Financial Statement, voluntary reporting based on the standards of the Global Reporting Initiative (GRI) is published in the middle of the financial year.

Company Principles and Guidelines

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 & Entrepreneurship." Furthermore, the Bertelsmann Code of Conduct – as a binding guideline for all employees – defines minimum standards for ethical and lawful conduct within the company and toward business partners and the public. The Bertelsmann Supplier Code of Conduct sets out the mandatory minimum standards for its business partners in their relationship with Bertelsmann. Bertelsmann's actions are also determined by external guidelines.

Bertelsmann is committed to the principles of the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. As a participant in the United Nations Global Compact, Bertelsmann also supports the UN's Agenda 2030 for sustainable development. Moreover, the company is committed to the International Labor Organization core labor standards, largely follows OECD Guidelines for Multinational Enterprises, and uses as guidance the recommendations of the German Corporate Governance Code for good and responsible corporate governance.

Corporate Responsibility Management

Organization

The advisory body for the management and strategic development of corporate responsibility (CR) at Bertelsmann is the CR Council. The CR Council consists of executives from the corporate divisions and the Chief Human Resources Officer of Bertelsmann, who chairs the advisory body. The CR Council focuses on the further development of group-wide Environmental, Social, Governance (ESG) priorities in line with the corporate strategy, anchoring corporate responsibility and ESG reporting more strongly in the corporate divisions and the cross-divisional coordination of ESG activities. At the Group level, the CR department coordinates and supports the work of the CR Council in close cooperation with other Group functions. Within the Bertelsmann corporate structure, the local management teams are responsible for implementing corporate responsibility through specific measures. The corporate divisions and companies have their own structures and processes in place for this, in accordance with local requirements.

Topics

To identify thematic ESG priorities, Bertelsmann carries out regular relevance analyses. For this purpose, external and internal stakeholders are surveyed on pre-selected ESG topics. The external stakeholders estimate the impact of Bertelsmann's business activity on ESG topics, while the internal stakeholders assess their business relevance. This process serves to identify ESG priorities that are necessary for understanding

the business development, the business performance, the position of the Group and the impact of its activity on employees, society and the environment. The ESG priorities are analyzed within the company boundaries, unless otherwise stated. Based on the relevance analysis carried out, the following eight ESG priorities were adopted by the Bertelsmann Executive Board: creative/journalistic independence & freedom of expression; content responsibility; fair working conditions; diversity, equity & inclusion; health & well-being; learning; responsibility in the supply chain; and climate change. The Bertelsmann ESG Program (2021–2023) is currently being implemented; progress is regularly monitored. Its content with relevance for the 2022 financial year is explained elsewhere in this non-financial statement. ESG topics, including their performance indicators, are increasingly important for Bertelsmann’s businesses. Against this backdrop, ESG was included in 2022 as a new enabler for the corporate strategy – in addition to “People”, “Communication” and “Tech & Data”. ESG performance indicators have not yet been incorporated into the Group’s value-oriented management system (see the section “Value-Oriented Management System”). However, Bertelsmann plans to incorporate ESG performance indicators into its value-oriented management system in the medium term.

Risks

A number of risks are associated with the ESG priorities 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.

For the non-financial matters defined in the German Commercial Code – employee and social matters, respect for human rights, anti-corruption and bribery matters, and environmental matters – no significant risks that were very likely to have serious negative effects, either individually or collectively, were identifiable as part of the 2022 reporting. For more information on the relevant risks, please see the section “Risks and Opportunities.”

Employee Matters

Motivated employees are the most important resource for creativity and entrepreneurship and thus for Bertelsmann’s success. This corporate identity – anchored in the corporate constitution and the Bertelsmann Essentials – is the basis for the Executive Board guidelines on HR work. Supplementary provisions are specified in the Bertelsmann Code of Conduct.

The Chief Human Resources Officer (CHRO) of Bertelsmann is responsible for employee matters. The main group-wide focus of his work includes setting the strategic HR agenda, aligning top management and talent development with the Group’s strategic growth priorities, the re- and up-skilling activities of Bertelsmann University, standardizing and providing IT support for HR processes, and continually developing corporate responsibility and the corporate culture.

The CHRO heads the HR Committee, which is the corporate committee responsible for international HR work at Bertelsmann. Its members are the heads of HR at the corporate divisions, who report to the CHRO, as well as head managers of the corporate HR department.

