Communication on Progress for the UN Global Compact

October 2008 – October 2010
“The principles of the United Nations Global Compact stand for socially and ecologically sustainable business in a globalized world. So it is a matter of course for us to acknowledge and support these principles.”

Hartmut Ostrowski, Chairman and CEO, Bertelsmann AG
Bertelsmann at a Glance

The leading European entertainment group
Revenues: €5.4 billion \(^1\)
Employees: 12,520 \(^2\)
45 TV channels and 31 radio stations in eleven countries
RTL Group broad-casters reach more than 200 million viewers in Europe each day
More than 300 productions in 57 countries

The leading global book publisher
Revenues: €1.7 billion \(^1\)
Employees: 5,432 \(^2\)
45 TV channels and 31 radio stations in eleven countries
RTL Group broad-casters reach more than 200 million viewers in Europe each day
More than 120 editorially independent imprints in 17 countries
More than 11,000 new books published annually worldwide; 238 titles on “New York Times” bestseller list (2009)

Europe’s biggest magazine publisher
Revenues: €2.5 billion \(^1\)
Employees: 13,571 \(^2\)
More than 500 magazines and digital offerings in more than 30 countries
Quality journalism at its best: thoroughly researched, informative, inspiring and entertaining
Bertelsmann’s stake: 74.9 percent (26.1 percent owned by the Jahr publishing family)

The internationally networked media and communications services provider
Revenues: €4.8 billion \(^1\)
Employees: 60,323 \(^2\)
270 subsidiaries in 35 countries
Media and communications services provider in over 30 languages
More than 650 million consignments per year

Leading media clubs and direct marketing
Revenues: €1.2 billion \(^1\)
Employees: 10,687 \(^2\)
Approximately 15 million customers
Lines of business: Media clubs, book stores, publishers, and distribution companies in 16 countries
Network of more than 700 club centers and bookstores

1) 2009; 2) Dec 31, 2009
Dear Readers,

Corporate Responsibility is an integral part of the corporate culture and business activities of Bertelsmann AG. What distinguishes Bertelsmann from many other companies, however, is its decentralized organizational structure.

Bertelsmann is a global enterprise that employs some 100,000 people in over 50 countries. The principle of decentralization is an intrinsic component of our corporate philosophy, which has developed and proved its worth over a period of decades.

We at Bertelsmann are firmly convinced that the executives on the ground in each country and market are in the best position to know what is good for their business and their employees – but also what is good for the society in which they build and operate that business.

One thing is clear: A company’s decentralized structure can only function properly on a foundation of common values. The Bertelsmann Code of Conduct, which was introduced at the end of 2008, provides binding guidelines for legally appropriate and ethically responsible behavior within our company. It is the first code of conduct to apply to every one of our employees throughout the world, and it is based on the goals and fundamental values of the Bertelsmann Essentials that guide our actions.

The principles of the United Nations Global Compact promote socially and ecologically sound economic behavior in a globalized world. It goes without saying, therefore, that we recognize and support these principles. In this first progress report, we outline the areas in which we promote the 10 Global Compact principles. I hope you will enjoy reading this report.

Hartmut Ostrowski
Chairman and CEO, Bertelsmann AG
The media are both a business and a cultural asset. Whenever we create, bundle or disseminate media content and products, we fulfill important functions in society: to inform, entertain and educate. This is associated with a special degree of responsibility.

Human Rights
Media – more than a mere commodity

As a media company, we bear special responsibility. The content we create and disseminate on a daily basis is of great importance for understanding and assessing political and societal issues. Our viewers, readers and users trust us to present important events in an understandable way, to expose injustices and to call attention to wrongful conduct.

We are committed to the principle of writing, broadcasting, printing and circulating information that is relevant and of interest to people. And we do so in a dispassionate, factual and unbiased way – for quality cannot be achieved without professionalism and high standards.

Ultimately, professionalism is part of the special responsibility we bear. But taking responsibility can also mean setting boundaries; not everything that is possible can be justified. This is true with respect to both information and entertainment.

We are conscious of the fact that the content we create and disseminate reaches millions of people worldwide every day. We consider it our obligation to use this influence to make a difference: to help people, to draw attention to pressing problems in our society and to expose wrongdoing and injustice.

However, responsibility for the media is not limited to media producers. The buzzword “media literacy” hints at the responsibility of each citizen. And because media skills need to be learned, Bertelsmann companies have many individual projects in place around the world to help parents, teens and children deal responsibly with the great opportunities of media diversity.

Many of our products reflect sustainability-related issues.
Bertelsmann establishes an International Academy of Journalism

In September 2010, Bertelsmann founded an Academy of Journalism that will advocate the spread of the ideals of press freedom and promote expertise and networking among journalistic talent worldwide. The "International Academy of Journalism" reconfirms and underscores the company's commitment to press freedom, quality journalism and corporate responsibility on the occasion of its 176th anniversary. José Manuel Barroso, President of the European Commission, acted as the patron of the founding act, which took place in Berlin at a ceremony to mark Bertelsmann's 176th year. Each year, the Academy will convey the tools of the trade for the digital future of journalism to a selected group of journalists worldwide, by means of on-site workshops and e-learning modules. Its primary target group are aspiring journalistic talents, mainly from countries where press freedom is nonexistent or at risk. They should have advocated press freedom in their previous work, make imaginative use of the opportunities of the new media, and be talented, courageous writers. The "International Academy of Journalism" will be built up in the months ahead and officially take up its teaching activity at the end of 2011. It will be established in close cooperation between Bertelsmann and the Group's two acclaimed schools of journalism: the Henri-Nannen-School in Hamburg and the RTL School of Journalism in Cologne. The Academy will also pursue partnership with organizations and institutions that advocate freedom of the press and of opinion.

