

Corporate Responsibility

Report 2017



BERTELSMANN

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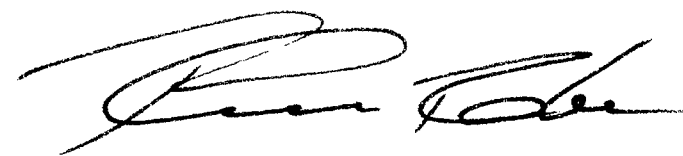
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Foreword

Bertelsmann showed stronger growth, became more digital, more international and more diversified in 2017. We also made good progress in our strategy implementation. As we further develop our company, we are guided by the values that have made Bertelsmann globally successful for decades. Entrepreneurial spirit and creativity drive us. We act in partnership and responsibly – in our business dealings, and toward our employees, society and the environment. The following pages explain how we take our responsibility seriously every day.

Sincerely,



PS: Bertelsmann has been contributing to the implementation of the 10 principles of the UN Global Compact for 10 years. This report also presents our annual progress communication.

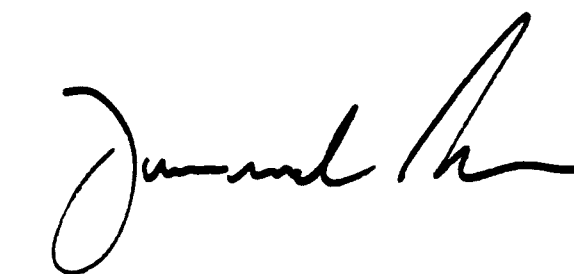


Thomas Rabe
Chairman and Chief Executive Officer of Bertelsmann



Immanuel Hermreck
Chief Human Resources Officer of Bertelsmann

At Bertelsmann, everyone is accountable for the implementation of corporate responsibility and the further development of our corporate culture – executives and employees alike. That’s why our work focuses on the structures, processes and objectives that support the responsible actions of every individual. The many initiatives of our 119,000 employees worldwide are decisive, and the only way corporate responsibility can become part of a practiced corporate culture. In this report, we explain how we reconcile our economic goals with the social and ecological demands of our stakeholders. We hope you enjoy a stimulating read!




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About this Report

Bertelsmann's corporate responsibility (CR) reporting has followed the guidelines of the Global Reporting Initiative (GRI), the world's leading standard for sustainability reporting by international companies and organizations, since 2011. This CR report provides information on the basic principles, focus topics and measures of CR Management at Bertelsmann Group during the 2017 financial year. In individually identified cases, the description of management approaches and concepts extends to the editorial deadline on March 30, 2018. The report's content was selected based on a relevance analysis of corporate responsibility topics at Bertelsmann carried out with in-house and external stakeholders. The present sustainability report has been prepared in accordance with the GRI Standards (2016; "Core" option). Bertelsmann's previous CR Report and the Bertelsmann Carbon Footprint were published in October 2017. Bertelsmann's GRI reporting also fulfills its obligation, as a UN Global Compact signatory, to produce an annual Communication on Progress. The Group's corporate responsibility

reporting is supplemented with sustainability information on the Bertelsmann corporate website.

In March 2018, Bertelsmann also published a Combined Non-Financial Statement as part of its Combined Management Report 2017, which complies with the CSR Directive Implementation Act [↗ Bertelsmann Annual Report 2017, p. 40–44](#).

Scope of the Report and Data Collection

All fully consolidated subsidiaries were included in this CR report. You can find a list of these companies on the [↗ Bertelsmann corporate website](#). Deviations from the scope of this report are indicated in the text.

In early February, portions of the Arvato digital marketing business were integrated into the Bertelsmann Printing Group with retroactive effect as of January 1, 2017. Data from the financial year 2016 have been adjusted accordingly.

Due to the inclusion of additional companies in data collection, and on the basis of new findings from the recent data collection, the presentation of the previous year's environmental data has been adjusted. In addition, CO2e factors were retroactively adjusted for the comparative year 2016. The environmental indicators published in this report include all fully consolidated Group units. Data for units not participating in the collection was estimated. This approach was also used retrospectively in comparison to 2016, leading to an adjustment in the previous year's data.



Company Profile

As a media, services and education company, Bertelsmann stands for entrepreneurship and creativity. With eight divisions, the Group operates in about 50 countries around the world.

 Corporate divisions

€17.2 billion
Group revenues

€2.6 billion
Operating EBITDA

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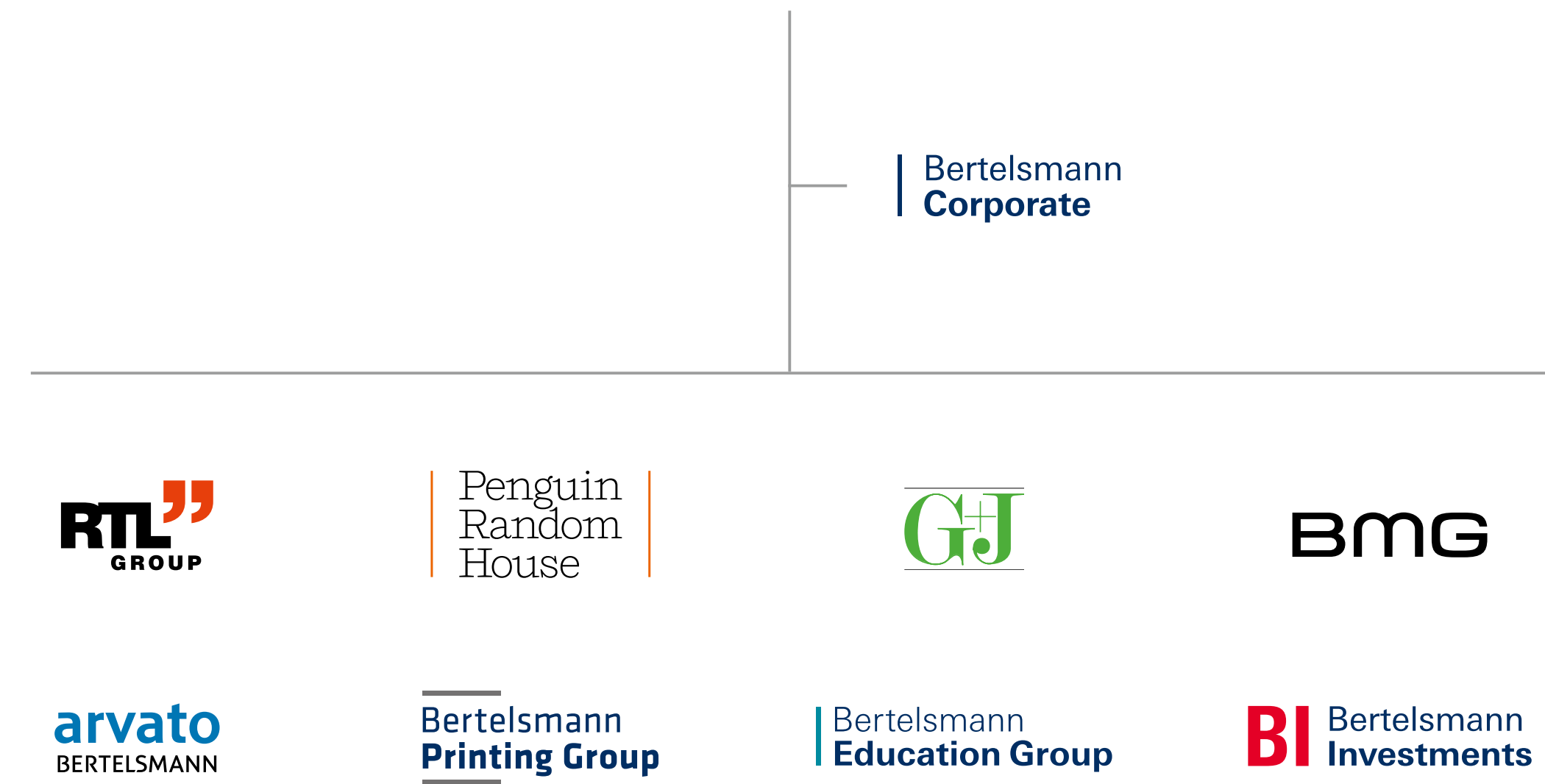
Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group and Bertelsmann Investments, an international network of funds. The company had around 119,000 employees and generated revenues of €17.2 billion in the 2017 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

Corporate Structure

Bertelsmann owns 75.1 percent of shares in RTL Group and a 75 percent stake in Penguin Random House (previous year: 53 percent). Gruner + Jahr, BMG, Arvato, the Bertelsmann Printing Group and Bertelsmann Investments are wholly owned by Bertelsmann.

GRI 102-45

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www.bertelsmann.com

You can find an overview of Bertelsmann's shareholdings on the [Bertelsmann corporate website](http://www.bertelsmann.com).

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Business Performance

Revenues by Division in € millions

	2017			2016 (adjusted)		
	Germany	Other countries	Total	Germany	Other countries	Total
RTL Group	2,266	4,107	6,373	2,205	4,032	6,237
Penguin Random House	250	3,109	3,359	266	3,095	3,361
Gruener + Jahr	964	549	1,513	959	621	1,580
BMG	33	474	507	31	385	416
Arvato	1,521	2,302	3,823	1,568	2,195	3,763
Bertelsmann Printing Group	957	724	1,681	971	738	1,709
Bertelsmann Education Group	1	188	189	–	142	142
Bertelsmann Investments	–	–	–	–	–	–
Total divisional revenues	5,992	11,453	17,445	6,000	11,208	17,208
Corporate/Consolidation	(152)	(103)	(255)	(142)	(116)	(258)
Continuing operations	5,840	11,350	17,190	5,858	11,092	16,950

Bertelsmann's geographic core markets are Western Europe – especially Germany, France and the United Kingdom – and the United States. Bertelsmann is also strengthening its involvement in growth markets such as China, India and Brazil.