Fair Working Conditions

Strategy implementation and operational responsibility are for the most part delegated to the corporate divisions and companies, in accordance with the subsidiarity principle. With that in mind, Bertelsmann sees it as its responsibility to ensure fair working conditions and a healthy, safe working environment for employees. The Supplier Code of Conduct contains standards for Bertelsmann's business partners stipulating that they adhere to the statutory regulations on fair working conditions and provide a framework that allows their employees to speak up freely and without fear of retaliation.

At Bertelsmann, remuneration issues are an integral part of fair working conditions. The compensation system is designed to ensure that remuneration is driven by market, function and performance considerations, taking into account business-specific characteristics. Numerous domestic and foreign subsidiaries have operational/divisional success and profit-sharing models adapted to local requirements. In 2022, a total of €89 million was distributed as part of such success and profit-sharing schemes globally for 2021.

Continual dialogue between employees and company management at Bertelsmann represents another element for fair working conditions. Employees are involved in the development and improvement of working conditions through HR interview tools (including performance and development dialogue, agreements on objectives, team talk), as well as the international employee surveys that are conducted regularly. Although Bertelsmann, as a media company, is free to determine its political direction as defined in the German "Works Constitutions Act" (Tendenzschutz) and therefore is not subject to statutory co-determination in the Supervisory Board, the company nevertheless makes four positions on the Supervisory Board of Bertelsmann SE & Co. KGaA available to employees on a voluntary basis. In 2022, three seats are held by members of works councils of German Group companies, and one seat is held by the Chair of the International Management Representative Committee of Bertelsmann. In addition, managers, general workforce, employees with disabilities and trainees all have various dialogue formats and platforms for exchanging ideas, advancing topics and voicing their concerns. The Bertelsmann Group Dialogue Conference is an event where the CEO, CHRO of Bertelsmann and members of the Corporate Works Council from the corporate divisions in Germany can exchange ideas.

Other elements of the topic "Fair Working Conditions" – such as respecting human rights, including anti-discrimination, diversity, equity & inclusion, health & well-being, and learning – are discussed elsewhere in this non-financial statement.

The company defined strategic objectives relating to fair working conditions, and developed measures from those, as part of the Bertelsmann ESG Program (2021–2023). These include the further development of a Group-wide management approach to fair working conditions and respecting human rights, the further development of processes for identifying risks concerning human rights issues and the continuous advancement of knowledge on these topics.

In 2022, the most important measures included the Code of Conduct training program and an international survey by the Bertelsmann Representative Committee of 1,000 employees about their satisfaction and the future of work.

Diversity, Equity & Inclusion (DEI)

Diversity and differences in the workforce are prerequisites for creativity, innovation and Bertelsmann's long-term business success. This conviction is conveyed in the Bertelsmann Essentials and in the Bertelsmann DEI policy. In that policy, the Bertelsmann Executive Board emphasizes its aim of further increasing diversity of staff at all levels and in every respect, and of creating general conditions that foster the appreciation and inclusion of employees and ensure equal opportunities.

The DEI strategy and the DEI relevant aspects of the Bertelsmann ESG Program (2021–2023) are implemented by the CR department with support from a Group-wide working group and from other bodies in the corporate divisions. The focus in 2022 was on promoting equal opportunities and an inclusive working environment along the following dimensions of diversity: gender, disability, sexual orientation and gender identity. Some corporate divisions also set their own additional priorities.

On December 31, 2022, the genders were almost evenly distributed across the entire staff, with 54 percent women and 46 percent men, remaining unchanged from the previous year). The Group Management Committee was comprised of 20 members (previous year: 18), of which seven were women (previous year: five). Bertelsmann had initially set itself the target of raising the ratio of women in top management and senior management across all corporate divisions to one-third by the end of 2021. This target was reached in 2022. Compared with the previous year, the proportion of female executives was increased from 30 percent to 35 percent in top management and 36 percent in senior management (see table). Furthermore, the targeted proportion of women was set at one-third for the top management and senior management talent pool, respectively, and 50 percent for the career development pool for the 2021/2022 cohort. For future cohorts, the targeted proportion of women was increased to 40 percent for the top management talent pool and to 50 percent for the senior management talent pool. The targeted proportion for the career development pool remains unchanged at 50 percent. The Supervisory Board and the Executive Board are notified annually of progress in regard to these targets.

Targeted Proportion of Women in Top Management and Senior Management

Target for 2021	in percent	2022	2021
One-third of positions across all divisions occupied by women	Top management ^{1,2)}	35	30
	Senior management ^{1,3)}	36	30

1) Top management and senior management comprises those positions that are of particular importance 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 comprise GMC positions but not Executive Board positions.

