

# Combined Non-Financial Statement 2021

Extract from the Annual Report

## 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 financial year 2022 to allow a dividend payment at the same level as the dividend for the reporting period.

### 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 financial year 2021. 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 (see the section "Corporate Profile"). These are set forth in the corporate constitution as well as in the Bertelsmann Essentials "Creativity & Entrepreneurship." In its corporate responsibility management, Bertelsmann pursues the goal of reconciling commercial interests with social and environmental concerns, within the Group and beyond.

When preparing its combined non-financial statement, Bertelsmann follows the Standards (2016) of the Global Reporting Initiative (102 and 103). In addition, voluntary reporting based on the GRI Standards (2016, 2018; in accordance: Core option) 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 – 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 requirements for business partners in their relationship with Bertelsmann.

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. As a participant in the United Nations Global Compact, Bertelsmann supports the UN's Agenda 2030 for sustainable development.

## 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 CR priorities in line with the corporate strategy, anchoring corporate responsibility more strongly in the corporate divisions and the cross-divisional coordination of CR activities within the Group.

At the Group level, the Corporate Responsibility 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 CR priorities, Bertelsmann carries out regular CR relevance analyses. For each analysis, the company conducts a survey of external and internal stakeholders as regards non-financial topics selected in advance: the external stakeholders estimate the impact of Bertelsmann's business activity on the non-financial topics, while the internal stakeholders assess their business relevance. This process serves to identify CR 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 CR priorities are analyzed within the company boundaries, unless otherwise stated. In 2021, the Bertelsmann Executive Board adopted the new CR relevance matrix with eight CR priorities (creative/editorial 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 CR Program (2021–2023) adopted on this basis includes individual working programs for every CR priority. Their content and relevance for the 2021 financial year is explained elsewhere in this non-financial statement.

Non-financial topics, including their performance indicators, are increasingly important for Bertelsmann's businesses, but have not yet been incorporated into the Group's value-oriented management system (see the section "Value-Oriented Management System").

## Risks

A number of risks are associated with the CR 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 2021 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 Bertelsmann's success, and they are essential for creativity and entrepreneurship. This corporate identity – anchored in the corporate constitution and the Bertelsmann Essentials – is the basis for the Executive Board guidelines on HR work. Supplementary regulations are specified in the Bertelsmann Code of Conduct. The Chief Human Resources Officer (CHRO) of Bertelsmann is responsible for employee matters. The main focus of his work throughout the Group includes setting the strategic HR agenda, aligning management and talent development with the Group's strategic growth priorities, the re- and upskilling activities of Bertelsmann University in the tech & data field, 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 matters 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 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 safe and healthy 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 2021, a total of €88 million was distributed as part of such participation schemes globally.

Continual dialogue between employees and company management at Bertelsmann represents another key

element for fair working conditions. Employees are involved in the development and improvement of working conditions through standardized HR interview tools (performance and development dialogue, agreements on objectives, team talk), as well as international employee surveys. 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. Three of these are leading works council members of German Group companies. Since June 1, 2021, Núria Cabutí, CEO of Penguin Random House Grupo Editorial, has been a member of the Supervisory Board in her capacity as Chair of the international Bertelsmann Management Representative Committee. In addition, managers, general workforce, employees with disabilities and trainees all have platforms for exchanging ideas, advancing topics and voicing their concerns. The Bertelsmann Group Dialogue Conference is an event where the CEO, CHRO and members of the Corporate Works Council from the Group divisions in Germany can exchange ideas.

Other elements of the topic “Fair Working Conditions” – such as respecting human rights, including antidiscrimination; diversity, equity & inclusion; health & well-being (including protecting the health of employees in the continuing coronavirus pandemic); and learning – are discussed elsewhere in this non-financial statement.

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

Among the most important measures were the communication of the revised Bertelsmann Code of Conduct and the international employee survey, which was conducted according to schedule. Driven by the coronavirus crisis, flexible working models acquired greater importance. As a result, Bertelsmann developed and communicated a Group-wide stance on new work, and put in place a cross-divisional exchange format.

## 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 new 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 a sense of appreciation, belonging and inclusion among employees.

The DEI strategy and the working program developed within the Bertelsmann CR Program (2021–2023) are implemented by the Corporate Responsibility department with support from a Group-wide working group and from other working groups in the corporate divisions. The focus in 2021 was on the following dimensions: gender, disabilities, and sexual orientation and identity. Some divisions also set their own additional priorities.