Bertelsmann is striving for a faster-growing, more digital, more international, and more diversified portfolio. The businesses Bertelsmann invests in should have long-term stable growth, global reach, stable and protectable business models, high

market-entry barriers, and scalability. The education business is gradually developed into the third earnings pillar alongside media and services. The Group strategy comprises four strategic priorities: strengthening the core businesses, driving the



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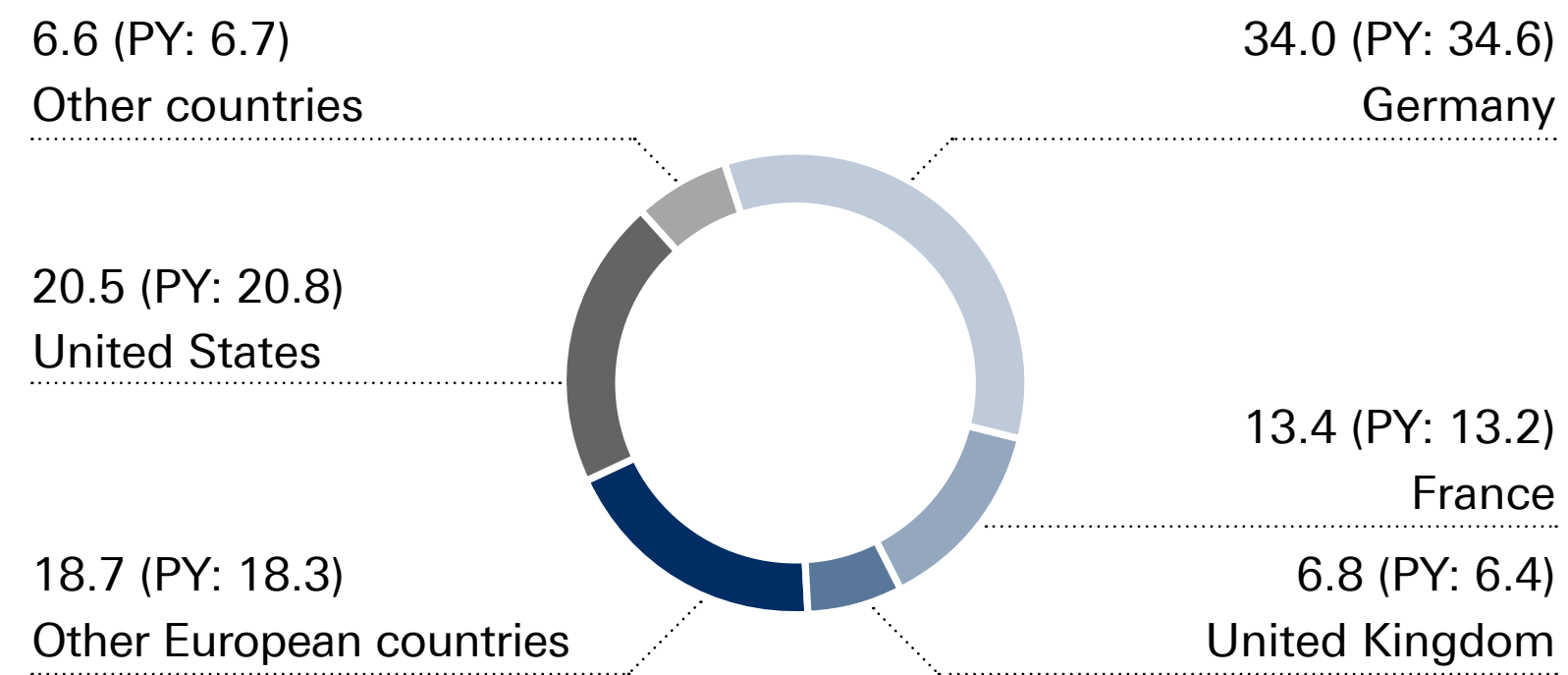
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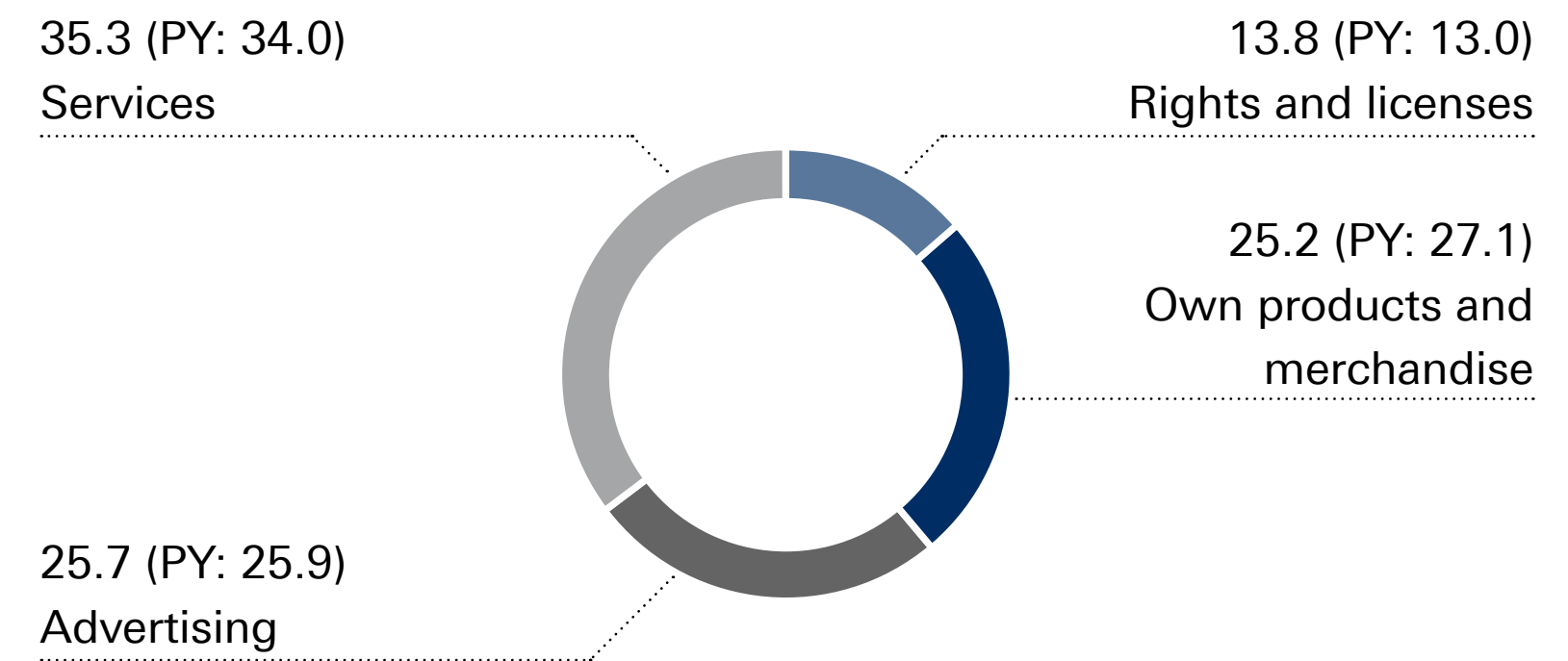
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Consolidated Revenues by Region in percent



Revenues by Category in percent



digital transformation forward, developing growth platforms, and expansion into growth regions. In 2017, the following acquisitions represented major steps in executing the strategy: BMG took over the BBR Music Group; Penguin Random House strengthened its publishing businesses in Spain and Latin America with the acquisition of

Ediciones B, the publishing business of Spain's Grupo Zeta media group; RTL Group bought up the remaining shares in SpotX Inc., further expanding its ad-tech business; and Bertelsmann increased its stake in Penguin Random House to a strategic three-quarters majority by taking over another 22 percent of shares from Pearson.



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Business Model and Value Creation

Bertelsmann's origins lie in the media industry. Today the company is active in three lines of business: media, services and education. Digitalization plays a central role in the strategic direction of the company as a driver of new trends, through innovations in production technology, changes in media consumption and the way people learn. Bertelsmann has a widely ramified supply chain with only a few main suppliers, including paper and energy suppliers. Most of the services it purchases are creative or other services rendered by humans.

Media: Bertelsmann's media businesses are based on the production or acquisition of high-quality information and entertainment content – the basis for creating audiovisual formats, books, magazines, music products, and online services. With the exception of books and music, these products contain advertising as well as editorial content – an important source of financing beyond the revenues from sales and distribution. All these products are distributed physically or digitally, directly or through service providers. Because media businesses live

by the diversity of the content they produce and distribute, good networks of creative talent and content producers are a key success factor.

Services: Companies from a wide variety of industries rely on Bertelsmann's portfolio of solutions, including telecommunication providers, energy suppliers, banks and insurance companies, as well as e-commerce, IT and Internet providers. At the core of this segment are services Bertelsmann delivers to the end customers of its clients ("B2B2C services"). Typical support services include CRM solutions, marketing, IT logistics and financial services. These services combine a variety of resources: staff resources, technology, and the use of natural resources in the form of energy and materials. While hardware and standard software are sourced from third-party suppliers, software solutions for specialized applications are also developed in-house. In its print operations, Bertelsmann processes materials like paper and ink to produce media and advertising products for business customers – typically books, catalogs, magazines and

brochures – using offset, gravure and digital printing presses by third-party manufacturers. The most important raw material used in the CD, DVD and Blu-ray replication business is polycarbonate.

Education: With its digital education and range of services focusing on the health and technology sectors, Bertelsmann is shaping work-related learning in the 21st century. The business models in the education segment are based first foremost on the combined deployment of highly qualified employees and innovative technology.



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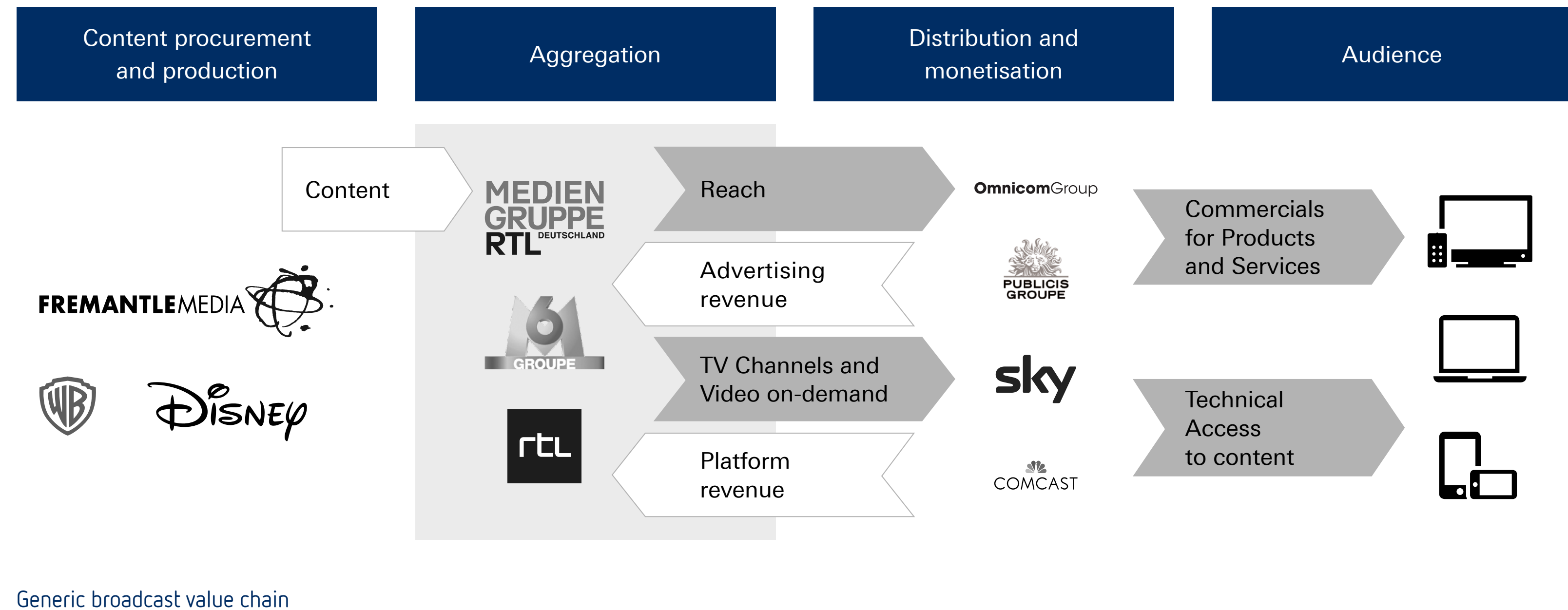
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Broadcast



Example: TV Broadcasting

RTL Group is a leader across broadcast, content and digital, with interests in 57 television channels and 30 radio stations, content production companies around the world, and rapidly growing digital video businesses. The production, aggregation, distribution and monetization of professionally produced video content is the core business of

RTL Group. The goal is to offer content wherever the audience wants to watch it – on various platforms and devices. With operations in 30 countries, the global network of Fremantle Media is responsible for more than 12,500 hours of programming a year and distributes over 20,000 hours of content worldwide. In addition, RTL Group’s families of channels produce or commission local content. The channels

develop and structure their program lineup with a wide variety of genre formats (including news, entertainment shows, fictional series, reality TV formats and live sports broadcasts) to shape their channel brand identities. Their main source of income is the sale of advertising airtime.