2) Basis: permanent and fixed-term employees as of December 31; with gender indication 2022 (100 percent), with gender indication 2021 (100 percent), limited comparability.

3) Basis: permanent and fixed-term employees as of December 31; with gender indication 2022 (92 percent), with gender indication 2021 (91 percent), limited comparability.

The company also defined strategic objectives relating to DEI as part of the Bertelsmann ESG Program (2021–2023). These include the closer involvement of the Executive Board and top management into DEI engagement, the strategic further development of Diversity Management into Diversity, Equity & Inclusion Management, the professionalization of the governance structures for DEI in the corporate divisions, and awareness raising and competence development.

Against this backdrop, measures were initiated in 2022 to drive the integration of DEI in prioritized phases of the Employee Life Cycle. In addition, further resources and expertise for DEI were established in the corporate divisions, and corresponding working groups were set up. In addition, measures to raise awareness and develop skills were implemented, including as part of the international Bertelsmann DEI month.

The Bertelsmann Action Plan for Inclusion (2019–2024) aims to improve participation for employees with disabilities in the German Bertelsmann companies. The third annual evaluation can be viewed on the Bertelsmann website: bertelsmann.com/disability-and-inclusion.

The LGBTIQ+ employee network “be.queer” has advanced international collaboration with the LGBTIQ+ networks in the corporate divisions. For example, Pride Month was marked with numerous activities. The Bertelsmann website provides an overview of the DEI measures at Bertelsmann and in the corporate divisions at bertelsmann.com/diversity.

Health & Well-being

Bertelsmann aims to create a health-promoting working environment and conditions for avoiding occupational health risks. In 2022, the topic “Health & Well-being” was confirmed by the Bertelsmann Executive Board as a Group-wide ESG priority and is now part of the CHRO’s strategic HR agenda. The CR department is responsible for developing and implementing the Health & Well-being strategy. In cooperation with an international, cross-divisional working group, the department develops the strategic framework for health-related topics.

Due to the ongoing coronavirus pandemic, the focus in the first half of 2022 continued to be the immediate health protection of all employees around the world. This primarily included COVID-19 vaccines as well as additional prevention and protection measures. Since the summer of 2022, the previous obligations regarding prevention and protection measures against the coronavirus for employees have been changed to recommendations. Measures such as working from home and the provision of masks, disinfectants and coronavirus test kits were continued.

In addition to the strategic and organizational further development of the topic and the coronavirus crisis management, two other action areas were defined as part of the Bertelsmann ESG Program (2021–2023): the empowerment of executives to create a healthy, safe working environment and corporate culture; and the support of employees to adopt healthy working habits and lifestyle and to strengthen individual resilience.

In 2022, a cross-divisional survey was carried out as regards the degree of coverage of external counseling services for employees (Employee Assistance Program) outside of Germany in order to be able to provide employees worldwide with access to job-related social counseling in the future. Mental health was also the focus of a cross-divisional initiative to raise awareness among employees. In addition, training courses to promote a health-oriented leadership style and an international fitness challenge were introduced as part of a pilot project.

Learning

Bertelsmann aims to empower employees on all levels to adapt to the challenges of a quickly changing environment and to continuously learn from and with one another. Among other things, this is reflected in the fact that great importance is attached to an open attitude that embraces experimentation as an element of creativity in the Bertelsmann Essentials. The topic of “Workforce Transformation” through targeted learning opportunities is part of the CHRO’s strategic HR agenda.

The Chief Learning Officer is responsible for the Group’s learning strategy, which is implemented by Bertelsmann University and in Germany by the Bertelsmann vocational college. The HR Committee

regularly discusses and agrees on aspects of this learning strategy, and supports its implementation in the corporate divisions. Furthermore, the central focus areas for learning are complemented by individual training initiatives in the corporate divisions. Employees around the world are thereby offered central and division-specific learning opportunities, and free access to more than 15,000 online courses by LinkedIn Learning.

The company defined strategic objectives relating to the topic of learning as part of the Bertelsmann ESG Program (2021–2023). These include developing a re- and upskilling approach, empowering and networking executives to facilitate the future-oriented design of the Bertelsmann transformation, expanding the offerings on business-critical competencies for employees (e.g., Tech & Data) and promoting a learning culture.