On December 31, 2021, the genders were almost evenly distributed across the entire staff (54 percent women, previous year: 54 percent; 46 percent men, previous year: 46 percent). The Group Management Committee was comprised of 18 members (previous year: 18), of which five were women (previous year: six). Two additional female executives will be appointed to the Group Management Committee effective March 1, 2022. Bertelsmann had also set itself the target of raising the ratio of women in top and senior management across all corporate divisions to one-third by the end of 2021. While the proportion of female executives in senior management was unchanged from the previous year, Bertelsmann did further increase the ratio in top management. That figure is now 30 percent in both target groups (see table below). Furthermore, the targeted proportion of women in the talent pools was set at one-third for the top and senior management pool and 50 percent for the career development pool. These target figures were met in all three pool cohorts in 2021. The Supervisory Board and the Executive Board are notified annually of progress in regard to these targets.

In 2021, the company defined strategic objectives relating to DEI as part of the Bertelsmann CR Program (2021–2023). These include the greater 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 in relation to DEI.

## Targeted Proportion of Women in Top and Senior Management

Target for 2021	in percent	2021	2020
One-third of positions across all divisions occupied by women	Top management <sup>1),(2)</sup>	30	27
	Senior management <sup>1),(3)</sup>	30	30

1) Top 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 2021 (100 percent), with gender indication 2020 (90 percent), limited comparability.

3) Basis: permanent and fixed-term employees as of December 31; with gender indication 2021 (91 percent), with gender indication 2020 (93 percent), limited comparability.

The Bertelsmann Executive Board's new DEI policy was communicated in this context. In addition, a number of anti-racism measures have been implemented in the company. These included Group-wide training sessions and awareness-raising communication. The Bertelsmann Action Plan for Inclusion 2019–2024 aims to improve participation for employees with disabilities in the German Bertelsmann companies. The second annual evaluation can be viewed on the Bertelsmann website: [www.bertelsmann.com/disability-and-inclusion](http://www.bertelsmann.com/disability-and-inclusion). Furthermore, the first-ever Group Inclusion Agreement, covering all Bertelsmann SE & Co. KGaA operations and group companies in Germany, was concluded. The LGBTQ+ employee network "be.queer" has advanced international collaboration with the LGBTQ+ networks in the corporate divisions. For example, Pride Month was marked with Group-wide activities. The Bertelsmann website provides an overview of the DEI measures at Bertelsmann and in the corporate divisions at [www.bertelsmann.com/diversity](http://www.bertelsmann.com/diversity).

### Health & Well-being

Bertelsmann aims to create a health-promoting working environment and conditions for avoiding occupational health risks.

In 2021, the topic "Health & Well-being" was confirmed as a Group-wide CR priority, defined as a Group-wide focus of the CHRO and further developed as part of the Bertelsmann CR Program (2021–2023). The Corporate Responsibility department is responsible for developing and implementing the Group-wide Health & Well-being strategy. Working with an international and cross-divisional working group, the department defines the strategic framework for health-related topics.

Due to the ongoing coronavirus pandemic, the focus in 2021 remained the immediate health protection of all employees around the world. One focus of efforts to prevent infections was vaccination against the coronavirus and the development of the necessary infrastructure in the corporate divisions

(depending on the respective regional legal regulations). All employees in Germany received a vaccination offer via the regional company doctors. Vaccination centers for employees and their families were also established in the Gütersloh area and in Cologne. Further prevention and protection measures, e.g., working from home and the provision of masks, disinfectants and coronavirus test kits, were continued in accordance with basic regulatory conditions. All of these measures were accompanied by numerous support programs for maintaining mental and physical health as well as extensive internal communication activities.

In addition to the strategic and organizational further development of the Health & Well-being topic and the management of the coronavirus crisis, two other relevant areas were defined as part of the Bertelsmann CR Program (2021–2023). These include the empowerment of executives to create a healthy and safe working environment and corporate culture; and the support of employees to adopt healthy working habits and lifestyle, with measures also being taken to enhance individual resilience.

On the level of measures, the focus in 2021 was initially on strategic and organizational anchoring. In response to the employee survey results pertaining to health, communication materials were provided and workshops held with "Health Working Groups" of the German corporate divisions.