Corporate Management

In line with the recommendations of the German Corporate Governance Code, Bertelsmann stands for responsible corporate governance. Shared values and principles guide the Group's business conduct.

100%

family- and foundation-owned shares

6 nationalities on the Supervisory board

1 of 5

female executive board members

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Corporate Management

In addition to all applicable legal regulations, Bertelsmann's corporate management is based on the recommendations of the German Corporate Governance Code, which sets internationally and nationally recognized standards of good and responsible corporate governance.

Corporate Governance

The German Corporate Governance Code in the version dated February 7, 2017, sets out key statutory requirements concerning the management and monitoring of German listed companies and contains relevant standards for good and responsible corporate management. Its recommendations and suggestions, in addition to the applicable provisions of law, form the basis for corporate governance at Bertelsmann. Bertelsmann SE & Co. KGaA is a capitalmarket-oriented company but is unlisted. It is not, therefore, subject to the statutory requirement to issue a formal declaration of compliance as per section 161 of the German Stock Corporation Act.

Legal Form and Statutory Bodies

Bertelsmann's legal form is that of a partnership limited by shares (KGaA). The statutory bodies of Bertelsmann SE & Co. KGaA are the General Meeting, the Supervisory Board and Bertelsmann Management SE as a general partner. Bertelsmann SE & Co. KGaA and Bertelsmann Management SE each have their own Supervisory Boards. The duties and responsibilities of the individual bodies are clearly defined in each case and are strictly separated from each other. Simultaneous membership on the Executive Board of Bertelsmann Management SE on the one hand, and on the Supervisory Board of Bertelsmann Management SE or the Supervisory Board of Bertelsmann SE & Co. KGaA on the other, is not permissible.

Responsibilities and Committees

The general partner, Bertelsmann Management SE, represented by its Executive Board, is responsible for independently managing the company. The duties consist of determining the corporate

objectives, setting the strategic direction of the Group, developing management, and conducting corporate planning and financing. The Executive Board provides the respective Supervisory Boards with regular, prompt and comprehensive reports on all matters relevant to business development and strategy implementation, planning, financial and earnings position, the risk situation, and risk management. This ensures compliance with the provisions of law and corporate guidelines within the Group.

The members of the Executive Board bear joint responsibility for overall management. Matters of fundamental significance and matters concerning the spheres of responsibility of a number of Executive Board members are addressed by the overall Executive Board. Notwithstanding this overall responsibility, the individual members of the Executive Board manage their departments as part of the duties stipulated by the overall Executive Board.

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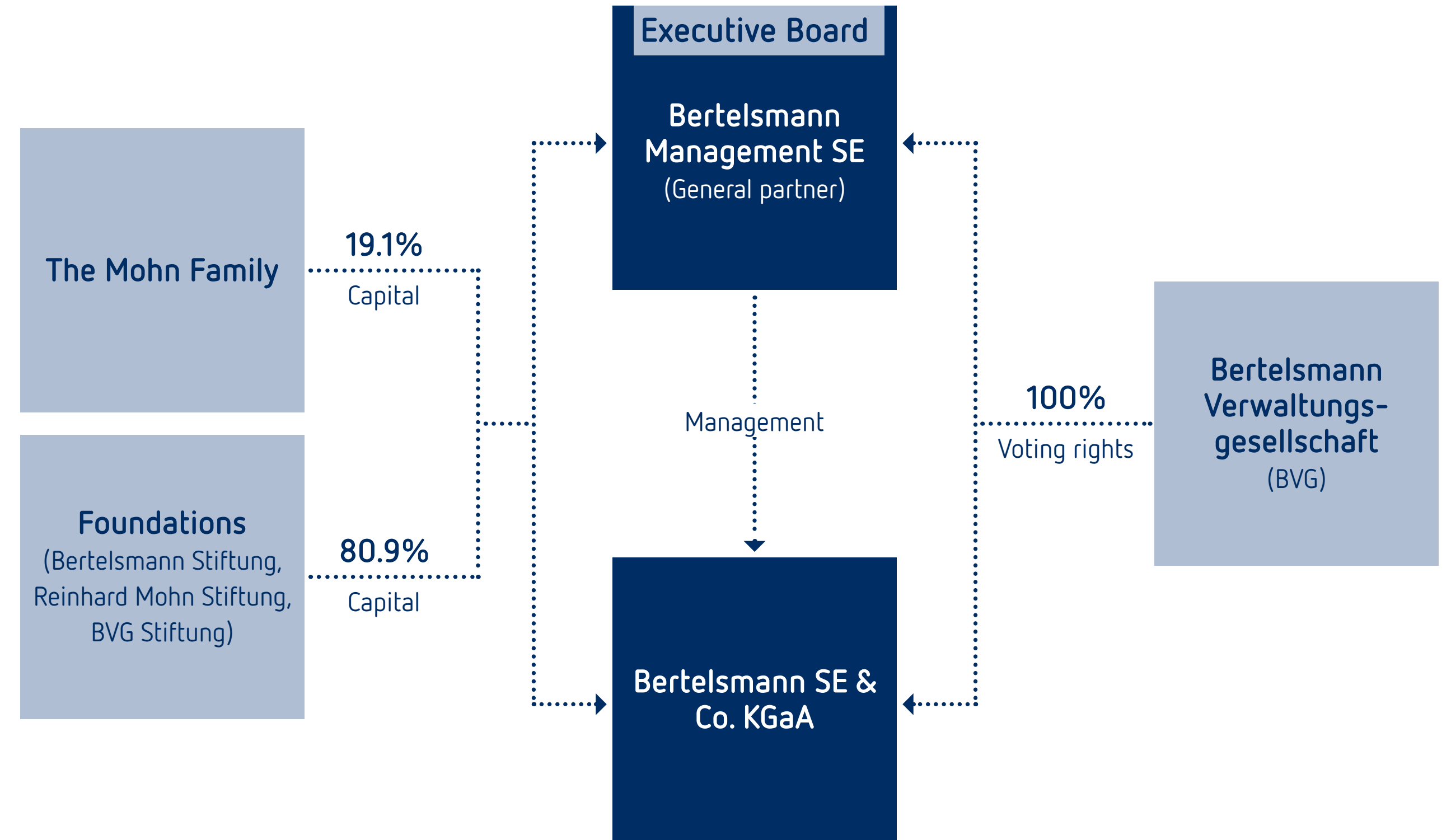
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In addition, the Executive Board has established the Group Management Committee (GMC), which advises the board on important corporate strategy and development matters and other issues that affect the Group. The GMC, which had 16 members in 2017, is comprised of all members of the Executive Board, as well as executives who represent key businesses, countries, regions, or selected Group-wide functions.

In the 2017 financial year, women comprised one-fifth of the Executive Board (20 percent, previous year: 17 percent) and 33 percent (previous year: 31 percent) of the GMC. The average age of Executive Board members was 50 years (previous year: 50 years), and the average age of the GMC members was 54 years (previous year: 53 years). The Executive Board members have worked for the Group for an average of 18 years (previous year: 17 years) and have served on the Executive Board for an average of 6 years (previous year: 4 years). All members of the Executive

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Board were German (previous year: one non-German member), and 27 percent of the GMC was non-German (previous year: 31 percent).

Tasks and Decision-making Processes

The Supervisory Board of Bertelsmann SE & Co. KGaA supervises the management of the business by the Bertelsmann Management SE and uses its extensive information and control rights for this purpose. In addition, the Supervisory Boards advise the Executive Board on strategic matters and significant transactions. The Executive Board and Supervisory Board work in close, trusting cooperation and are therefore able to reconcile the demands of effective corporate governance with the need for rapid decision making. Fundamental matters of the corporate strategy and its implementation are discussed openly and voted on in joint sessions. The shareholders of Bertelsmann SE & Co. KGaA and Bertelsmann Management SE exercise their rights and vote at the respective General Meetings.

The Supervisory Board of Bertelsmann Management SE has formed an HR Committee and a Program Committee, and the Supervisory Board of Bertelsmann SE & Co. KGaA has formed an Audit and Finance Committee and a Working Group of Employee and Management Representatives. The Audit and Finance Committee of the Supervisory Board of Bertelsmann SE & Co. KGaA addresses, among other things, the accounting process and the effectiveness of the risk monitoring and risk management system, the internal control system, and the internal auditing system. It also addresses matters of compliance, in particular the effectiveness and proper functioning of the compliance organization and related topics of integrity within the Group, and reviews the non-financial reporting.

In the 2017 financial year, women comprised 21 percent (previous year: 20 percent) of the Supervisory Board. The average age of Supervisory Board members was 57 (previous year: 58), and 64 percent (previous year: 67 percent) of the Supervisory

Board members were German; 36 percent (previous year: 33 percent) were non-German.

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Company Principles

As stated in the corporate constitution, among 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 – which are summed up in the Bertelsmann Essentials: partnership, entrepreneurship, creativity and corporate citizenship. To ensure that they reflect the changes in our company, its businesses and their environments, the Bertelsmann Essentials are subject to critical review and development. A revision process was initiated in 2017.

The Bertelsmann Code of Conduct, a binding guideline for law-abiding and ethically responsible conduct in the company, defines standards for responsible conduct toward business partners and the public, as well for interpersonal conduct within the company. Everyone in the company – including the Executive Board and the Supervisory Board – is obliged to adhere to the principles stipulated in it [→Compliance, p. 17.](#)

In addition, Bertelsmann has defined a Sense of Purpose. Expressed in the triad “To Empower. To Create. To Inspire.” it provides orientation for the Group’s staff and partners.

The company principles are available for download:

[↗ Bertelsmann Essentials](#)

[↗ Bertelsmann Code of Conduct](#)

Bertelsmann supports the UN Global Compact:

[↗ The 10 Principles of the UN Global Compact](#)

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Risk Management

As a global corporation, Bertelsmann is exposed to a large number of risks, including legal and regulatory risks. The company has set up a risk management system (RMS) for the early identification, evaluation of, and handling of internal and external risks. Its aim is to identify material risks to the Group in good time, so that countermeasures can be taken and the risk can be monitored. Risks are defined as possible future developments or events that could lead to a negative economic forecast or target deviation for Bertelsmann. In addition, risks can negatively affect the achievement of the Group's strategic, operational, reporting and compliance-related objectives, and its reputation.