Various measures were implemented in 2022 in this context. To better identify and close qualification gaps, regular reporting on the success-critical Tech & Data roles (target/actual analysis) was expanded to include uniform performance indicators. In addition to the digital program series “BeReady,” for example, the strategy programs “Managing Strategy for Action” and “Reimagining Strategy” were held at Harvard Business School to empower and network Bertelsmann’s top executives. The three-year Udacity technology scholarship program, which provides 50,000 scholarships for which both Bertelsmann employees and external candidates are eligible to apply, was ended after the third round. A new three-year follow-up program for an additional 50,000 scholarships was started. Moreover, an “Employee Scholarship” program for Bertelsmann employees was initiated to build Tech & Data expertise. To promote a learning culture, the digital peer-to-peer learning format “Your Campus” was continued, and the new learning format “Your Growth Booster” was launched to strengthen learning skills.

Social Matters

Creative/Journalistic Independence & Freedom of Expression

Free and critical thinking as well as exchange of varying opinions are prerequisites for creativity. Bertelsmann stands for editorial and journalistic independence in its content businesses, as well as for freedom of the press and artistic license. The company publishes a wide variety of opinions and positions. These basic principles of the content businesses are therefore also set forth in the Bertelsmann Code of Conduct. Bertelsmann aims to ensure this creative/journalistic independence in two directions. Inside the company, it means that the company does not attempt to influence the decisions of artists, authors, editors and program managers, or to restrict their freedom. To the outside, this means that both content managers and company managers comply with existing laws regarding the separation of editorial content and commercial advertising and do not capitulate to political or economic influence in their coverage. In accordance with the Bertelsmann “Editor-in-Chief Principle,” editorial decisions are the sole responsibility of the content managers.

Representatives from Bertelsmann’s corporate content divisions – RTL Group, Penguin Random House and BMG – collaborate in the context of a cross-divisional working group to discuss issues relating to press freedom and editorial and journalistic independence, and to share information, current challenges and best practices.

The company defined strategic objectives relating to creative/journalistic independence as part of the Bertelsmann ESG Program (2021–2023). These include guaranteeing the safety and health of journalists, continuously developing high-quality news reporting output and creating an environment that supports creative/journalistic independence and that reflects the diversity of perspectives and the differences of people and their opinions, ideas and stories.

In 2022, key measures included extensive coverage of the war in Ukraine. When the war broke out, RTL Deutschland interrupted the regular TV program of its main channel RTL Television and – together with its news channel n-tv – broadcast more than 200 hours of special programs. Reporters and news teams reported live on-location to provide audiences with reliable and continuous information about the war. Another measure involved conducting the nationwide “Trusted News Brands” survey, which showed a high level of interest among media users in news, especially on the topics of world news, regional news and politics. In this survey, n-tv achieved high scores in the area of trust, and the RTL brand showed clear potential for improvement. In March 2022, “Stern,” together with the Dorling Kindersley publishing company and in close cooperation with other units of the Bertelsmann Content Alliance, published the Hungarian storybook “Meseország mindenkié” [Fairylan is for Everyone], which addresses various LGBTIQ+ themes, in Germany, Austria and Switzerland. The publication of the German version of the original Hungarian book is another strong signal sent by the Bertelsmann Content Alliance to advocate social plurality and freedom of expression.

Content Responsibility

Content responsibility at Bertelsmann means reflecting on the repercussions of content creation and distribution, to protect the rights and interests of media users, customers and third parties as far as possible. Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia. These are complemented 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. In accordance with these principles and guidelines, Bertelsmann’s editorial staff are committed to, among other things, “respecting privacy and the accurate and responsible treatment of information, opinion and images.” As a result, the company expects careful research, high-quality reporting and transparency in case of errors – because thorough journalistic work is more important than ever in the face of online disinformation (“fake news”). Cross-divisional verification teams provide their expertise in discerning between authentic and manipulated photos and videos, or those taken out of context.

Furthermore, the issue of content responsibility is anchored in various ways in the corporate divisions, companies and editorial departments. In accordance with the “Editor-in-Chief Principle,” the responsibility for media content lies solely with the managers in the editorial teams and creative departments.

The company shoulders a special responsibility when creating and distributing content for children and teenagers, who experience their living environment as digital natives. In the area of youth media protection, content is monitored in accordance with different restrictions for each medium and region to see if it could adversely affect the development of children or teenagers. If there are indications of such, various restrictions come into force, such as broadcasting time restrictions or content and/or product labels. Through voluntary labeling systems, Bertelsmann corporate divisions and companies sometimes go beyond the existing EU and national regulations, particularly in the area of audiovisual media. In addition, Bertelsmann companies are active in child and youth media protection organizations.

The company defined strategic objectives relating to the topic of content responsibility as part of the Bertelsmann ESG Program (2021–2023). These include, for example, expanding coverage of socio-political topics, ensuring complete youth media protection in the streaming business and digital provision, and developing journalistic guidelines for publishing content. In addition, cross-industry partnerships with artists involving social topics were expanded.