European Charter on Freedom of the Press

On May 25, 2009, the first European Charter on Freedom of the Press was signed at Gruner + Jahr headquarters by 48 editors-in-chief and leading journalists from 19 countries. In 10 articles, the document formulates principles for the freedom of the media from censorship and government interference of any kind. So far some 500 print, radio and television journalists from 34 countries have affirmed the charter by signing it online. The goal is to create a European media region with uniform, liberal standards and to enable journalists to invoke this document when freedom of the press is violated.

More information about the European Charter on Freedom of the Press you can find at: www.pressfreedom.eu

Protecting young people on the Internet

Wer-kennt-wen.de has joined with other major German network operators under the Freiwillige Selbstkontrolle Multimedia-Diensteanbieter (Voluntary Self-Monitoring of Multimedia Service Providers) umbrella to develop extensive and consistent industry standards for the protection of minors and of personal information in social networks. Among other things, the voluntary declaration includes a commitment to comprehensive privacy setting options for users, a way to submit complaints about violations against the rules of the community directly, the option of "ignoring" other users, and building users' awareness of these options through clear advisories within the platform. Further information is available from www.fsm.de

Human Rights // Some selected examples from the Corporate Center and the divisions

José Manuel Barroso, president of the European Commission, pointed out that the Academy's important mission of strengthening democracy is very much in keeping with the goals of the EU.
In September 2010, to commemorate its 175th anniversary, Bertelsmann and its partners – the Stiftung Lesen (Reading Foundation) and the Goethe-Institut e.V. – launched the “Lesespaß” (Reading Fun) initiative in the company’s hometown of Gütersloh. The aim of the two-year program is to promote reading among children from families in which reading is not a priority.

“Reading is a prerequisite for education and vocational training”

According to “Reading in Germany 2008,” a study commissioned by the Federal Ministry of Education and Research, reading habits are on a decline across the country. The younger generation tends to read very selectively, mostly skimming content. The Federal Literacy Association and Stiftung Lesen estimate that there are between three and four million functional illiterates in Germany. The “Lesespaß” initiative has the aim of slowing and ideally reversing this trend locally. “Reading is the foundation for active participation in society, reading is a prerequisite for education and vocational training, reading is the cultural technique. ‘Lesespaß’ is our gift to the city of Gütersloh,” declared Bertelsmann Chairman and CEO Hartmut Ostrowski.

The ‘Lesespaß’ (Reading Fun) Initiative in Gütersloh

Big launch party for children, with RTL presenter Nina Moghaddam

The launch of “Lesespaß” was celebrated on September 1, 2010 with a large party at the Gütersloh city library, attended by lots of children, parents, kindergarten- and schoolteachers, local protagonists in literacy promotion and the interested public. Guests were treated to an open-air stage program emceed by RTL presenter Nina Moghaddam: from music and clowns to magicians and break-dancers – all the stage acts and promotions were related to the day’s big topic of reading.

‘Lesespaß’ – a special approach

What sets “Lesespaß” apart is its comprehensive approach and the fact that many complementary measures to promote reading are concentrated in a specific time and place. A combination of tried-and-tested techniques and innovative activities to promote reading will hopefully result in a long-term improvement in the reading skills of children and teens. This has for some time been regarded as a promising approach in the theory of literacy promotion, but has rarely been put into action to date, so the bundling of measures in this project can effectively be described as unique. Bertelsmann and its partners, Stiftung Lesen and the Goethe-Institut, are focusing particularly on close local teamwork and mutual support – especially with the city of Gütersloh’s “Education, Youth and Social Affairs” department, with schools and daycare centers, sports clubs, pediatricians and of course the children’s parents.

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Long-term assistance in disaster areas

Natural disasters quickly disappear from the headlines, but the people affected have to live with the consequences every day, and long-term aid is needed.

Assistance in Rebuilding SOS Children’s Villages in the Aftermath of the Tsunami

Thanks to the generosity of Bertelsmann’s companies and employees, at least 250 tsunami orphans were taken care of: A total of €1.4 million has been donated to fund six SOS Children’s Villages in Indonesia, India, and Thailand. Children in these villages will be provided with food, housing, medical care, and education for a minimum of ten years. Like Medan, Banda Aceh, and Meulaboh in Indonesia, and Phuket in Thailand, Pondicherry is one of the SOS Children’s Villages founded immediately after the tsunami to give new homes to children who were bereaved by the disaster or whose parents are no longer able to care for them long-term. As the oldest of the “Tsunami Children’s Villages,” Pondicherry has now established itself as a fully-fledged children’s village with a kindergarten, outpatient department and learning center and many attractive services for the surrounding area. The children also have the opportunity to work on their education and hobbies at the Children’s Village own learning center. Its library now has a good 2,000 books, and in the computer room, they learn how to use PCs, software and the Internet.

‘Bertelsmann Hope School’ Opens in China

The “Bertelsmann Da Long Hua Hope School” was officially christened at the end of April during a ceremony in the school’s sports grounds. Since September 2009, classes have been taught at the primary school in expanded and renovated classrooms, and Bertelsmann made it all possible: several of the group’s companies in China, among them Arvato, G+J, Fremantle Media, and the local Corporate Center as well as the Bertelsmann Asia Investments supported the “Hope School” project of the Beijing Youth Development children’s relief organization in cooperation with the municipal government.

Earthquake relief in China: Construction of Guangping Middle School Completed

It’s been more than two years since a major earthquake struck the Chinese province of Sichuan, killing 70,000 people and destroying an estimated five million buildings. At Guangping Middle School in Hanzhong, there is no trace of this destruction to be seen today. The rapid reconstruction of the badly damaged school building was made possible by money from the relief fund Bertelsmann set up immediately after the disaster. A total of €610,000 was collected in the Bertelsmann employees’ fund drive in May 2008. Bertelsmann had set up a €500,000 relief fund for the victims of the earthquake immediately after the disaster. At the same time, all employees of the media company were called upon to increase this fund with their own donations. Bertelsmann then matched these donations to double the sum. Bertelsmann chose the children’s relief organization Plan International as its partner in the relief operation, in order to help the most vulnerable victims in the disaster area: the children.
Pulling together to help Haiti

€100,000 was the sum provided by Bertelsmann as emergency relief to the victims within days of the catastrophic earthquake in Haiti. The aid has since been coordinated by Plan International, a children’s relief agency that Bertelsmann has worked with since the aftermath of 2008’s severe earthquake in southern China.