The risk management process is based on the internationally accepted frameworks of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is organized in subprocesses of identification, assessment, response, control, communication and monitoring. A major element of risk identification is a risk inventory that lists

significant risks year by year, from the profit center level upward. The risks are compared to risk management and control measures to determine the net risk position. Both one- and three-year risk assessment horizons are applied to enable the timely implementation of risk response measures. Risk assessment is the product of the estimated negative impact on Group free cash flow should the risk occur and the estimated probability of occurrence. The RMS, along with its component, the internal control system, is constantly undergoing further development and is integrated into ongoing reporting to the Bertelsmann Executive Board and Supervisory Board. Corporate and Divisional Risk Management Committee meetings are convened at regular intervals to ensure compliance with statutory and internal requirements.

For a review of CR risks, see [→CR Risks, p. 31](#).

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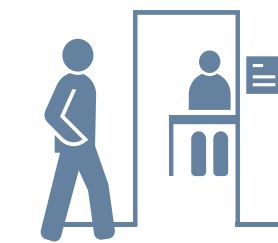
To avoid violations of laws and regulations, directives, and company guidelines, the Bertelsmann Executive Board created a compliance organization. It appointed a Corporate Compliance Committee (CCC) and established an Integrity & Compliance program. The Integrity & Compliance department is subordinated to the CCC and advises and supports it. The head of the Integrity & Compliance department reports to the head of the Corporate Legal Department and Chair of the CCC. The latter, in turn, reports to the Chairman and CEO of Bertelsmann, who is responsible for matters of compliance within the Executive Board. This organization reflects the relevant standards for compliance management systems that contribute toward mitigating risks in various ways. Its basic elements include the Bertelsmann Code of Conduct, the [Bertelsmann Supplier Code of Conduct](#), the compliance guidelines, risk analysis, consultation, communication and training measures, whistleblowing systems, and case management.

At Bertelsmann employees, business partners and third parties always have the opportunity to ask questions; to use confidential and secure channels to express concerns about possible misconduct; and to make suggestions for improving compliance processes. Contact points include the Integrity & Compliance department, an online whistleblowing system www.reportconcerns.com and external ombudspersons appointed by Bertelsmann. All reports submitted are being investigated to ensure adequate response to compliance violations.

Protection of Human Rights

Bertelsmann has declared the protection of human rights within the company and in the supply chain to be a priority. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights and the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) core labor standards. Ensuring fair working conditions is an integral part of Bertelsmann's corporate culture.

Reporting Channels for Suspected Misconduct



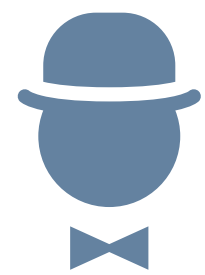
Discuss locally



Contact the Corporate Center



Use the Internet-based system



Consult the Ombudsperson

Bertelsmann sets binding human rights standards in the company as well as in the global supply chain, which must be adhered to by all employees and business partners. Key corporate guidelines that address the issue of human rights and codify these standards are:

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- > **The Bertelsmann Code of Conduct** is the guideline for legal and ethical conduct. It is binding for every employee worldwide, within the company and toward business partners and the general public. Everyone in the company – employees, the Executive Board and Supervisory Board – is obliged to adhere to the principles stipulated in it. The Code of Conduct is not only a guide to appropriate decision making, but also provides information about the options for seeking advice in the company, and for confidentially and securely expressing concerns about possible misconduct.
- > **The Bertelsmann Supplier Code of Conduct** obligates business partners that work for, with or on behalf of Bertelsmann to observe minimum compliance and ethics standards that correspond to the Bertelsmann Code of Conduct. Bertelsmann also requires its business partners to pass these minimum requirements along their own value chain to any third parties they may use (subcontractors, etc.) to fulfill

their contract with Bertelsmann. In the event of breaches of the Supplier Code of Conduct, Bertelsmann reserves the right to make appropriate responses corresponding to the severity of the breach, which may include contract termination.

- > **The Executive Board Guideline on Anti-corruption & Integrity** mandates an appropriate due diligence process when selecting business partners, and the incorporation of the Bertelsmann Supplier Code of Conduct into all contracts with third parties. It also requires an appropriate monitoring of third parties for the term of the contract.

In the following, several specific human rights issues are discussed, mainly in connection with safeguarding of fair working conditions → [Fair Working Conditions, p. 37](#).

The Code of Conduct and the Supplier Code of Conduct reaffirm the **right to freedom of**

“We respect the dignity and individual rights of employees and third parties with whom we have business relations.”

Bertelsmann Code of Conduct

association and the right to engage in collective bargaining, in accordance with applicable laws and regulations, for employees of Bertelsmann companies as well as those of business partners. At Bertelsmann violations of this principle may be reported via the aforementioned whistleblowing channels, both by employees and by third parties.

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Bertelsmann does not tolerate **child and forced labor**, and expects its business partners to share this position. The Code of Conduct and the Supplier Code of Conduct contain accordingly explicit prohibitions. In addition, individual Bertelsmann Group companies as well as Bertelsmann itself have issued statements in accordance with the UK Modern Slavery Act that condemn all forms of modern slavery, coercive and child labor, exploitation, and discrimination, and present measures to prevent these human rights violations.

The Code of Conduct and the Supplier Code of Conduct contain a clear prohibition of discrimination and intimidation. In addition to the aforementioned reporting channels, AGG contact persons have been appointed at all German locations. Employees can contact them in the event of suspected breaches of Germany's General Equal Treatment Act (AGG). Employees are informed about their rights under the AGG by means of brochures, posters and information provided on the company

intranet. In an international context, the topic of antidiscrimination was addressed in a Group-wide e-learning designed to build employee awareness of the issue and advise them of their rights.

Anti-corruption and Integrity

Corruption and bribery hinder the development of the economy, deter investors and contribute to the persistence of poverty in many countries. For this reason, many countries have tightened their anti-corruption laws in recent years. In the event of infringement, executives and employees, as well as the company itself, may face considerable consequences under criminal and civil law, such as imprisonment, fines, confiscation of profits, exclusion from tendering procedures and the revocation of permits. Business customers are also increasingly demanding evidence of effective anti-corruption compliance measures as a prerequisite for cooperation. Responsible management must therefore also include measures to prevent corruption.

Bertelsmann complies with all applicable national and international anti-corruption regulations. Bribery and corruption, as well as conduct that could harm the company's assets or those of business partners or third parties, is strictly prohibited.

One of the 10 principles of the United Nations Global Compact, which Bertelsmann has supported as a signatory since 2008 [→Guidelines and Partnerships, p. 24](#), is decisive action against corruption. By reporting in accordance with GRI, Bertelsmann also fulfills its obligation to state, in an annual Communication on Progress, what anti-corruption measures were taken [→About this Report, p. 4](#).

Both the Bertelsmann Code of Conduct and the Bertelsmann guidelines 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.



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The Executive Board Guideline on Anti-corruption & Integrity specifies detailed principles and rules of conduct for complying with applicable regulations. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, it prescribes appropriate due diligence processes in dealing with third parties. It also describes the reporting channels for suspected violations and seeking advice, as well as other prevention and control measures. The Bertelsmann Supplier Code of Conduct requires Bertelsmann business partners that work for, with or on behalf of the company to comply with the same strict anti-corruption rules. The Executive Board Guideline for dealing with alleged compliance violations anchors an obligation to report suspected violations of the prohibition against corruption to the Bertelsmann Corporate Center. In addition, an Executive Board Guideline on the compliance organization and the role of compliance officers was adopted in 2017.

The topic of corruption prevention is globally managed and further developed by the Integrity & Compliance department.

Major anti-corruption results in 2017 included:

- > Advising executives and employees on the subject of anti-corruption;
- > Adoption of the revised Executive Board Guideline on Anti-Corruption & Integrity;
- > Training on anti-corruption & integrity for managers and employees covered by the nomination criteria, by means of a new e-learning;
- > Establishment of an obligation by local management to communicate the respective guidelines;
- > Processing reports of suspected violations related to anti-corruption;
- > Reporting of measures taken as well as case indicators to the Executive Board and Supervisory Board in the Compliance Report.

The quantitative survey of and reporting on e-learning training measures on anti-corruption will be continued in 2018.

Fair Competition

Bertelsmann is committed to the principle of fair competition and condemns antitrust violations and anti-competitive behavior. The company takes action against any contravention. An extensive training program (face-to-face training, online training for refresher courses) is designed to prevent antitrust violations.



CR Management

Thematic focuses, stakeholder dialogue and cross-divisional networks are the defining hallmarks of Bertelsmann's Corporate Responsibility Management.

13 CR focus topics

>150 internal and external stakeholders interviewed

10 years of being a signatory to the UN Global Compact

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CR Management

Responsible conduct – in business, toward employees, in society and in dealing with the environment – is firmly anchored in Bertelsmann's corporate culture. The Bertelsmann Essentials codify citizenship as a core value for all the company's executives, employees and shareholders. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling its commercial interests with the social and environmental concerns of its internal and external stakeholders.

Strategic Development

Bertelsmann is constantly working on the strategic evolution of its CR management. The focus is on transparency regarding relevant CR topics, Group-wide CR objectives, dialogue with relevant stakeholders, and coordination and collaboration across the Group's divisions. In 2017, the spotlight was on further developing CR management approaches and performance indicators, a relevance analysis involving internal and external stakeholders,

developing objectives in selected areas, and implementing the CSR Directive Implementation Act.

Organization

The Bertelsmann CR Council, chaired by the Chief Human Resources Officer (CHRO), regularly brings together senior officers from various corporate divisions and functions. Together, they work to advance the strategic development of CR at Bertelsmann, and ensure the perspective of the businesses is considered. Subject-specific objectives and measures on particular CR topics are frequently developed or prepared by cross-divisional working groups and networks.

At the Group level, the Corporate Responsibility & Diversity Management (CR&DM) department, a central staff function of the HR executive portfolio, coordinates and supports the work of the CR Council. It does so in close cooperation with other Group functions such as Reporting, Risk Management, Investor Relations, Legal, Integrity & Compliance,

Communications and employee representations. CR&DM also handles the Group's CR reporting, its stakeholder dialogue on relevant CR topics, and in-house networking and consulting projects on a wide range of CR topics. In the field of Diversity Management, the department works to ensure diversity-friendly framework conditions, and acts as a change agent and support resource for the Group's divisions in promoting employee diversity [→ Diversity, p. 44.](#)

In the spirit of the decentralized company structure that has evolved at Bertelsmann over the decades, the principle of delegating responsibility applies for CR implementation across the Group: Because Bertelsmann's local Managing Directors know their businesses and the social and ecological environment they operate in best, specific CR measures and projects are locally implemented. Bertelsmann's corporate divisions and companies have their own structures and processes in place for this, in accordance with local requirements.