In 2022, RTL Deutschland carried out the secure integration of content for children as well as a technical adjustment of the youth protection system for RTL+ by implementing an automated provision of age ratings in the system. In addition, comprehensive themed weeks were conducted, organized by various units of the Bertelsmann Content Alliance. These included the Diversity Week initiated by RTL Deutschland in June, focusing on the dimensions of gender identity and sexual orientation, and the Sustainability Week launched in October around energy and mobility as part of the format “Packen wir’s an” [Let’s get to grips with it]. In addition, as a result of allegations of sexual misconduct and abuse of power on the show “The Voice of Holland,” RTL Nederland, together with the Talpa Network, founded an initiative to create a safe and inspiring work culture for the entire Dutch media industry.

Respect for Human Rights

Bertelsmann is committed to respecting and protecting human rights within the company and in its supply chains. This stance is anchored in the Code of Conduct and is expressed through the voluntary commitment to external guidelines, e.g., the Guiding Principles on Business and Human Rights as well as the Free & Equal standards of the United Nations or the OECD Guidelines for Multinational Enterprises. The goal is to minimize the risk of human rights violations and discrimination to the greatest possible extent.

To ensure compliance, 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. It is I&C’s task to make all employees worldwide aware of the key legal provisions and internal company guidelines, including those concerning respect for human rights. I&C coordinates the collaboration between RTL Group, Majorel, Afya and Alliant, each of which has separate compliance organizations.

Bertelsmann is committed to fulfilling its human-rights due diligence obligations within its supply chains. Business partners are required to respect human rights, as expressly stipulated by the Supplier Code of Conduct. This includes, for example, a ban on coercive and child labor, the reaffirmation of the right to freedom of association and the right to engage in collective bargaining, and a ban on discrimination and intimidation.

When it comes to business partners, the Supplier Code of Conduct also stipulates that Bertelsmann does not tolerate discrimination because of any characteristic specified under applicable anti-discrimination law or company policy. Actual and/or suspected infringements of these principles can be reported by Bertelsmann employees and third parties by using channels of the existing compliance management

system. Information on the options and the procedure applicable to reporting incidents can be viewed on Bertelsmann website: integrity.bertelsmann.de. An investigation is initiated for each compliance case reported, based on a defined procedure in line with the Executive Board's guideline for dealing with compliance violations, with the aim of fully clarifying each case. If Bertelsmann learns of actual and/or suspected human rights violations at business partners, the company contacts those responsible and takes the necessary remedial action.

The new Code of Conduct training introduced in 2022 is compulsory for all employees in order to enhance the general understanding of topics such as human rights issues among employees. In this context, measures to sensitize employees to the issue of anti-discrimination were also taken, and employees were advised of their rights. Contact persons for the German "General Equal Treatment Act" (AGG) are available at sites in Germany and employees were informed of their associated rights. In 2022, both Bertelsmann and individual subsidiaries issued own statements in accordance with the "UK Modern Slavery Act" condemning all forms of modern slavery, coercive and child labor, and exploitation and discrimination, and that present measures to prevent these human rights violations. The company also advanced the revision of the Supplier Code of Conduct to fulfil human-rights due diligence obligations in supply chains as well as the development of a human rights strategy in the Group. Moreover, the head of the corporate legal department was appointed the Bertelsmann Human Rights Officer. The findings of the Bertelsmann Compliance Risk Analysis of 2022 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.

Anti-Corruption and Bribery Matters

Bertelsmann actively combats corruption. As a participant in the United Nations Global Compact, the company is committed to taking a stance against all types of corruption, among other things. A major priority of the Bertelsmann Executive Board is to effectively counteract corruption within the organization. The goal is to minimize the risk of corruption to the greatest possible extent.

The I&C department, reporting to the Corporate Compliance Committee, continuously develops the Group's corruption prevention measures internationally.

Both the Bertelsmann Code of Conduct and the Anti-Corruption and Integrity Executive Board Guideline 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. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, the Anti-Corruption and Integrity Executive Board Guideline prescribes appropriate due diligence processes in dealing with third parties. A due diligence review is carried out for each individual risk profile through a corresponding risk classification. The general business partner risk and the supply chain risk are assessed annually as part of the Bertelsmann Compliance Risk Analysis. The Anti-Corruption and Integrity Executive Board Guideline also describes the channels for reporting suspected violations and seeking additional advice, as well as other prevention and control measures. The Executive Board guideline for dealing with alleged compliance violations anchors an obligation to report even suspected violations of the prohibition of corruption to the Bertelsmann Corporate Center.