Shortly after the earthquake hit Haiti on 12 January 2010, RTL Group began calling on its viewers and listeners to donate funds. In less than two weeks, RTL Group companies helped to raise over €45 million for emergency and long-term relief. In the Netherlands, RTL’s flagship channel RTL 4 teamed up with public broadcaster Nederland 1 and commercial channel SBS 6 to simultaneously broadcast the charity programme Nederland Helpt Haiti. This raised €41.7 million in donations, which was matched by the Dutch government. Most commercial radio stations, including RTL Nederland’s Radio 538, also supported this joint initiative. Grupo Antena 3 in Spain launched the Ayuda a Haití campaign to raise funds via text messages. Within 48 hours, the campaign had generated €1.3 million in donations, which went directly to the Red Cross. In Germany, Mediengruppe RTL Deutschland launched a trailer campaign on RTL Television, Vox, N-TV and Super RTL. So far, viewers have donated more than €3.1 million. In addition, the company’s charity foundation had given €100,000 from its own emergency relief fund. Among other things, this money will be used to rebuild orphanage in Trichet, which was sponsored by an RTL Spendenmarathon, but completely destroyed in the earthquake. In France, Groupe M6 and RTL Radio teamed up with the newspaper Le Figaro for the campaign Sauvons les enfants d’Haiti, raising money for the rebuilding and running of orphanages, kindergartens, schools and clinics. M6 also ran a trailer campaign, in which its news anchors called on viewers to support UNICEF’s relief efforts.

STERN Foundation – Help for People

The foundation Stiftung “Stern” – Hilfe für Menschen e.V. is a nonprofit association. Since the 1970s, the magazine “Stern” has been involved with a variety of relief actions aimed at assisting people in need. It initially focused on collecting direct donations for various aid organizations. In December of 2003, the association Stiftung “Stern” – Hilfe für Menschen e.V. was established as an independent foundation. It collects donations for concrete aid efforts, which allows it to quickly provide practical help to people in need. It is also continuing its partnerships with a variety of aid organizations. However, the foundation retains control over the use of the resources it provides.

Several humanitarian organizations, as well as doctors and personnel working on site have pointed the finger at disastrous and indignant life conditions of inmates in French prisons. The European Court of Human Rights has condemned the country for “inhuman and degrading treatments” happening in French prisons. In this context, Groupe M6 created the Fondation M6 with the aim to support audiovisual projects proposed to inmates and to help with the dynamics of rehabilitation by providing training in the audiovisual trades, among many other initiatives. To that end, a budget of € 2.5 million has been set for the next five years.

“Let’s work so that inmates leaving prison never have to return”

Community Technology Center in Gurgaon, India

In 2008, Arvato services founded a Community Technology Center in India together with Microsoft. The objective is to offer underprivileged members of society access to electronic media. Arvato services is providing facilities and trainers in the Gurgaon region of India for this purpose.

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In 2008, Bertelsmann implemented a Global Code of Conduct that underscores its commitment to human rights. The Code was distributed to all employees worldwide and is also often used in dealings with business partners.

As part of Code of Conduct training launched in 2009, all employees have been informed about Bertelsmann’s commitment to human rights. To date, more than 70,000 employees around the globe have participated.

As part of the Code and training initiative, employees are also instructed about the comprehensive means that the company puts at their disposal to safely report any human rights violations. The company makes three channels available for reporting violations: Ombudspersons, web-based reporting tool and the Bertelsmann Ethics & Compliance Department.

Reports are promptly reviewed and investigated by the E&C Department. In 2008, a Corporate Compliance Committee was formed and meets regularly to monitor whether all reports have received adequate and timely scrutiny.

In September 2010, Bertelsmann founded an Academy of Journalism that will advocate the spread of the ideals of press freedom and promote expertise and networking among journalistic talent worldwide. The “International Academy of Journalism” reconfirms and underscores the company’s commitment to press freedom, quality journalism and corporate responsibility on the occasion of its 175th anniversary.

In September 2010, Bertelsmann started the two-years literacy initiative “Lesespaß” (= Reading Fun) in its founder’s town Gütersloh to promote children’s reading skills.

Continuous training for newly hired employees is scheduled to occur in 2010 and 2011 (refresher training for all employees is planned for 2012).

Ongoing monitoring of compliance with human rights violations will occur based on a review of reports received through the comprehensive whistle blowing channels.

Compliance risk assessment, including a review of the risk of human rights violations, will occur on an annual basis.

Annual workshops and regular exchanges with Ethics & Compliance Representatives from subsidiaries will continue to occur.

The “International Academy of Journalism” will be built up in the months ahead and officially take up its teaching activity at the end of 2011. It will be established in close cooperation between Bertelsmann and the Group’s two acclaimed schools of journalism: the Henri Nannen School in Hamburg and the RTL School of Journalism in Cologne. Headquartered in Hamburg, the Academy will also pursue partnership with organizations and institutions that advocate freedom of the press and of opinion.

Several literacy programmes will be started within the “Lesespaß”-Initiative, the literacy project of Bertelsmann in Gütersloh, Germany.
Every day, more than 100,000 employees in over 50 countries are engaged in ensuring the success and ongoing development of our company. We attach especially high priority to our responsibility for our employees. Our aim is to create an equitable and motivating work environment for every member of our workforce.
Helping shape tomorrow’s company

Why are creative employees so important for us? They are the driving force behind the innovative powers of the company. Our task is to fully develop this potential. That is why we give our employees the greatest possible freedom along with a high degree of responsibility.