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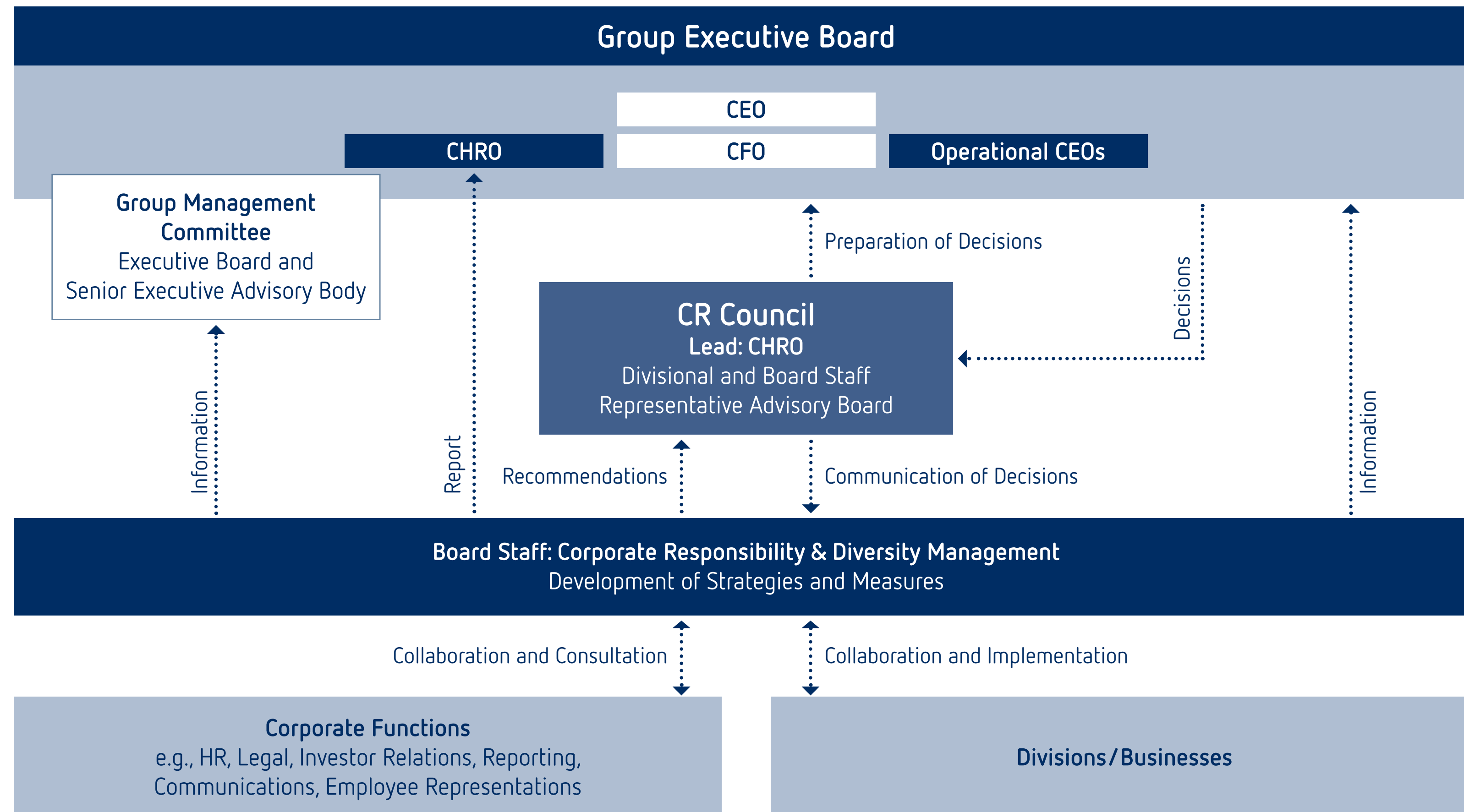
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Guidelines and Partnerships

Bertelsmann has been a signatory of the United Nations Global Compact since 2008 and supports the Sustainable Development Goals (SDGs) of the United Nations. Thus, the company commits to the objective of working with its employees, customers and suppliers to promote ongoing and sustainable progress in the areas of labor standards, human rights, environmental protection and anti-corruption measures. This report serves as the Communication on Progress in which Bertelsmann reports on the measures achieved and planned in these action areas. Since 2011, the Group has based its Corporate Responsibility reporting on the currently valid international guidelines issued by the Global Reporting Initiative (GRI) and has been reporting in accordance with the GRI Reporting Standards ("GRI Standards 2016") since 2017.

In addition to numerous strategic partnerships and collaborations at the Group, divisional and company level, Bertelsmann has been a member

of econsense, the German business sector's forum for sustainable development, since 2015. Bertelsmann is also active at the Group and divisional level in the international Responsible Media Forum network. An overview of all memberships and collaborations is available online on the [Bertelsmann corporate website](#).

Ratings and Rankings

Bertelsmann participates in relevant non-financial ratings and rankings where its management of non-financial matters is evaluated by third parties. In 2017, the company received, among others, a silver rating from ecovadis. Bertelsmann achieved "Prime status" in oekom's Corporate Rating dated January 2018.

Ratings and Rankings (selection)



Score C+ (Prime)
Oekom research CR Rating
Media Sector
2018



Silver
(52 out of 100 points)
EcoVadis CSR Rating
2017



Average Performer
(59 out of 100 points)
Sustainalytics ESG Rating
2018



Score C-
(Above Program Average)
Carbon Disclosure Project
Supply Chain Program
2017

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Stakeholder Dialogue

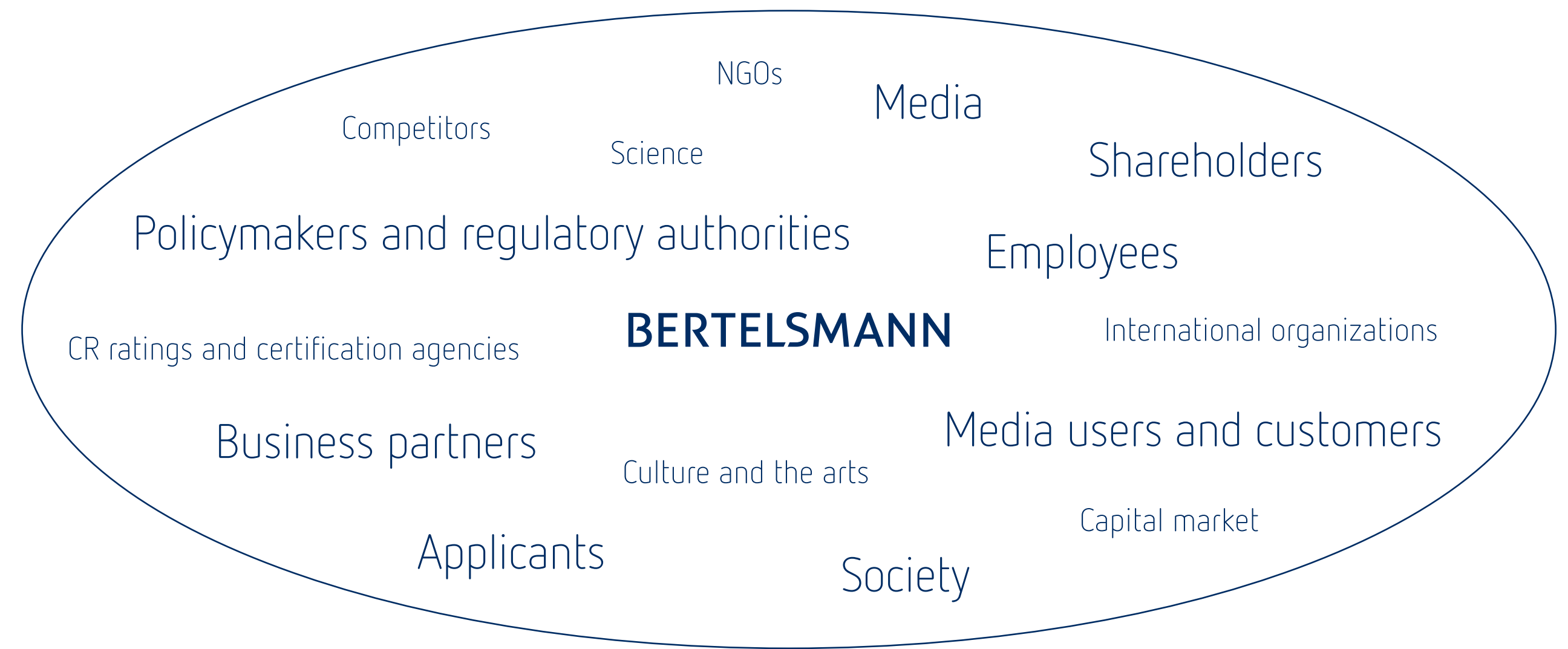
Through its business operations and other activities, Bertelsmann is in active and direct contact with people inside and outside the company: employees and their representatives, customers, suppliers, journalists, investors, political decision makers, and representatives of governmental and non-governmental organizations (NGOs) and associations.

Bertelsmann prioritizes dialogue with stakeholders who have a strong influence on the company's business, social or environmental performance, or on the regulatory framework that governs its activities. The Group also seeks exchange with stakeholders who are significantly affected by its economic, social or ecological performance.

Interaction with External Stakeholders

In its day-to-day business, Bertelsmann is in regular contact with journalists, investors and customers through its press offices, investor relations department and service centers. Beyond daily press interaction and the many events Bertelsmann organizes,

Stakeholders at a Glance



the Annual Press Conference on year-end results, the communications accompanying the publication of half-year and quarterly figures represent proven formats for contact with media, journalists and investors. Because capital market financing is a major element in the Group's financing strategy,

transparency toward the capital market is of great importance for the company's financial security and independence. The Combined Non-Financial Statement published in 2018 was the first time that CR topics were reported in the Combined Management Report for the 2017 financial year.

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In addition, a structured survey of external stakeholders was conducted in 2017 to advance the strategic development of CR at Bertelsmann.

Since 2008, Bertelsmann has sought contact with young talent, especially among students worldwide, through the careers event, [↗ Talent Meets Bertelsmann](#), where senior Bertelsmann representatives discuss entrepreneurial challenges with outstanding students.

Dialogue with Policymakers

The creative industry is an engine for economic growth and jobs. To ensure the continuation of investment in high-quality creative and professional content, Bertelsmann’s political lobbying efforts include championing strong copyright protection and a convergent media order in the digital age.

Bertelsmann’s public affairs managers offer political decision-makers access to expert dialogue partners within the Group, communicate the latest positions and facts, and provide helpful

information. Positions are developed by in-house working groups and through association and other organizational memberships, taking into account external expertise.

In addition to functioning as a discussion forum, think tank, database and committee of experts, Bertelsmann’s liaison offices in Brussels and Berlin, and the divisional public affairs officers, introduce policymakers to the Group’s various business models in the media, services and education sectors. Their activities include presenting Bertelsmann’s digital businesses and the international media group’s cultural activities in its core markets.

Bertelsmann SE & Co. KGaA is registered in the Transparency Register of the European Union and is a signatory to its Code of Conduct.

Bertelsmann does not donate to political parties → [Donations, Sponsorship and Projects, p. 82](#).

“We maintain proper and legally irreproachable relations with all government regulators and agencies.”

Bertelsmann Code of Conduct

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Internal Dialogue

With regard to the Group's internal stakeholder dialogue on corporate responsibility, the company identifies relevant stakeholder groups – for example, for helping determine Group-wide CR focus topics – based on the criteria of balance and diversity. Representatives from top management, administrative departments, and the operative businesses are involved, as are employee representatives. Care is taken to ensure diversity regarding management level, internationality, age and gender.

Information on the various dialogue formats the company regularly carries out to promote exchange with employees and their representatives can be found under [→Employees, p. 33](#).