The most important measures in 2022 included the rollout of the new Code of Conduct training, which is compulsory for all employees. Majorel, Afya and Alliant have their own training programs. Furthermore, training on the topic of “Anti-Corruption & Integrity” was provided to relevant employees across the Group and the corruption risk outlined in the annual compliance report to the Executive Board. The findings of the Bertelsmann Compliance Risk Analysis of 2022 show that the risk of corruption is minimized to the greatest extent possible in view of the measures that have been taken.

Environmental Matters

Bertelsmann aspires to become climate-neutral by 2030. The company's environmental management is based on the climate strategy “Bertelsmann Climate Neutral 2030” and the Bertelsmann ESG Program (2021–2023). In addition, guidelines such as for energy and paper procurement, constitute the framework for environmental and climate protection.

The “Bertelsmann Climate Neutral 2030” climate strategy prioritizes measures to avoid and reduce emissions – ahead of offsetting remaining emissions. The Group aims to significantly reduce greenhouse gas emissions generated at its own sites due to business travels by its employees and in the manufacture of its products by 2030, and to offset all remaining emissions. The Group’s target of cutting recorded greenhouse gas emissions by 50 percent compared to 2018 was validated by the Science Based Targets initiative (SBTi) and is in line with the 1.5 degree target of the Paris Climate Agreement in accordance with SBTi.

On the basis of the climate strategy, own targets for corporate divisions of Bertelsmann were derived, and relevant measures were identified. The achievement of these division-specific targets is discussed as part of annual strategy meetings between the Executive Board and divisional heads. The “be green” working group with representatives from the corporate divisions provides a platform for cross-divisional coordination and the exchange on environmental topics.

In 2022, the focus of the collaboration was on measures to implement the strategic objectives of the Bertelsmann ESG Program (2021–2023), such as procurement and generation of electricity from renewable sources, the further development of environmental planning and reporting across the Group, the publication of a guideline for climate-friendly business travel, the increase in transparency on supply chain emissions in relation to print and digital products, and the development and external verification of product carbon footprints of print products.

As part of the annual environmental data survey conducted at the Group sites globally, data are collected regarding energy and materials consumption, the procurement of materials and purchased services as well as mobility and IT equipment of employees. These data are used to quantify greenhouse gas emissions using the Group-wide green.screen IT platform and to present these emissions in specific environmental footprint reports at site, divisional and company level. These environmental key figures help those responsible on various levels of the Group to evaluate opportunities and risks and to report to business partners. They are also used as an information basis for ESG ratings.

On December 31, 2022, the number of sites using green electricity was 378, a significant rise of 197 on the previous year's figure of 181. The ratio of green energy in the electricity procured by sites with electricity consumption of more than 100 megawatt hours was 76 percent. The ongoing conversion to renewable energies using certificates of origin and the expansion of photovoltaic systems at the company's own sites made a significant contribution to lower greenhouse gas (GHG) emissions (Scope 1 and 2 combined, measured in carbon dioxide equivalents CO₂e). In 2022, Bertelsmann's CO₂ emissions totaled 12.9 tons of CO₂e per €1 million turnover (Scope 1 and 2, previous year: 18.2 tons CO₂e per €1 million turnover).

Environmental key figures

	2022	2021
Number of sites with green electricity supply	378	181
GHG emissions in tons of CO ₂ e Scope 1 and 2 (combined)	261,800	340,200
GHG emissions in tons of CO ₂ e Scope 1 and 2 (combined) per € 1 million turnover	12.9	18.2

In 2022, further data was collected from suppliers and business partners for the quantification of indirect Scope 3 emissions. Next to data gathering from paper manufacturers and print service providers, the focus was on the analysis of film productions and video streaming.

Further Group-wide environmental key figures are published in the second quarter of 2023 on the Bertelsmann website at bertelsmann.com/environmental.

EU Taxonomy

With EU regulation 2020/852 (hereinafter "EU Taxonomy"), the EU Commission establishes the criteria for determining what qualifies as an "environmentally sustainable activity" and the criteria for classifying an economic activity as environmentally sustainable. For the 2022 financial year, as was already the case in 2021, the Group's EU Taxonomy reporting relates to the environmental targets 1 "Climate Change Mitigation" and 2 "Climate Change Adaptation." This includes information on the proportion of Taxonomy-eligible economic activities, and for the first time in the 2022 financial year Taxonomy-aligned economic activities, in revenues, investments (CapEx) and operating expenses (OpEx).

