

## Slavery and Human Trafficking Statement 2019

This statement outlines the measures taken by Bertelsmann to prevent forms of modern slavery and human trafficking for the 2019 fiscal year. In doing so, Bertelsmann is fulfilling its duties pursuant to Section 54 (1) of the UK Modern Slavery Act 2015.<sup>1</sup>

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: <https://www.arvato.co.uk/modern-slavery-act/>

Bertelsmann Printing Group:

[https://www.prinovis.co.uk/fileadmin/Prinovis UK Slavery and Human Trafficking Statement .pdf](https://www.prinovis.co.uk/fileadmin/Prinovis%20UK%20Slavery%20and%20Human%20Trafficking%20Statement.pdf)

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

Penguin Random House: [www.penguin.co.uk/](http://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 126,000 employees and generated revenues of €18.0 billion in the 2019 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.<sup>2</sup>

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

<sup>2</sup> <https://www.bertelsmann.com/media/investor-relations/annual-reports/annual-report-2019-financial-information-2.pdf>

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

### 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 newly created Bertelsmann Essentials “Creativity and Entrepreneurship,” which were introduced in 2019. 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.

The company largely follows the recommendations of the German Corporate Governance Code for good and responsible corporate governance, and 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.<sup>3</sup>

The **Bertelsmann Essentials**<sup>4</sup> set out the binding fundamental values for all executive bodies, management and employees. These form the basis for the principle of 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**<sup>5</sup>, 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.

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<sup>3</sup>[https://ar2019.bertelsmann.com/bertelsmann/annual/2019/gb/English/pdf/Combined\\_Management\\_Report.pdf](https://ar2019.bertelsmann.com/bertelsmann/annual/2019/gb/English/pdf/Combined_Management_Report.pdf)

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

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

## **Employee Matters**

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. The CHRO is primarily responsible for dealing with employee matters within the company. He works closely with the HR managers from the corporate divisions, who report directly to him via a dotted-line concept.<sup>6</sup>

## **Compliance organization and Integrity & Compliance program**

To ensure compliance, the Executive Board has established a compliance organization and the Integrity & Compliance program. It oversees this program and ensures that it is continuously improved. The Supervisory Board Audit and Finance Committee monitors the effectiveness and proper functioning of the compliance organization. The Executive Board established the Corporate Compliance Committee (CCC). Each year, the CCC submits an extensive report about compliance within the Group to the Executive and Supervisory Boards. It also provides ad hoc reports to the Executive and Supervisory Boards in the event of any significant compliance violations. The CCC is responsible for the effectiveness of measures designed to ensure compliance, and for promoting a culture of integrity and compliant conduct within the Bertelsmann Group. In particular, the CCC monitors investigations into compliance violations and the measures taken to prevent violations. The Integrity & Compliance department is responsible for the day-to-day work to ensure compliance, implementing Board-mandated compliance initiatives and managing the whistleblowing systems.

The Bertelsmann Integrity & Compliance program is based on the relevant standards for compliance management systems and helps mitigate risks in various ways. Its basic elements include, in particular, the Bertelsmann Code of Conduct, risk analysis, advice on compliance, communication and training measures, whistleblowing systems that give not only employees but also third parties the opportunity to report misconduct in the company without fear of reprisal, and case management. It also includes additional measures in specific subject areas, such as anti-corruption, antitrust law, foreign trade law and antidiscrimination. The Executive Board has continuously developed and expanded Bertelsmann's compliance structure and organization over time, including during the financial year 2019. Over the last few years, the interlinks between the compliance organization and the risk management system have been

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<sup>6</sup> [https://ar2019.bertelsmann.com/bertelsmann/annual/2019/gb/English/pdf/Combined\\_Management\\_Report.pdf](https://ar2019.bertelsmann.com/bertelsmann/annual/2019/gb/English/pdf/Combined_Management_Report.pdf)

strengthened and the Supplier Code of Conduct has been approved. Guidelines on the compliance organization and the role of local Compliance Officers have been implemented continually since 2018.<sup>7</sup>

## **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. In 2019, Code of Conduct training for employees continued. Additional training was offered on topics such as anticorruption, antitrust law, foreign trade law, business partner compliance and antidiscrimination.<sup>8</sup>

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.

## **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. In 2019 the reporting obligations were extended to include violations of human rights, sexual harassment and violations of antidiscrimination laws as significant compliance violations needing to be reported. 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](mailto:integrity@bertelsmann.com)), electronic whistleblowing system ([www.reportconcerns.com](http://www.reportconcerns.com)), and ombudspersons ([ombuds@discussconcerns.com](mailto:ombuds@discussconcerns.com)).

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<sup>7</sup> <https://www.bertelsmann.com/media/investor-relations/annual-reports/annual-report-2019-financial-information-2.pdf>

<sup>8</sup> <https://www.bertelsmann.com/media/investor-relations/annual-reports/annual-report-2019-financial-information-2.pdf>

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. Since 2019, Bertelsmann took additional measures to assess risks and prevent discrimination, bullying, and sexual harassment at the workplace. The global compliance survey in 2018 found that at Bertelsmann there is generally sensitivity to these issues and that responsibilities and organizational concepts exist both for prevention and for the appropriate handling of possible misconduct. Based on the results, measures were taken both on Group level and by Bertelsmann Group companies. On Group level – in addition to the extension of reporting obligations - the annual in-person antidiscrimination training of the German antidiscrimination contact persons in the Corporate Center in 2019 focused on the prevention of sexual harassment. Bertelsmann Group companies took local communication and training measures including in-person and online trainings. The development of an in-house online training on antidiscrimination and sexual harassment has started.

## **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 partners<sup>9</sup>. 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

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<sup>9</sup> <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/supplier-code-of-conduct-en.pdf>

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 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.<sup>10</sup> Since 2011, Bertelsmann has followed the international guidelines set out by the **Global Reporting Initiative (GRI)**<sup>11</sup> 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**<sup>12</sup> reflects the above-mentioned aspects of its corporate principles, the Bertelsmann Essentials, the Bertelsmann Code of Conduct and the Bertelsmann Supplier Code of Conduct.

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 in 2019 confirmed that the awareness of the Code of Conduct has further improved since the survey taken in 2016.

**Gütersloh, 06/06/2020**



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[www.bertelsmann.com](http://www.bertelsmann.com)  
[integrity.bertelsmann.com](http://integrity.bertelsmann.com)

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<sup>10</sup> <https://www.bertelsmann.com/corporate-responsibility/reporting/>

<sup>11</sup> <https://www.bertelsmann.com/corporate-responsibility/reporting/gri-102-general-disclosures/>

<sup>12</sup> <https://www.bertelsmann.com/corporate-responsibility/reporting/>