Formats for Stakeholder Dialogue (selection)



Information

- > Group reporting, press relations
- > Response to requests from customers, public authorities and rating agencies



Dialogue

- > Talks with employees and in teams
- > Customer service
- > Association work
- > Conferences, panel discussions and workshops with science, academia, policymakers, etc.



Surveys

- > Bertelsmann Employee Survey
- > Customer surveys
- > Stakeholder surveys

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CR Topics

It is particularly important to Bertelsmann to act responsibly wherever its value creation has an impact on its stakeholders: in the company's business setting, regarding the quality of its media and services; toward employees; in society and toward the environment.

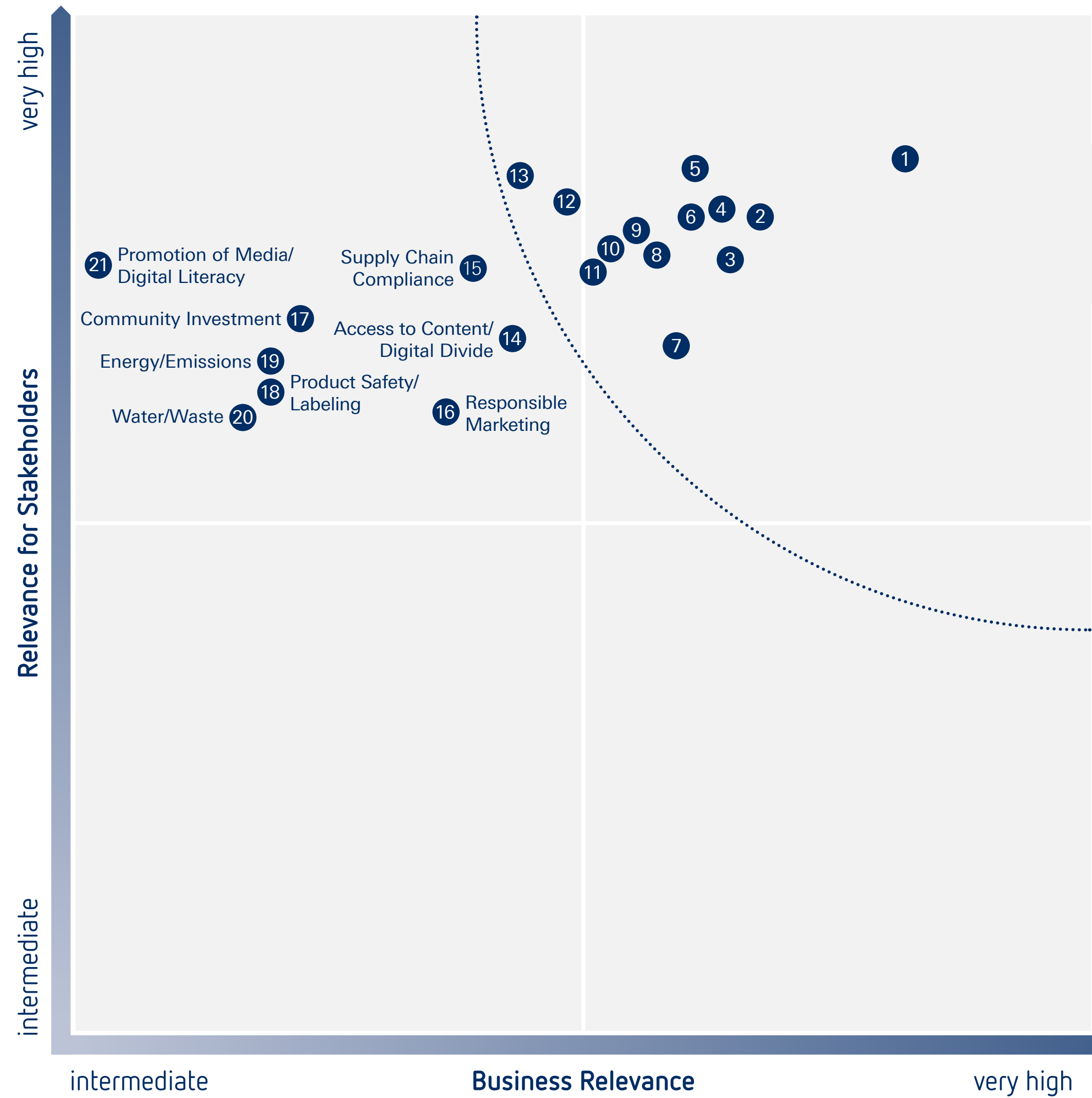
Which CR topics are especially relevant for Bertelsmann and its divisions? The 2017 Relevance Analysis involved personal interviews asking more than 150 representatives from all relevant external stakeholder groups, as well as executives across the Group, for their assessments of 21 pre-selected CR topics. The external stakeholders evaluated the impact of Bertelsmann's business activities on the topics, while the internal stakeholders assessed the business relevance. All external participants were interviewed personally using guided interviews. The CR&DM department summarized the results in the new Relevance Matrix, which was then adopted by the CR Council.

Overall, 13 CR topics were identified:

- > **Integrity & Compliance:** Promoting behavior consistent with the values and principles stated in the Essentials and the Code of Conduct, and building mutually trusting relationships with all employees, customers, business partners and government agencies, who count on Bertelsmann as a law-abiding partner.
- > **Antitrust Compliance:** Promoting fair competition and preventing anticompetitive behavior.
- > **Data Protection & Privacy:** Ensuring that customers' confidential and personal information is handled in a secure and legally compliant manner.
- > **Diversity:** Recruiting and retaining a diverse workforce and providing equal opportunity to all. Creating an inclusive corporate culture. Valuing different perspectives as the basis for creativity and innovation.
- > **Fair Working Conditions:** Ensuring decent working conditions for employees, including job security. Protecting employees' privacy; fair payment; and promoting a fair share of benefits/appropriate participation in the company's success.
- > **Creative/Journalistic Independence:** Encouraging creative production and editorial decision-making while upholding editorial guidelines and values without interference from media owners; journalistic independence without succumbing to any sort of political or economic influence.
- > **Paper:** Sourcing paper from recycled materials and sustainably managed forests.
- > **Intellectual Property & Copyright:** Covers topics such as product piracy, copyright, patents, royalty payments, counterfeiting and illegal downloading.
- > **Learning:** Fostering learning and training to tackle major entrepreneurial challenges with well-trained employees. Strengthening employees' innovative capacity.
- > **Content Responsibility:** Producing and delivering an output that is fair and protects the rights



Bertelsmann CR Relevance Matrix



Relevant CR topics

- 1 Integrity/Compliance
- 2 Antitrust Compliance
- 3 Data Protection/Privacy
- 4 Diversity
- 5 Fair Working Conditions
- 6 Creative Independence
- 7 Paper
- 8 Intellectual Property/Copyright
- 9 Learning
- 10 Content Responsibility
- 11 Employee Participation
- 12 Health
- 13 Anti-Corruption/Bribery

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and interests of readers, viewers, listeners and users, including minors and other vulnerable groups.

- > **Employee Participation:** Involving employees through employee representatives, employee surveys, performance reviews, as well as employee suggestion schemes.
- > **Health:** Providing a secure, safe and healthy environment for all employees.
- > **Anti-Corruption & Bribery:** Committing to and ensuring processes to prevent all forms of corruption.

Corporate responsibility topics, including non-financial performance indicators, are not immediately relevant to business and therefore not part of Bertelsmann's value-oriented management system, which revolves around revenues and operating result among other things. Due to the current limits of measurability, no directly quantifiable statements can be made on relevant interdependencies and value increases for the Group. For this

reason, the non-financial performance indicators are not used for the management of the Group (cf. section "Value-Oriented Management System").

[↗ Bertelsmann Annual Report 2017, p. 8.](#)

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CR Risks

A number of non-financial risks associated with CR topics are 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 surroundings and stakeholders.

As defined in the German CSR Directive Implementation Act, the major non-financial aspects where risks can occur are related to environmental, employee and social issues, respect for human rights, and the fight against corruption and bribery. For the 2017 reporting, taking all management and control measures for these aspects into account, no significant risks were identified that are connected with the business activities, business relationships, and products and services, and that are very likely to have serious negative impacts on these aspects [↗ Combined Non-financial statement in the Combined Management Report for the 2017 Financial Year, p. 41.](#)

Beyond this, however, risks associated with the CR topics relevant to Bertelsmann and connected with

the company's business activities, business relationships, or products and services exist but are not very likely to have serious impacts. The following risk assessment focuses on these CR risks.

CR Risks for Bertelsmann and its Surroundings

> **CR Risks for Bertelsmann:** CR risks that may arise from Bertelsmann as a company include increasing business customer requirements stemming from a range of non-financial topics, the nonfulfillment of which may result in revenue losses. CR issues are increasingly subject to statutory regulations, which can lead to non-compliance penalties linked to loss of trust in various stakeholder groups. Disruption in business processes, such as bottlenecking in the procurement of paper or energy, can arise due to a resource scarcity. In human resources, risks may arise due to inadequate working conditions, with implications such as decreased employee motivation and productivity, inadequate skills

due to lack of training, increased illness, or increased staff turnover. Developments in media and social policy, such as in the area of press freedom, also contain potential risks for Bertelsmann's businesses.

> **CR Risks for Bertelsmann's Surroundings:** The fulfillment of Bertelsmann's corporate responsibility also has an impact on the company's surroundings, environment and stakeholders. Working conditions have a direct and indirect impact on the well-being of employees, their individual opportunities and their family environment. Bertelsmann's business operations also have a reciprocal relationship with the local communities where they operate and with global society. Corruption, for example, can impede economic development, contribute to the continuation and growth of poverty, and reduce the equality of opportunity. Regarding human rights, Bertelsmann's journalistic conduct, its creative independence and its treatment of data affect the state of



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public information, freedom of opinion, self-determination and democracy. Specific to the environment, the use of resources such as paper influences the survival, development and diversity of ecological systems, and with them, sustainable living conditions. The company contributes to global warming through the direct and indirect emission of greenhouse gases.

Finally, all risks caused by Bertelsmann – and the possible negative impacts on its environment – can also cause risks for the company, affecting such factors as reputation, attractiveness as an employer or business partner, litigation, and inclusion in “do not source” lists and indexes.

The concepts and measures used by Bertelsmann to counter these CR risks are described in the following chapters: [→Employees, p. 33](#), [→Media, Services and Education, p. 55](#), [→Environment, p. 67](#) and [→Society, p. 81](#).



Employees

Motivated employees who identify with Bertelsmann and its values are the driving force behind the company's value, innovation and growth.

>160
nationalities in the workforce

54%
women in the
workforce

119,089
employees worldwide

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Employees

Every day, some 119,000 people in more than 50 countries work to ensure Bertelsmann's success, growth and continuous development. That's why, for generations, the company has made responsibility toward its employees a priority. Bertelsmann's goal is to create a working environment of partnership for all employees. This aspiration is firmly anchored in the core values of the Group's corporate culture, the Bertelsmann Essentials.

Recruiting and Retaining the Best

For Bertelsmann, its employees are the key to the Group's success. Because they develop new ideas and offers daily, the company must create a motivating environment for them to be creative, innovative and successful. This particularly includes freedom, trust and respect.