### Learning

Bertelsmann aims to empower employees at all levels to adapt to the challenges of a quickly changing environment and to continuously learn from and with one another. The topic of learning ("upskilling") was highlighted as an important enabler in Bertelsmann's new strategy framework. Furthermore, great importance is attached to an open learning culture that embraces experimentation as an element of creativity in the Bertelsmann Essentials.

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. These aspects complement the central focus areas for learning with individual training initiatives. Employees around the world are thereby given access to central and division-specific training courses, and to more than 15,000 freely accessible online courses by LinkedIn Learning and almost 2,000 online courses by CreativeLive.

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

With regard to measures, a target-actual analysis of tech & data roles was carried out in 2021 to identify qualification gaps. In addition, the company launched the digital program series "Be-Ready" for top executives with a focus on "Strategy in the Transformation." The three-year Udacity technology scholarship program was continued for the third year, providing 50,000 scholarships for which both Bertelsmann employees and external candidates are eligible to apply. A new tech & data offering was also added to the Group-wide digital peer-to-peer learning format "Your Campus."

## Social Matters

### Creative/Editorial 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 for business activities are therefore also set forth in the Bertelsmann Code of Conduct. Bertelsmann aims to ensure this creative/editorial independence in two directions. Inside the company, it means that our management 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.

In order to share ideas and best practices, a regular exchange also takes place in a cross-divisional working group between the representatives of the Bertelsmann corporate divisions that produce content.

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

Measures derived from this and already implemented in 2021 include a "Violence against Journalists" checklist, which was developed by RTL Deutschland. The list is intended to help to minimize the risk of violence in the run-up to and during filming, and to find the right contact person. Under the title "JAhr zur Wahrheit. Weil's stimmen muss" (roughly: "Y[ear of Y]es to truth. Because it has to be true"), the companies in the Bertelsmann Content Alliance are advocating journalistic integrity, quality and responsibility, and campaigning against conspiracy theories and the manipulation of minds, with a cross-divisional marketing campaign on the radio, on TV and in print.

In addition, a variety of organizational measures were continued to safeguard editorial and artistic independence in the editorial and creative departments. Here the focus is primarily on complying with the "Editor-in-Chief Principle," such as duties of care and respect for privacy, and dealing with the representation of violence and the protection of minors.

### Content Responsibility

Content responsibility at Bertelsmann means reflecting on the repercussions of content production 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 multi-media. These are underpinned 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 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 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.

In 2021, the company defined strategic objectives relating to content responsibility as part of the Bertelsmann CR Program (2021–2023). These include expanding coverage of socio-political topics, ensuring complete youth media protection in streaming services and digital provision, and developing guidelines for publishing content.

On the level of measures, RTL launched its "Klima Update" ("Climate Update") program, which examines the topic in all its various facets. Furthermore, the news channel "ntv" covered the United Nations Climate Change Conference with a series titled "Wie schaffen wir Klimawandel" ("How can we manage climate change?"), with on-location reporting and an extensive schedule of special programs. The Gruner + Jahr magazine "Geo" is increasingly anchoring sustainability in its core business and is adapting operations and work processes accordingly. Among other topics, "Geo" covered all aspects of climate and species protection, as well as future technologies, in its "Nature and Sustainability" section, and it also launched "Wer wird Visionär?" ("Who wants to be a visionary?"), a podcast casting show searching for the best sustainable ideas Germany has to offer. Under the umbrella of the Bertelsmann Content Alliance and under the motto "Damit es auch morgen noch läuft" ("Making sure things will still work tomorrow"), RTL Deutschland, UFA, RTL Radio Deutschland, the Penguin Random House publishing group and Gruner + Jahr put the spotlight on water as a resource as part of the "Packen wir's an" ("Let's get to grips with it") themed week launched in October 2021.

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 young people. If there are any such indications, various restrictions come into force, such as broadcasting time restrictions or content and/or product labels. Through voluntary labeling systems, Bertelsmann 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.

## 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, the Free & Equal principles 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.

For this reason, 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.

Bertelsmann is aware that its responsibility for human rights also goes beyond its own business operations. 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 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 antidiscrimination law or company policy. Infringements of these principles can be reported by Bertelsmann employees and third parties by using the existing compliance management systems.