BeFit – Bertelsmann AG’s in-company health management system

More exercise, healthier foods and comprehensive preventive healthcare: Getting into shape and remaining fit are enormously important for everyone. Motivating Bertelsmann’s employees at every site to play an active role in ensuring their own health, getting into shape and remaining fit – this is the goal of our in-company health initiative BeFit. Bertelsmann creates optimal conditions for employees to achieve their own individual health goals. BeFit helps them move toward an all-round healthier life with respect to exercise and nutrition, medication and prevention, work-life balance and lifelong learning.

Bertelsmann’s corporate culture, based on the principle of partnership, underlies the company’s commitment to health-related issues. There is evidence that employees are healthier when they have a certain degree of freedom, identify with the company and enjoy partnership-based leadership. With this in mind, in 2008 Bertelsmann AG introduced the BeFit program to bring together various aspects of in-company health management; its components have steadily expanded over since. Along with activities and information on exercise, medication, prevention and protection for non-smokers, there are such initiatives as health weeks, action days and exercise programs during lunch breaks, as well as cooperative arrangements with nearby fitness centers. Bertelsmann’s company sports program is a very popular way of offering employees opportunities for physical activity, and included more than 490 events in 2009. Over the past two years, nearly 100 health action days were held in cooperation with local partners. In Erfurt, Baden-Baden, Munich, Wuppertal and Stralsund, for example, over 2,500 employees took advantage of the opportunity for health checkups developed specifically for these events, including a back-health checkup using the MediMouse, a stress test and a checkup using an InBody body composition analyzer.

The publishing company Gruner + Jahr in Hamburg also attaches great importance to employee health. The company’s sports association Sportgemeinschaft G+J offers a variety of activities, and an in-house fitness studio was opened at Gruner + Jahr’s Am Baumwall headquarters in early 2009. More exercise, healthier foods and comprehensive preventive healthcare: Getting into shape and remaining fit – this is the goal of our in-company health initiative BeFit. Bertelsmann creates optimal conditions for employees to achieve their own individual health goals. BeFit helps them move toward an all-round healthier life with respect to exercise and nutrition, medication and prevention, work-life balance and lifelong learning.

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The facility was designed in cooperation with partner DanTrim and reflects employee requests and input. A team of qualified trainers creates individualized training plans and monitors employees’ progress. Gruner + Jahr has already received awards for its achievements in this area.

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Running to stay healthy

Exercise keeps us fit and is always a good way to offset the demands of everyday life, which is why many Bertelsmann employees like to run. As part of the “Gütersloh läuft” (Gütersloh runs) event, nearly 300 employees went out on the 4.6-kilometer running track during each of the past two years. The runners were assisted by the BeFit team, which provided the necessary running gear as well as refreshments at the finish line.

In the spring of 2010, 128 employees from Random House in New York ran 1,000 meters farther as part of the 34th JPMorgan Chase Corporate Challenge in Central Park. The runners were supported by colleagues from the human resources department and the Random House running group. As with other events of this kind, the emphasis was on being active together rather than setting new records.

In 2008, for the second time in a row, Bertelsmann AG received the Deutscher Unternehmenspreis Gesundheit (German Company Prize for Health) of the federal Association of Company Health Insurance Funds in recognition of its BeFit health promotion activities. It also received an award from the European Union under the “Move Europe” campaign. In 2009, the BeFit program won a “Move Europe–Partner Excellence” certificate.

The employee survey carried out by Bertelsmann this year was its third worldwide one after the 2002 and 2006 editions. In all, 81,812 employees from 47 countries were invited to participate. 69,454 colleagues took the opportunity, which translates to a participation rate of 85.1 percent. Incidentally, performing the employee survey worldwide was an enormous organizational and logistical challenge. A Corporate HR team spent months preparing the survey together with nearly 300 colleagues from the divisions. In all, 81 different versions of the questionnaire were created, in a total of 15 languages. More than 80,000 printed questionnaires, 82,000 information flyers, 4,800 posters and 7,685 stickers were shipped to around 400 destinations all over the world. Add to all this the nearly 9,000 results reports that were distributed in early September.
The company’s third international employee survey was conducted in June 2010 to gather employees’ opinions regarding a number of topics. Once again, a record was set with a participation rate of 85 percent. The responses of nearly 70,000 employees from 47 countries were compiled into over 9,000 reports. They are now being used as a basis for in-depth discussion of the results within teams and individual companies.

Bertelsmann worked closely together with elected employee representatives. At all levels, there have been in-depth exchanges of views and trust-based cooperation between representatives of employees and the employer side. For example, the Corporate Center has provided support for the establishment and efforts of several employee representative committees and made sure that contact persons are available to assist them in their ongoing work.

Number of further-training events for employee representatives (2008-2010): more than 100

In the area of human resources as well, a great deal of effort was made to inform and train employees, in the interest of maintaining a consistently high standard. HR coordinating committees are in place in all of the countries and regions in which Bertelsmann does business, and they meet at least once a year. A total of 81 meetings were held in 2009. In addition, an HR summit was organized in early 2009, the first international conference for the company’s HR directors.

A zero-tolerance policy with respect to any kind of discrimination: Clear procedures and sanctions, including dismissal, were defined. Representatives of severely disabled employees enjoy the active support of Bertelsmann AG. They monitor adherence to the rights of disabled employees and work hard to promote integration.

Percentage of severely disabled employees and other individuals with that status in Germany: 2008: 3.7% | 2009: 3.9%

All employees of Bertelsmann AG, including the group member companies and affiliated companies, have employment contracts that are based on voluntary employment and include provisions for termination. Moreover, Bertelsmann supports employee compensation in line with market conditions and adheres to existing collective bargaining agreements as far as possible.

Providing training for young people is a social responsibility that Bertelsmann embraces. In the German group member companies, a total of 1,368 individuals were employed as trainees or attended a school of journalism by the end of 2009. All 226 individuals completing their training were guaranteed a job in the summer of 2009 despite the effects of the economic crisis.