To be an attractive employer, retain employees long-term and remain competitive, Bertelsmann promotes employee development, diversity, creativity and performance in fair and healthy working conditions. While aspiring to this worldwide, Bertelsmann

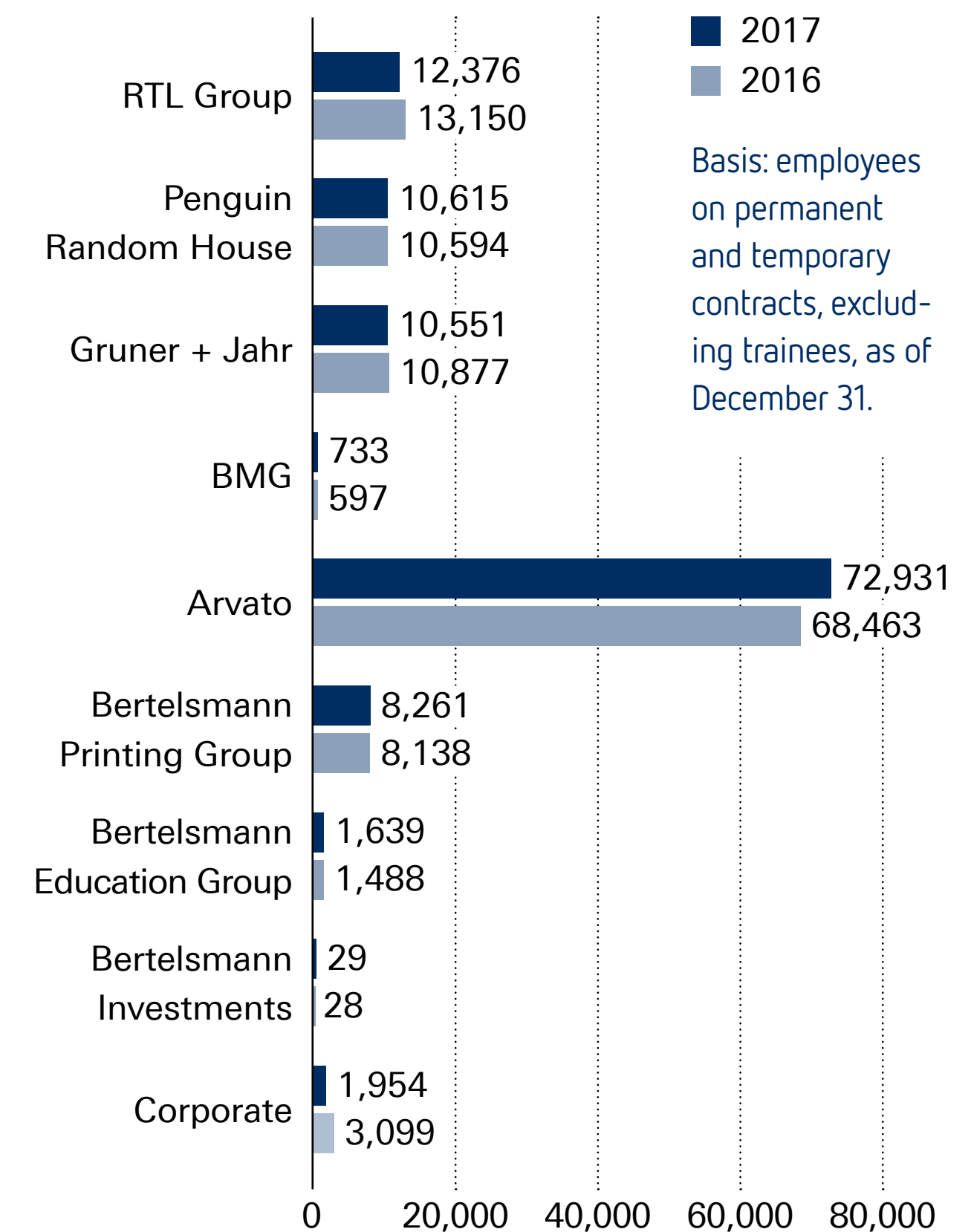
honors the widely varying social, economic, regulatory and cultural conditions where it operates.

Increasingly today, employees – of all generations – seek greater meaning in their work. To attract the best talent, employers are expected to have and convey a greater “sense of purpose.” Only when employees identify with their company and its values and strategic goals, are they able to actively implement and ensure that these goals are achieved. This is especially true in times of change. Following intensive, worldwide discussions with employees, executives and shareholders, Bertelsmann has defined its sense of purpose with the triad “To Empower. To Create. To Inspire.” Providing employees with orientation, it conveys the purpose of their daily work.

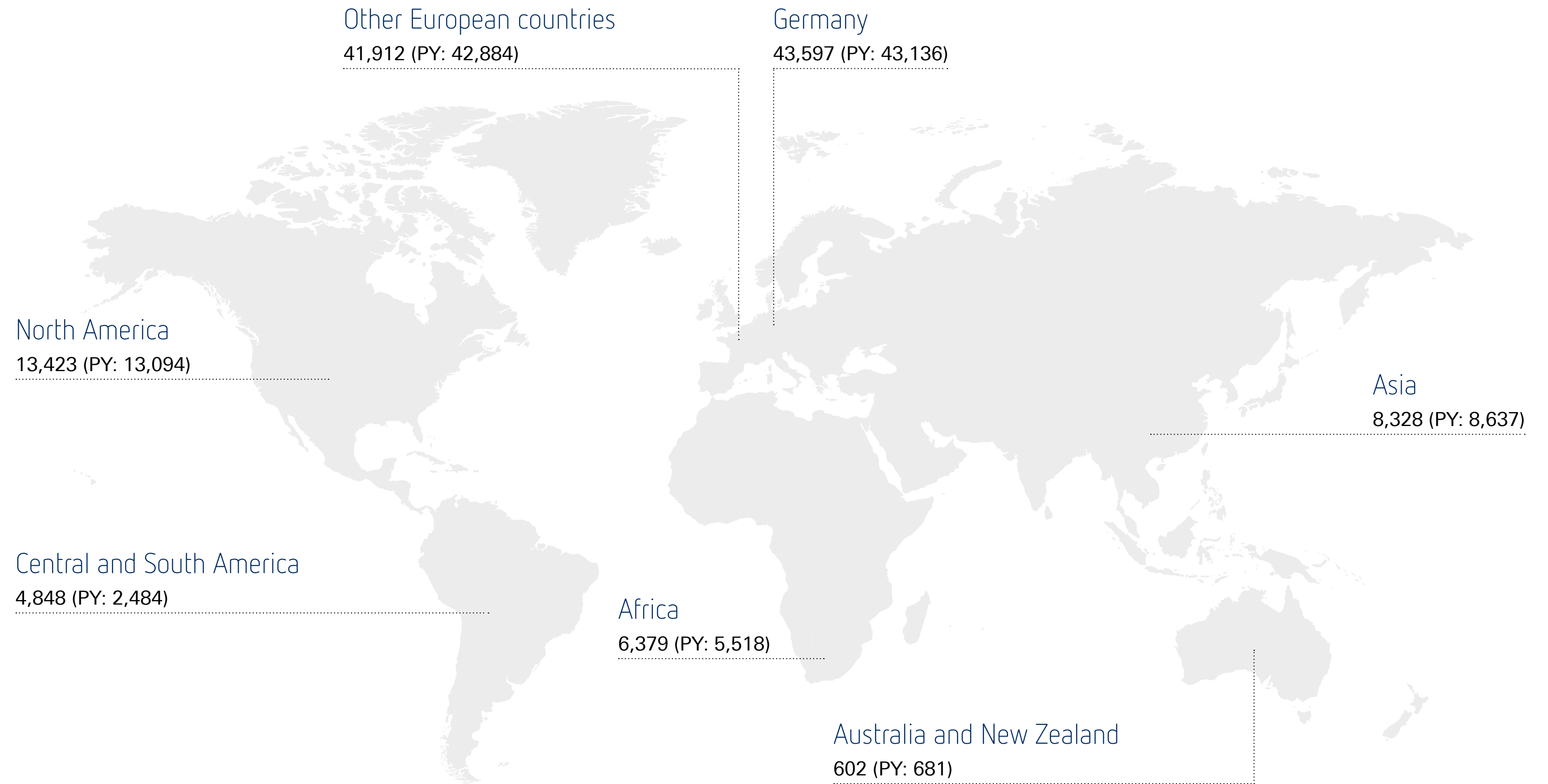
Guidelines, Structures and Processes

Human Resources (HR) work at Bertelsmann is based on the company's identity as codified in the corporate constitution and the Bertelsmann Essentials. Supplementary regulations are set out in the

Employees by Division headcount



Employee Distribution Worldwide headcount



Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31.

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Bertelsmann Code of Conduct, which is binding for all employees, as well as the Executive Board Guidelines on HR Work [→ Compliance, p. 17.](#)

The Chief HR Officer (CHRO), manages human resources in the best interests of the whole Group. As head of the Corporate HR department, which supports the coordination of tasks and development of relevant HR policy, the CHRO cooperates closely with the HR directors of the divisions. Included in the main areas of responsibility are developing the Group’s strategic HR agenda in collaboration with the HR Committee; fostering and promoting intracompany partnerships; aligning management development with the Group’s strategic priorities; managing the staffing and remuneration processes for key Group positions, and ensuring the standardization and IT support of important HR processes.

To ensure the coordination of procedures throughout its decentralized structure, Bertelsmann’s HR function is organized according to a “dotted line”

concept, with complementary reporting as well as supervisory relationships. This allows Group-wide HR topics to be implemented in accordance with the Executive Board’s decisions. Additionally, regular dialogue with employees and their representatives makes it possible to continually review workplace conditions, identify possible improvements and derive measures [→ Participation and Dialogue, p. 38.](#)

Another important aspect of Bertelsmann’s HR work is the exchange of information in committees.

- > The **HR Committee** determines the basic aspects of HR work in the interest of the entire Group. Its members include the CHRO, the heads of HR of the divisions, and senior executives from the Group’s Corporate HR department.
- > **HR Country Coordination Meetings** are designed for cross-divisional coordination within a region and ensure the implementation of HR initiatives across the Group. Its members

include the heads of HR of the Group’s largest companies or those with the largest number of employees in a specified country.

- > The **Nomination & Compensation Committees** of the divisions and Corporate Center decide on the implementation of remuneration and staffing policies in their areas of responsibility.

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Fair Working Conditions

Bertelsmann strives to offer its employees fair framework conditions for their work, give them support and provide orientation. In addition to the protection of human and personal rights [→Compliance, p. 17](#); partnership and trustworthy cooperation with employees and their representations, workplace safety, fair distribution of benefits, flexible working arrangements, and fair treatment of freelancers and external employees are key aspects of fair working conditions at Bertelsmann.

Guidelines, Structures and Processes

Responsibility for ensuring fair working conditions is decentralized, meaning it lies with the management of the local businesses. Bertelsmann provides Group-wide framework conditions that enable local businesses to fulfill this responsibility. Beyond statutory requirements, guiding principles include Bertelsmann's corporate principles (Corporate Constitution and Essentials) and Code of Conduct [→Compliance, p. 17](#); collective regulations (e.g., Group company agreements);

and specific Executive Board Guidelines on certain topics, especially those on remuneration and the use of external employees.