Economic activities are deemed Taxonomy-eligible when they are listed in the EU Taxonomy. They are deemed Taxonomy-aligned when they (a) make a substantial contribution to implementing one or more environmental targets, (b) do no significant harm (DNSH) to any of the other environmental objectives as well as (c) are being conducted in compliance with the minimum safeguards for labor and human rights.

Bertelsmann is a media, services and education company that operates with a variety of business models in around 50 countries worldwide (see the section "Corporate Profile"). Bertelsmann has identified its Taxonomy-eligible economic activities on this basis. The analysis is carried out on an ongoing basis on the Group level together with the corporate divisions in order to ensure the completeness of the Taxonomy-eligible economic activities. In the 2022 financial year, Bertelsmann carried out an analysis of the required Taxonomy criteria for determining Taxonomy alignment for the first time.

Bertelsmann has reviewed the application of the EU Commission's delegated regulation 2022/1214 (hereinafter "Complementary Climate Delegated Act") with regard to individual economic activities in certain energy sectors. Bertelsmann operates CHP plants for generating electricity predominantly for internal purposes. The revenues, investment expenditure and operating expenses connected with these CHP plants are immaterial for Bertelsmann. Moreover, in Bertelsmann's view, the economic activities described in Attachment XII of the Complementary Climate Delegated Act are not congruent with Bertelsmann's economic activities in connection with the CHP plants. The reporting is therefore not applicable in that respect.

Taxonomy eligibility

With regard to the "Climate Change Mitigation" environmental target, Bertelsmann reports via the Arvato division's revenues from the economic activities "8.1. Data processing, hosting and related activities" and "8.2. Data-based solution for reducing greenhouse gas emissions." Regarding the "Climate Change Adaptation" environmental target, the following economic activities in the EU Taxonomy are defined as being relevant for Bertelsmann with respect to revenues: "11. Education" and "13.3. Motion picture, video and television program production, sound recording and music publishing activities." These economic activities represent an "enabling activity" as defined in the EU Taxonomy, and they relate to the corporate divisions RTL Group, BMG and Bertelsmann Education Group, and are reported for the first time for the 2022 financial year. As Bertelsmann understands it, the EU Taxonomy criteria do not currently provide clear guidelines on when the "enabling activities" and thereby the economic activities of the divisions RTL Group, BMG and Bertelsmann Education Group can make a direct contribution to climate change adaptation. Bertelsmann has therefore not performed an evaluation of the direct contribution to climate change adaptation in the 2022 financial year. Within the framework of the information on investments (CapEx), Bertelsmann reports other economic activities that can be seen in the section "EU Taxonomy Indicators."

Taxonomy alignment

Bertelsmann does not report Taxonomy-aligned revenues, CapEx and OpEx in relation to the environmental objectives 1 "Climate Change Mitigation" and 2 "Climate Change Adaptation" for the financial year 2022. The technical screening criteria for a significant contribution in order to implement both environmental objectives or the DNSH criteria set out in Appendix A to Annex I or Annex II of the EU Taxonomy are not complied with as a climate risk and vulnerability assessment of the economic activities relevant for Bertelsmann was not carried out. In view of the need for cumulative compliance with the requirements of the technical screening criteria for a significant contribution, of the DNSH criteria, and compliance with the minimum safeguards, for Taxonomy alignment, no further checks were made to determine whether other Taxonomy criteria were met.

EU Taxonomy Indicators

Reporting is based on the indicators for Taxonomy-eligible revenues, investments (CapEx) and operating expenditure (OpEx) defined in Article 8 of the EU Taxonomy.

If revenues, CapEx or OpEx can be assigned to both the "Climate Change Mitigation" and the "Climate Change Adaptation" targets, they are allocated in full to the "Climate Change Mitigation" target to avoid double counting. The calculation of the key performance indicators for Taxonomy-eligible economic activities was carried out taking into consideration the FAQ documents published by the EU Commission and the publication "Particularities in reporting according to Article 8 of the Taxonomy Regulation" of the IDW (Institute of Public Auditors in Germany), which address questions of interpretation relating to the EU Taxonomy.