Number of trainees in Germany
2008: 1,412 | 2009: 1,359

Involvement by Bertelsmann companies in training future employees outside of Germany as well, depending on local circumstances.

For the second time in a row, in-company health management activities under the heading of “Befit” were awarded the Unternehmenspreis Gesundheit (German Company Prize for Health) in 2008.

More than 90 health action days were held in 2008 and 2009, and activities were expanded at the local sites.

Participation in the sports program in Germany
2008: 7,900 | 2009: 8,500

Participants in health action days
2008: 680 | 2009: 1,343

Ensuring freedom of association and effective recognition of the right to collective bargaining.

Elimination of any kind of forced Labour.

Abolition of child Labour.

Elimination of discrimination in respect of employment and occupation.

Labour
Conscientious use of natural resources: Any company that prints and publishes books and magazines, ships CDs and DVDs, or offers a wide range of different services, inevitably enters into a complex interrelationship with the environment. Though the media sector has less impact on the environment than other branches of industry, we at Bertelsmann take this responsibility very seriously. Treating natural resources responsibly at every stage of our supply chain is an elementary part of our idea of corporate responsibility.
Bertelsmann’s Carbon Footprint

"Climate change is real, and it is one of the foremost challenges of the 21st century. Sustained growth is only possible if we, the private sector, also act sustainably and reduce our emissions. That is one of the reasons why we at Bertelsmann are taking action," said Bertelsmann CEO Hartmut Ostrowski explaining the Executive Board’s 2008 decision to calculate the company’s carbon footprint. This international balance of greenhouse gas emissions measures Bertelsmann Group’s impact on the Earth’s atmosphere for the first time. It also forms the basis for a coordinated improvement in the company’s energy efficiency. Because at company and divisional level the environment and climate change have already been an issue for years.

Corporate responsibility is firmly anchored in Bertelsmann’s company principles. The Bertelsmann Essentials obligate Bertelsmann’s employees and companies to “act responsibly toward […] the environment.” Based upon this, Bertelsmann’s Executive Board launched a climate protection strategy in August 2008. As the first pillar in this strategy, a Group-wide, international inventory of greenhouse gas emissions (the “carbon footprint”) was drawn up in 2009. The IFEU Institute for Energy and Environmental Research in Heidelberg has calculated Bertelsmann’s carbon footprint, which describes how much greenhouse gas (GHG) a business is responsible for emitting in a given period. Besides carbon dioxide (CO2), GHGs include other gases like methane and nitrous oxide. These gases are “converted” into carbon dioxide and shown as CO2 equivalents. Therefore, the carbon footprint is measured in carbon dioxide equivalents (CO2 eq), giving a standard measurement by which the impact on climate change can be expressed. To calculate our carbon footprint, the Group’s consumption of electricity and fossil fuels (especially gas, heating oil, gasoline and diesel) as well as the amount of business travel (flights, train journeys, etc.) were determined. The resulting greenhouse gas emissions are derived using conversion factors. We commissioned the auditing firm PricewaterhouseCoopers (PwC) to certify the quality of our carbon footprint calculation. PwC assessed the data collection procedure at Group level and the methodology used to calculate the carbon footprint, for accuracy, reliability and pertinence. Through PwC, we have been able to verify that our approach conforms to current common, relevant standards and practices. At the same time, we also received recommendations for compiling future carbon footprints.

Our carbon footprint

Bertelsmann’s 2008 carbon footprint amounted to more than 1.5 million tons of CO2 equivalents. Most of our GHG emissions are caused by the printing plants in the Arvato and Gruner + Jahr divisions as well as Prinovis. Like many industrial plants, the printing machines need large amounts of electricity, natural gas and heat. This is reflected accordingly in the carbon footprint.

Carbon Footprint of Bertelsmann AG in 2008: 1,531,969 t CO2 eq
Communication on Progress for the UN Global Compact

How emissions are caused at Bertelsmann

(in tons of CO2)

- 43,852 t (2.9%) Business Travel
- 44,088 t (2.9%) Transport
- 1,444,029 t (94.2%) Energy

By far the largest proportion of GHG emissions is caused by the provision of energy in the form of electricity and heat. Bertelsmann’s direct emissions result from the use of fuels such as gas and heating oil in our heating systems and at our production facilities. In the case of electricity, our proportionate share of CO2 emissions at the power stations of our electricity suppliers and in the provision of fuels is taken into account. At the printing plants, electricity consumption is a key factor in the carbon footprint because, all over the world, much of the electricity is generated by burning coal, oil or gas in power stations.

In offices the ratio is somewhat reversed, with heating generally having the biggest impact on climate. Business travel includes the GHG emissions caused by air and rail travel and the use of rental cars. The transport segment represents the emissions from our various company-owned fleets of vehicles.

The “be green” Experts

The “be green” team is an international workgroup comprising environmental experts at Bertelsmann AG and all of its corporate divisions. The task force shares ideas and experiences on environmental topics and develops Bertelsmann’s environmental and climate protection strategy. Since May 2003, environmental experts from Bertelsmann AG and all Bertelsmann company departments – environmental officers, production heads and chief paper buyers – have met regularly in this interdivisional, international task group, to discuss issues related to our ecological efforts. Best practices from the divisions and companies are presented, new developments at the international, European and German level are discussed, and strategies for more climate protection throughout the Group are jointly developed.