With regard to measures, Code of Conduct training sessions were also held in 2021 to raise awareness and deepen the general understanding of the issue of human rights among employees. In this context, measures to sensitize employees to the issue of antidiscrimination were also taken across the Group, and employees were advised of their rights. Contact persons for the German “General Equal Treatment Act” (AGG) have also been appointed at locations in Germany and employees informed of their rights through various channels. In addition, in 2021 individual subsidiaries and Bertelsmann itself issued statements in accordance with the “UK Modern Slavery Act” condemning all forms of modern slavery, coercive and child labor, and exploitation and discrimination, and presenting measures to prevent these human rights violations. The company also initiated the revision of the Supplier Code of Conduct to fulfil human-rights due diligence obligations in supply chains. The findings of the Bertelsmann Compliance Risk Analysis of 2021 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 key priority of the Bertelsmann Executive Board is to effectively counteract corruption within the organization. The goal is to reduce the risk of corruption to the greatest possible extent.

The I&C department, reporting to the CCC (see the section on “Respect for Human Rights”), continuously develops the Group’s corruption prevention measures internationally.

Both the Bertelsmann Code of Conduct and the Executive Board Guideline on anti-corruption and integrity 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 advice, as well as other prevention and control measures. The Executive Board guideline for dealing with alleged compliance violations anchors an obligation to report suspected violations of the prohibition of corruption to the Bertelsmann Corporate Center.

The most important measures in 2021 included publishing a new Code of Conduct as well as designing a new Code of Conduct training program that will be rolled out in 2022. 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 2021 show that the measures taken minimize the risk of corruption to the greatest extent possible.

## Environmental Matters

Bertelsmann aspires to become climate-neutral by 2030. The Group aims to significantly reduce greenhouse gas emissions generated at its own sites due to business travel by its employees and in the manufacture of its products by 2030, and to offset all remaining emissions. The Group-wide target of cutting recorded greenhouse gas emissions by 50 percent compared to 2018 was validated in 2021 by the Science Based Targets initiative (SBTi). According to SBTi, the targeted reduction is in line with the Paris Climate Agreement’s 1.5°C target.

In 2021, on the basis of the “Bertelsmann Climate Neutral 2030” climate strategy, individual targets were established for media and services divisions and for the education division, and relevant measures identified. The achievement of these division-specific targets is discussed as part of annual strategy meetings between Executive Board members and divisional heads. Group-wide guidelines constitute the framework for environmental and climate protection as well as energy and paper procurement. The “be green” working group with representatives from the corporate divisions again provided a platform for cross-divisional exchange on environmental



## Environmental key figures

	2021	2020
Number of sites with green electricity supply	181	81
GHG emissions in tons of CO <sub>2</sub> e Scope 1 and 2 (combined)	340,200	385,500
GHG emissions in tons of CO <sub>2</sub> e Scope 1 and 2 (combined) per € 1 million turnover	18.2	22.3

topics in 2021. The collaboration focused on the procurement of electricity from renewable sources, Group-wide environmental data collection, the further development of accounting methods for supply chain emissions and the development of the Bertelsmann CR Program (2021–2023) for the topic of climate change.

As part of the annual environmental data survey conducted at the Group sites globally, data are collected regarding energy and materials consumption as well as fuels and employee mobility, and greenhouse gas emissions are quantified. Specific environmental footprint reports help the sites, companies and corporate divisions to evaluate opportunities and risks, and to report to customers and business partners. They are also used when processing ESG ratings.

On December 31, 2021, the number of sites using green electricity was 181, a significant rise of 100 on the previous year's figure of 81. The ongoing conversion of electricity procurement to renewable energies using certificates of origin led to a decrease in greenhouse gas (GHG) emissions (Scope 1 and 2 combined, measured in carbon dioxide equivalents CO<sub>2</sub>e).

In 2021, 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 digital sources of CO<sub>2</sub> emissions.

Further Group-wide environmental key figures are published in the second quarter of 2022 on the Bertelsmann website at <https://www.bertelsmann.com/environmental>.

In addition to the climate strategy "Bertelsmann Climate Neutral 2030," the company defined additional strategic objectives, and developed measures from those, as part of the Bertelsmann CR Program (2021–2023). These objectives include strengthening the governance for climate and environmental protection, and further developing environmental planning and reporting. In addition, the company intends to increase the share of renewable energy (green

electricity, photovoltaics), implement new mobility concepts, and advance energy efficiency, by the development of "Green IT" and the measurement of the digital footprint. Emissions from the print and digital products supply chain are to be reduced in a joint effort with business partners.