Revenues: The basis for the revenues is the revenues reported in the consolidated financial statements in accordance with IFRS 15. These revenues can be allocated to Bertelsmann’s economic activities pursuant to Annex I and II of the EU Taxonomy:

Economic activities	Revenues		Substantial Contribution to Climate Change Mitigation	Substantial Contribution to Climate Change Adaptation	Compliance with Do No Significant Harm Criteria	Compliance with Minimum Safeguards	Taxonomy-Aligned Proportion of Revenues	Category Enabling Activity (E)	Category Transitional Activity (T)
	in € millions	in %	in %	in %	Yes/No	Yes/No	in %	E	T
A. Taxonomy-eligible activities	8,837	44					0		
8.1 Data processing, hosting and related activities	146	1	100	0	No	No	0		T
8.2 Data-driven solutions for GHG reductions	7	0	100	0	No	No	0	E	
11. Education	622	3	0	100	No	No	0	E	
13.3 Motion picture, video and television program production, sound recording and music publishing activities	8,062	40	0	100	No	No	0	E	
B. Taxonomy-non-eligible activities	11,408	56							
Total (A + B)	20,245	100							

CapEx: Investments comprise additions to intangible assets (IAS 38), property, plant and equipment (IAS 16), and leases (IFRS 16). Apart from investments in music, film and broadcasting rights at RTL Group and BMG, as well as capital expenditure in intangible assets of the Bertelsmann Education Group, specifically for online education, Bertelsmann invests in modernizing and improving energy efficiency at its sites. In this context, investments were made, e.g., in photovoltaic systems. In the 2022 financial year, Taxonomy-eligible investment expenditure totaled €760 million (previous year: €58 million). The increase compared to the previous year was primarily because investment expenditure of €398 million in music and film rights was taken into account for the first time, and additions from leases for land, land rights and buildings amounting to €209 million were taken into account for the first time. For the 2022 financial year, Bertelsmann does not report any Taxonomy-aligned investment expenses. Please refer to the following sections of the Notes to the Consolidated Financial Statements for total investments:

- Note 9 “Intangible Assets”: “Additions from business combinations” as well as “Other additions” in “Other intangible assets,”
- Note 10 “Property, Plant and Equipment and Right-of-Use Assets”: “Additions from business combinations” as well as “Other additions” in “Property, plant and equipment” as well as “Additions” from changes in right-of-use assets.

The investments can be allocated to Bertelsmann's economic activities pursuant to Annex I and II of the EU Taxonomy:

Economic activities	Investments (CapEx)		Substantial Contribution to Climate Change Mitigation	Substantial Contribution to Climate Change Adaptation	Compliance with Do No Significant Harm Criteria	Compliance with Minimum Safeguards	Taxonomy-Aligned Proportion of Investments	Category Enabling Activity (E)	Category Transitional Activity (T)
	in € millions	in %	in %	in %	Yes/No	Yes/No	in %	E	T
A. Taxonomy-eligible activities	760	31					0		
6.5 Transport by passenger cars and light commercial vehicles	1	0	100	0	No	No	0		T
7.1 Construction of new buildings	66	3	100	0	No	No	0		
7.2 Renovation of existing buildings	21	1	100	0	No	No	0		T
7.3 Installation, maintenance and repair of energy efficiency equipment	2	0	100	0	No	No	0	E	
7.6 Installation, maintenance and repair of renewable energy technologies	5	0	100	0	No	No	0	E	
7.7 Acquisition and ownership, and lease, of buildings	249	10	100	0	No	No	0		
8.1 Data processing, hosting and related activities	11	1	100	0	No	No	0		T
8.2 Data-driven solutions for GHG reductions	7	0	100	0	No	No	0	E	
13.3 Motion picture, video and television program production, sound recording and music publishing activities	398	16	0	100	No	No	0	E	
B. Taxonomy-non-eligible activities	1,685	69							
Total (A + B)	2,445	100							

OpEx: Operating expenditures within the meaning of the EU Taxonomy comprise operating repair and maintenance expenditures (including maintenance expenses for taxonomy-eligible software) and expenditures arising from short-term leases. Other expenditures in connection with the daily operation of property, plant and equipment are not included in operating expenditures. The expenditures from operating repair and maintenance expenses and short-term leases amounted to €266 million in the 2022 financial year (OpEx denominator in accordance with the EU Taxonomy). Operating expenditures for the 2022 financial year defined within the meaning of the EU Taxonomy only make up an insignificant proportion (1 percent) in relation to the total operating expenses (cost of materials, royalty and license fees, personnel costs as well as other operating expenses) reported in the Consolidated Income Statement. In application of the exemption option granted by the EU Commission (Second Commission Notice dated December 19, 2022), Bertelsmann therefore reports Taxonomy-eligible operating expenditures of €0 million or 0 percent. Companies can forgo the calculation of the OpEx numerator if the operating expenses within the meaning of the EU Taxonomy are not significant for the company's business model.