Bertelsmann AG/Corporate Center:
- Thorsten Strauß
  Executive Vice President Corporate Communications
- Katrin Gaertner
  Head of Berlin Representation Office
- Barbara Kutscher
  Director Corporate Responsibility
- Bettina Grab
  Director Government Relations
- Luigi Sanfilippo
  Independent Consultant

RTL Group:
- Oliver Herrgesell
  Executive Vice President Corporate Communications & Marketing
  Environmental Chief Officer
- Tun Van Rijswijck
  Chief Operating Officer, BCE

Random House:
- Stuart Applebaum
  Executive Vice President Random House USA
- Stephen Eason
  Group Production Director Random House UK
- Wolfgang Michael Hanke
  General Production Director, Verlagsgruppe Random House
- Gruer + Jahr:
  Thilo von Trott
  Head of Public Affairs and Corporate Responsibility
  Jack Siebert
  Head of Paper Purchasing
  Sven Woller
  Head of Internal Services

Arvato:
- Klaus Markus
  Head of Corporate Communications
- Andreas Henrichs
  Environmental Affairs Coordinator

Direct Group:
- Matthias Wulff
  Head of Corporate Communications
- Oliver Lanka
  Vice President Purchasing

Prinovis:
- Alexander Adler
  Head of Corporate Communications
- Hans-Friedrich Süßmann
  Technical Services Manager

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The be green Days 2010 at Bertelsmann around the world

Leave your car at home and bike to work, avoid printing out documents whenever possible, and turn on the light only when it’s really needed: There are many ways to protect the environment in a business setting. To mark World Environment Day, established by the United Nations, Bertelsmann companies organized action days known as "be green Days" at more than 35 different sites in ten countries.

These events took place on and around June 1 and encouraged employees to think about and get involved in environmental issues. Environmental officers in the divisions put together action-packed programs and got many of their sites excited about participating in "be green Day" with ideas of their own. The action days received extensive coverage on Bertelsmann’s intranet.

Bertelsmann AG regards climate change and environmental protection as central issues in our business and in society today. Therefore, in partnership with employees and stakeholders, we strive to reduce our direct and indirect greenhouse gas emissions as part of our overall drive to limit our environmental impact.

Our strategy will be subject to constant improvement.

Pursuant with our decentralized corporate philosophy, we expect our divisions to take responsibility for sustainable management contributing to climate and environmental protection.

The Bertelsmann be green mission statement.
RTL Group – the environment is part of the program

Since spring 2008, the “environMIND-team” has been supporting environmentally friendly actions and behavior at RTL Group. “Numerous green initiatives have been launched to keep the staff informed and promote or encourage their environmental conduct,” says Oliver Herrgesell, chief environmental officer at RTL Group. “These include an interactive website with practical eco tips, our environMINDday, the company mission statement, an environmental brochure and initiatives for organic menus at the canteen in Luxembourg.” At the second environMINDday on Dec 1 2009, RTL Group presented its first CO2 balance sheet. A few weeks later, the environmental officers from each company agreed on targets to reduce greenhouse gas emissions by 20 percent and a timetable for achieving them by 2020. Many RTL Group channels are also increasingly covering environmental issues in their programs. “For example, RTL Radio in France has had a monthly theme day - ‘L’Expédition RTL’ - since October 2008, which presents various regions of the world where the consequences of climate change are severely felt,” continues Herrgesell. And when the WWF (World Wildlife Fund) proclaimed March 28 2009 “Earth Day,” and called on all people around the world to turn off lights for one hour, several RTL Group channels supported this symbolic action. At the same time Michael De Maegd, a news presenter for the Belgian TV channel RTL TVI, took off from Sydney in an ultra-light aircraft for the “WWF Earth Challenge.” The documentary expedition carried out jointly with WWF gave the RTL TVI team some impressive pictures of regions threatened by climate change. “It was an extraordinary, ecological adventure,” said Oliver Herrgesell.

Random House – paper from sustainable forests

All around the world Random House strives to produce its books in the most eco-friendly way possible. In Germany, for example, the local publishing group gets its paper from suppliers who can prove they use resources from water cycle-oriented, sustainable forestry. “For almost all of our book production, i.e. for all paperbacks and hardcovers, we only use paper varieties that are certified by the FSC,” said Wolfgang Michael Hanke in Munich, joint head of production responsible for the issue. And now the producers of illustration-printing paper have followed suit, so that Verlagsgruppe Random House’s entire color range can now be printed almost exclusively on FSC-certified paper as well. Random House Deutschland won the FSC Global Partner Award in September 2010 for outstanding services rendered to the FSC. Great importance was also attached to the certification of all printers. “At the Arvato subsidiaries Mohn Media and GGP Media, we’re in extremely good hands in this respect,” said Hanke. In 2007, Verlagsgruppe became the first publishing group in Germany to have its carbon footprint calculated by Climate Partner. Random House is active in environmental protection outside Germany as well. In the U.S., the proportion of recycled paper in book production will be increased to 20 percent and targets for reducing greenhouse gas emissions will be introduced. And in Britain, an action plan will save 250 tons of carbon dioxide each year.
Gruner + Jahr – offsetting research travel

At a publishing company like Gruner + Jahr in Hamburg or the division’s other sites, there are many ways to save energy or natural resources for the benefit of the environment. For example, G+J magazines are printed on 98.5 percent environmentally certified paper. “But if journalists, say from ‘Geo’ magazine, want to report from various regions of the world – even on environmental topics – then they have to travel, and usually by plane,” says Thilo von Trott, who is responsible for environmental affairs at Gruner + Jahr. “Gruner + Jahr will offset the resulting greenhouse gases in cooperation with ‘Geo Saves the Rainforest’ through a sustainable environmental project in Nepal,” says von Trott. Reforestation, efficient cooking stoves and biogas plants are the most important elements for offsetting carbon emissions generated by unavoidable research trips by G+J editorial staff. “This project is based on the calculation of the total amount of carbon dioxide that Gruner + Jahr releases into the environment at all its locations - its carbon footprint,” says von Trott. “The analysis allowed us to more precisely break down how much of the footprint is attributable to such travel.” New “Geo” subscribers also have the option to waive their promotional gift and donate a tree to a reforestation project in Ecuador. More than 20,000 new trees have already been planted as a result.