### EU Taxonomy

For the financial year 2021, the Group's EU Taxonomy reporting relates to the environmental objectives "Climate Change Mitigation" and "Climate Change Adaptation." This includes information on the proportion of Taxonomy-eligible economic activities in revenues, investments (CapEx) and operating expenses (OpEx). For the group-wide implementation of the EU Taxonomy requirements, Bertelsmann established a working group consisting of the Corporate Responsibility, Corporate Financial Reporting and Accounting departments, as well as Corporate Finance and Investor Relations. Together with the divisions, the working group defined the eligible revenues, CapEx and OpEx according to the EU Taxonomy. If revenues, CapEx and OpEx can be assigned to both environmental objectives "Climate Change Mitigation" and "Climate Change Adaptation," they are allocated in full to the environmental target "Climate Change Mitigation" in the first reporting period.

Bertelsmann is a media, services and education company that operates with a variety of business models in around 50 countries (see the section "Corporate Profile"). Bertelsmann's CO<sub>2</sub> emissions in the financial year 2021 were 18.2 tons of CO<sub>2</sub>e per €1 million turnover (Scope 1 and 2). The company is pursuing a reduction target of 50 percent by 2030 compared to 2018, which has been validated by the SBTi (see the section "Environmental Matters").

So far, the company's economic activities have been covered by the EU Taxonomy to a limited extent.

With regard to the "Climate Change Mitigation" environmental objective, Bertelsmann therefore reports solely on the "Data processing, hosting and related activities" and "Data-based solutions for greenhouse gas emissions reductions" of the corporate division Arvato.

Regarding the “Climate Change Adaptation” environmental objective, the following economic activities are classified as relevant for Bertelsmann according to the EU Taxonomy: “Broadcasting activities, in particular radio and television broadcasting”; “Education”; “Production, distribution and sale of films and television programs”; and “Music publishing.” These economic activities relate to the corporate divisions RTL Group, BMG and Bertelsmann Education Group. The extent to which they can make a substantial contribution to climate change adaptation is currently still interpreted differently by users. The company therefore chose not to report these economic activities in terms of the EU Taxonomy in the financial year 2021. Bertelsmann will observe the further specification of the EU Taxonomy requirements on an ongoing basis.

**Revenues:** The basis for the revenues are the reported revenues in the consolidated financial statements in accordance with IFRS 15. The total Taxonomy-eligible revenues in the 2021 financial year were €135 million (0.7 percent of Group revenues), thereof €125 million for “Data processing, hosting and related activities” and €10 million for “Data-driven solutions for greenhouse gas emissions reductions.”

**CapEx:** Investments comprise the additions to intangible assets, property, plant and equipment, and right-of-use assets. Bertelsmann invests in modernizing and improving energy efficiency at its sites. In this context, investments were made, e.g., in photovoltaic systems and in electric vehicle charging stations.

For the financial year 2021, Bertelsmann reports material individual investments that were made by subsidiaries with Taxonomy-eligible investment activities. Like turnover, investments in music, film and broadcasting rights in the amount of €308 million are not classified as Taxonomy-eligible. Furthermore, purchase of assets through business combinations are not reported because the acquired assets primarily consist of brand names and customer relationships, which cannot be classified as sustainable under the EU Taxonomy.

In the financial year 2021, total Taxonomy-eligible investments of €58 million (7.3 percent of Group investments in intangible assets without goodwill and property, plant and equipment) largely involved investments in buildings (€27 million) and data centers (€14 million). Investments in building usage rights amounted to €185 million.

**OpEx:** For the financial year 2021, as with CapEx reporting, the company lists only operating repair and maintenance expenditures (including maintenance expenses for Taxonomy-eligible software) and expenditures arising from short-term leases that were incurred at subsidiaries with Taxonomy-eligible expenditures. Other expenses regarding the day-to-day operation of property, plant and equipment are not included in the operating expenses.

The Taxonomy-eligible operating expenses totaled €25 million in the 2021 financial year (10 percent of Group-wide repair and maintenance costs, and expenditures arising from short-term leases).