Arvato – in league to protect the forests

If a print product carries the seal of the internationally recognized Forest Stewardship Council (FSC), then this means that any wood used in its production comes from sustainable forestry. The same is true for the printing company itself: Its FSC certificate proves that they are part of an entire production chain (Chain of Custody) from forest to finished product. If this chain is without gaps, a product is given the FSC label. Eleven Arvato companies in Germany, Italy, Spain, Portugal and the U.S. are now certified according to the stringent criteria of the FSC. “This shows that we are serious about our efforts to combine economic success with environmentally friendly action,” said Andreas Henrichs, Arvato environmental affairs coordinator. “This fact is further underscored by our membership in the WWF Wood Group,” a voluntary initiative of companies who each sign individual agreements with the WWF.
Late in the summer of 2009, the gravure printing group Prinovis joined the Klimaschutz- und Effizienzgruppe der deutschen Wirtschaft (Climate Protection and Efficiency Group of German Industry). The members of the initiative regard climate change and energy efficiency as opportunities for a successful economic future. They therefore wish to mobilize the motivation and willingness of companies to protect the climate more and substantially increase energy efficiency - and act as role models in the process. “In doing this we are going beyond what is required by law in many cases,” says Christine Uhde-Leischner, whose tasks at Prinovis include coordinating environmental protection. “For example, we have introduced an energy management system at our sites to centrally record energy consumption, compare it with the values of other locations, and develop suggestions for how to save energy,” she adds.

Alongside an integrated quality and environmental management program which has been running for years at Itzehoe and Dresden, Prinovis uses an environmentally friendly combined heat and power (CHP) plant to generate electricity and heat onsite at the company’s Itzehoe, Nuremberg and Liverpool sites. “By operating at over 90 percent efficiency we can save a lot of fuel and avoid greenhouse gas emissions,” explains Uhde-Leischner.

Books play a major role at Direct Group. This makes it all the more important that the division strive to make its paper procurement and printing processes as eco-friendly as possible. “Under no circumstances do our companies use paper from forests worth protecting or from non-sustainable forestry,” explains Oliver Lanka, central purchasing coordinator at Direct Group. “We only use suppliers who provide seamless traceability of the composition and origin of their raw materials.” Direct Group also places special emphasis on ensuring that the producers of paper used in its books are certified to credible environmental standards. In so doing, it seeks to support concepts central to sustainable forest management – i.e. reforestation, careful use of water and energy, and the prevention of illegal logging. In Germany, for example, 100 percent FSC certified paper is used. Following Der Club Bertelsmann and Círculo de Lectores, all subsidiaries are now gradually gaining FSC certification. Since 2007, Direct Group has also been proving its environmental commitment in a very different business. For every customer who books a tour of Turkey with the Turkish partner Deha Tur via a Direct Group company, a tree is planted in the area around the provincial capital of Denizli - thereby replenishing the declining tree population in the region. This helps Direct Group to offset the impact of pollution caused by the travel. By the end of this year the 300,000th tree will have been planted.
The Principles of the UN Global Compact

Businesses should support a precautionary approach to environmental challenges.

- Bundled all climate protection measures in the "be green" team, an international work group comprised of environmental managers/officers from the corporate divisions
- Developed Group-wide climate protection strategy called "be green" and launched it throughout the Group, achieved first milestones (see below)
- Positioned the issue on top level by the Chairman & CEO (Statements/Interview)
- Bertelsmann has measured and published its first worldwide carbon footprint (for 2008: 1.532 million tonnes CO₂ eq.). The footprint was calculated by an outside environmental institute (IFEU).
- Carried out international "be green" days in the lead-up to the UN’s World Environment Day on 4 June 2010 with comprehensive environmental and climate protection activities for employees at over 35 sites in 10 countries and for employees worldwide in Intranet
- Produced and published a "be green" motivation film for employees (German/English) with the aim of making climate protection more tangible and encouraging employee involvement
- Set up an ongoing "be green" section on the Bertelsmann intranet dedicated to the topic of environmental protection (approx. 30 news articles and dossiers on climate protection)
- Integrated a question about environmental protection in the worldwide employee survey
- Held a workshop on energy efficiency and Green IT for the environmental managers/officers
- Carried out a benchmark study on environmental protection in 9 media companies and published it in-house
- Carried out “Green Innovations in Practice” study about green business models and published it in-house

Goals (present to October 2011)

- Achieve further milestones and continue to develop the Group-wide "be green" climate protection strategy
- Draw up and publish the worldwide carbon footprint 2010 (calculated every two years)
- Carry out another international "be green" Day
- Train & coach Bertelsmann apprentices to be "climate ambassadors" and act as multipliers for climate protection during their training segments
- Update and expand the benchmark study on environmental protection at media companies
- Carry out further workshops on topics including energy efficiency

Businesses should undertake initiatives to promote greater environmental responsibility.

- Continue developing Bertelsmann’s Environment Policy
- Continue developing the Bertelsmann Paper Policy
- Expand "be green" communications to the in- and outside, including ongoing publication of "green news" on the Bertelsmann intranet and Bertelsmann’s Corporate Responsibility portal
- Intensify and formalize stakeholder dialog on environmental and climate protection
- Carry out further workshops on topics including energy efficiency

Businesses should encourage the development and diffusion of environmentally friendly technologies.

- Carried out "Green Innovations in Practice" study about green business models and published it in-house
- Update and expand the benchmark study on environmental protection at media companies
- Carry out further workshops on topics including energy efficiency

Environment

Communication on Progress for the UN Global Compact
Global Code of Conduct: Bertelsmann published the Bertelsmann Code of Conduct in 2008 as a binding guideline for law-abiding and responsible conduct within the company.

Anti-Corruption
The Global Code of Conduct

What do important concepts such as fairness, honesty, integrity, respect and responsible corporate management and control mean in the context of everyday business? This question is crucial when it comes to taking specific action - because economic success and good corporate citizenship are two inseparable objectives for our company. Corporate responsibility and ethical behavior toward employees, customers, business partners, and government agencies play an integral part in our value system at Bertelsmann.

Ethics & Compliance

The Bertelsmann Ethics & Compliance program assists the company and its subsidiaries in maintaining compliance with laws, regulations and company policies and in promoting an ethical culture consistent with the values and principles stated in the Bertelsmann Essentials and the Bertelsmann Code of Conduct.

Our Code Of Conduct

The Bertelsmann Code of Conduct follows international standards. It is based on ethical principles, legal requirements and Bertelsmann’s own in-house rules and regulations. At the same time, the Code of Conduct is grounded in the Bertelsmann Essentials, which convey our goals and basic values. The Bertelsmann Code of Conduct consists of 20 principles that govern corporate responsibility, workplace conduct, business and financial transactions, and media and technology. The 20 principles address specific topics such as data protection, anti-corruption and independent and responsible reporting in Bertelsmann’s published media.

Training and whistleblowing scheme for employees

To familiarize our employees worldwide with the Code of Conduct, the Ethics & Compliance Department has developed an interactive training program in 10 languages, which is available in both web-based and traditional formats and was implemented in June 2009.

Mehr Informationen zum Code of Conduct und dem Hinweisgebersystem: www.ethics.bertelsmann.com

Communication on Progress for the UN Global Compact
The Bertelsmann Code of Conduct launched in 2008

Compliance with the law
We comply with all applicable local, national and international laws and regulations wherever we do business.

Human rights
The respect for and protection of human rights is part of our corporate culture.

Environment, health & safety
Environmental protection, health and safety are integral parts of our corporate responsibility.

Product safety
We create and develop safe products and services for our customers.

Governmental & regulatory relations
We conduct proper and legally impeccable relations with all government regulators and agencies.

Mutual trust & respect
We treat each other in a mutually respectful and trusting manner at work and seek to create a workplace environment that does not allow for discrimination, harassment, bullying or intimidation.

Freedom to speak without fear of retaliation
We encourage our employees to speak up freely and without fear of retaliation. We do not retaliate against employees who raise good-faith workplace concerns.

Data privacy & protection
We collect, retain, use and transmit personal data and information in compliance with applicable law and policy.

Responsible use of assets
We deal with company property, products and resources responsibly and appropriately and use them only for their intended business purposes.

Conflicts of interest
We disclose potential or actual conflicts of interest in the workplace in a timely manner for proper review and resolution.

Financial integrity & anti-fraud
We conduct our business and manage recordkeeping and reporting with integrity and transparency.

Anti-corruption & anti-bribery
We do not engage in corruption, bribery, kickbacks or other illegal transactions with private, commercial, or governmental parties.

Gifts & entertainment
When giving or receiving business gifts or entertainment, we do so in a transparent manner that complies with company policy, industry standards and applicable law.

Antitrust compliance
We comply with applicable antitrust and competition laws and consult expert company counsel on antitrust and competition issues.

Insider trading
We comply with applicable insider trading laws and company policy regarding material nonpublic information that we learn about our own or other businesses.

Intellectual property protection
We respect and protect all forms of intellectual property and protected content regardless of whether they are created by our companies or by third parties.

Information technology use & security
We make proper business use of workplace information technology and help to protect systems and equipment against internal and external threats.

Confidentiality & public relations
We protect company, product, service and other confidential business information from unauthorized disclosure and use.

Conflicts of interest
We disclose potential or actual conflicts of interest in the workplace in a timely manner for proper review and resolution.

Honest statements regarding products & services
We do not knowingly engage in or promote misrepresentation or fraud in the marketing or advertising of our products and services.

Media independence & responsibilities
We observe editorial and journalistic independence in news gathering and distribution.
### Anti-Corruption

#### Developments with regard to the principles of the UN Global Compact

<table>
<thead>
<tr>
<th>The Principles of the UN Global Compact</th>
<th>Goals (present to October 2011)</th>
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<tr>
<td>Businesses should work against corruption in all its forms, including extortion and bribery.</td>
<td>A review of the Code of Conduct is planned for 2011.</td>
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<tr>
<td>• In 2008, Bertelsmann implemented a Global Code of Conduct that incorporates clear guidance on topics such as financial integrity, antifraud, anti-corruption, anti-bribery and conflicts of interests. The Code was distributed to all employees worldwide and is also often used in dealings with business partners.</td>
<td>• Annual compliance risk assessment, including a review of corruption risks.</td>
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<td>• As part of the Code and training initiative, employees are also instructed about the comprehensive means that the company puts at their disposal to safely report cases of corruption or similar violations of company policy. The company makes three channels available for reporting violations: Ombudspersons, web-based reporting tool and the Bertelsmann Ethics &amp; Compliance Department.</td>
<td>• Continuous training for newly hired employees is scheduled to occur in 2010 and 2011 (refresher training for all employees is planned for 2012).</td>
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<td>• Reports are promptly reviewed and investigated by the E&amp;C Department. In 2008, a Corporate Compliance Committee was formed and meets regularly to monitor whether all reports have received adequate and timely scrutiny.</td>
<td>• Ongoing monitoring of compliance with anti-corruption requirements will occur based on a review of reports received through the comprehensive whistle blowing system.</td>
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<td>• The Ethics &amp; Compliance Department has also conducted workshops with Ethics &amp; Compliance Representatives from subsidiaries around the world, to promote the integration of compliance into business processes, including compliance with anti-corruption requirements.</td>
<td>• Further development of preventive procedures: Spot checks to identify corruption in sales, in accordance with guidelines formulated for that purpose.</td>
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<td>• With the help of mass data analyses and red flag tests, preventive (rather than case-specific) procedures have been implemented to identify corruption in sales.</td>
<td>• Annual workshops and regular exchanges with Ethics &amp; Compliance Representatives from subsidiaries will continue to occur.</td>
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<td>• The corporate audit department has undergone training in specific techniques for investigating fraudulent behavior.</td>
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Our Approach  Employees  Governance and Compliance  Media Content and Products  Environment  Our Commitment  CB Facts & Figures  News  More...  

It's hard to imagine a more fitting motto: "175 Years of Bertelsmann – The Legacy for Our Future" not only serves as the heading for...

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