In addition, there are external regulations, such as the standards of the International Labor Organization, the OECD Guidelines for Multinational Enterprises and Bertelsmann's voluntary commitment in accordance with the UN Global Compact [→Guidelines and Partnerships, p. 24](#). A working group also addresses the topic of fair working conditions. As the central contact for the various committees representing employee interests, Bertelsmann's CHRO heads this working group.

Shaping Change Together

Digital transformation is changing the work environment and every individual's tasks. At Bertelsmann, this process also includes the restructuring of several traditional businesses. Parallel to this, some parts of the company are being dismantled while others reorganize, expand



6.4 years

Average Duration of Employment with the Group in Years (PY: 6.5 years)

Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31. Temporary employees of RTL Group are not included.

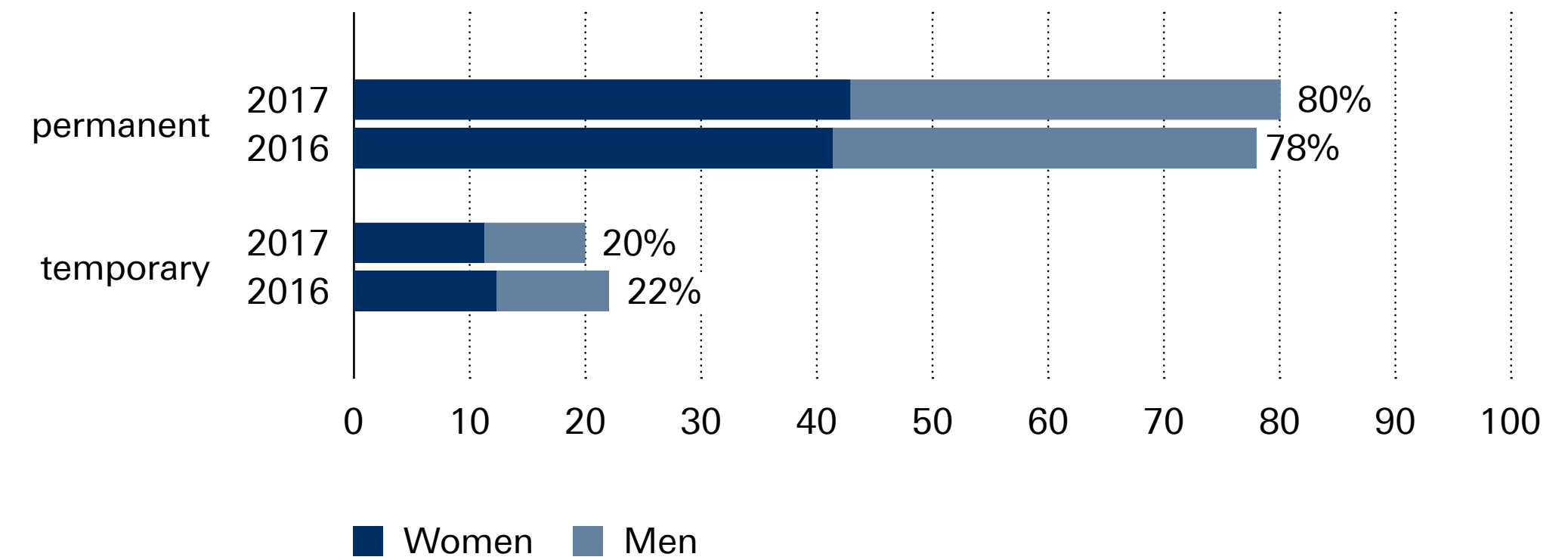




or newly build. Seeing change as both a challenge and an opportunity, the company's management seeks to shape those changes together with employees.

Bertelsmann's management works to ensure that employees are informed of change processes in as timely a manner as possible and involves the workforce and employee representatives at an early stage to collaboratively identify the best solutions. In many cases, the company exceeds the statutory requirements set out in provisions such as the German Works Constitution Act. For example, the country's HR managers and works councils, with the involvement of local management, have set up the "BeWege" concept to actively support structural company transformation. For businesses in structural decline with jobs at risk, affected employees receive early consultation at a Development and Transfer Center, where they can also develop additional qualifications for new positions within the Group.

Employees by Employment Period in percent



Basis: employee headcount on permanent and temporary contracts, excluding trainees, as of December 31.

Participation and Dialogue

Bertelsmann sees continual dialogue between employees and company management as a fundamental prerequisite to the company's success. The company practices a partnership-based approach. This requires strong representatives, clear rules

and mutual trust. Although as a media company Bertelsmann falls under Germany's tendency protections and is therefore free from statutory co-determination requirements within its Supervisory Board, the company appoints five employees as members of the Supervisory Board of Bertelsmann SE &

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Co. KGaA on a voluntary basis. Four of the five are works council members, and one is a member from the Bertelsmann Management Representative Committee. In addition, the workforce, managers, employees with disabilities, and trainees have platforms for exchanging ideas, advancing topics and constructively voicing their concerns. One proven format is the Bertelsmann Group Dialogue Conference. In 2017, the sixth such conference took place. Around 60 Corporate Works Council members from Bertelsmann, Mediengruppe RTL Deutschland, and Gruner + Jahr met at Bertelsmann Unter den Linden 1 in Berlin for two days of discussion and consultation with members of the Group Executive Board including the CHRO. The dialogue focused on the future of work and the role of works councils. In 2018, conference participants will continue to address the topic in an overarching working group. As a result of the Group Dialogue Conference 2016, participants developed a Change Management Manual from the perspective of works councils.

Employees are also involved in the development and improvement of working conditions through standardized HR tools (Performance and Development Dialogues, Target Agreements, and Team Talks), as well as the Bertelsmann Employee Survey. The Employee Survey has been a key element of Bertelsmann’s corporate culture of partnership since 1977. In 2016, 89 percent of employees worldwide took advantage of this opportunity to participate. They anonymously rated topics including their workplace conditions, work with supervisors and teams, opportunities for training and development, and the communication of strategy and changes in the Group. Based on the respective company and team results, managers and employees jointly identify improvement potential and draw up action plans. The next Group-wide employee survey will be carried out in 2019.

Remuneration and Participation in the Company’s Success

Consistent, transparent remuneration structures as well as material fairness are important

“Ensuring fair working conditions is an integral part of our corporate culture.”

Bertelsmann Code of Conduct

prerequisites for a sense of partnership between employer and employees. Bertelsmann’s compensation system is designed to ensure compensation that is solely driven by market conditions, function and performance, and makes no distinction based on gender. It is also important to Bertelsmann to have employees participate in the company’s success. Employee profit

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participation in Germany is based on the same key indicators as the bonus payments for Executive Board members and executives. The profit-participation scheme includes all the German operations of the Group's fully consolidated companies apart from RTL Group and Gruner + Jahr. These and companies with external shareholders have similar success and profit participation models adapted to local requirements.

In 2017, a total of €105 million of the 2016 profits was distributed as part of such schemes (previous year: €95 million).

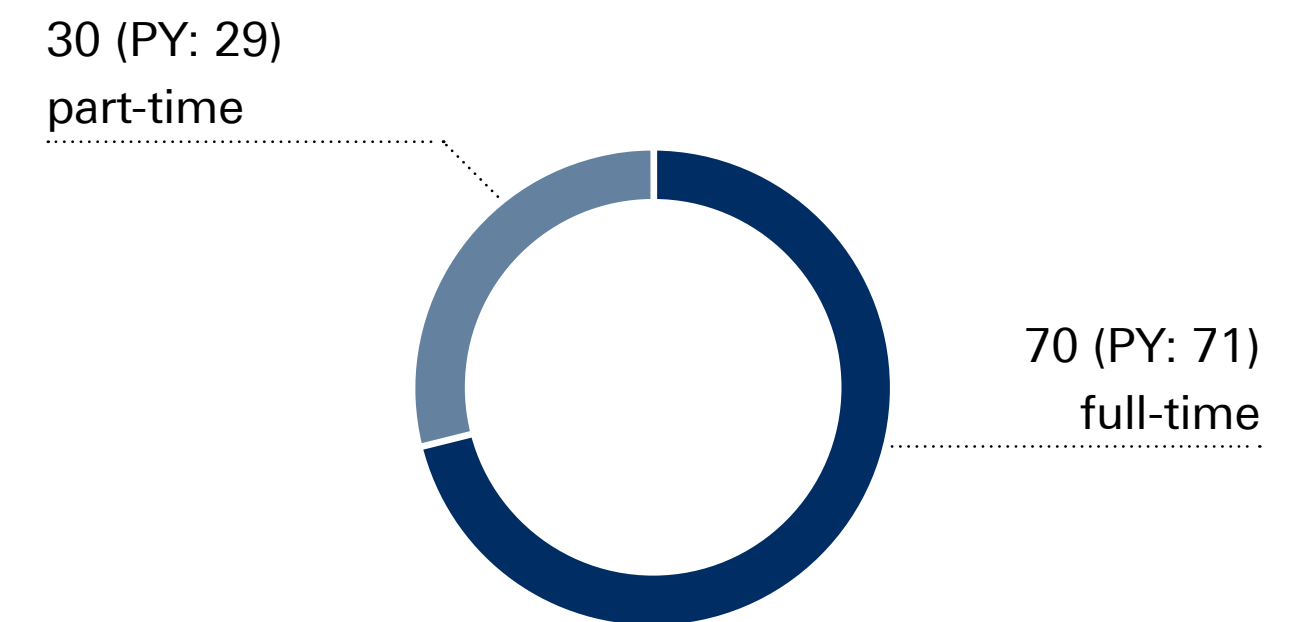
Flexibility and Fairness

Participation in decision-making processes and allowance for the greatest possible freedom contribute to employee loyalty and satisfaction. To support a healthy work-life balance, this also includes offering employees flexible arrangements about where and when they work. Bertelsmann strives to offer modern working solutions and develops

them as site, technical and organizational requirements permit. Working-time models that focus on results rather than physical presence, as well as trust-based working hours, are now widespread.

The flexibility requirements of a rapidly changing world of work also mean that knowledge and expertise need to be sourced from outside the company to ensure satisfied customers during peak phases. The company relies on staffing agencies and employs external personnel in addition to permanent employees where the specifics of the tasks allow and require this. Bertelsmann defines external personnel as self-employed persons, service providers and consultants, or as agency staff who work for a Group company. The employment of external personnel must be in accordance with the company's values. The Executive Board Guideline on the Engagement of External Personnel requires standard processes to ensure compliance with legal requirements. This is supplemented by the Supplier Code of Conduct, which also obliges service providers.

Number of Full- and Part-Time Employees, Germany in percent



Basis: employees headcount on permanent and temporary contracts, excluding trainees, as of December 31.

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Learning

A company's success is determined by its employees' qualifications: With this belief in mind, Reinhard Mohn founded the Bertelsmann publishing company's private vocational school back in 1962. This set the cornerstone for the Group's present system of training in Germany and created the impetus for the establishment of a comprehensive system of corporate education. Major challenges such as the Group's progressive internationalization, the digital transformation of the media and services landscape, and demographic change can only be tackled with excellently trained employees. Vocational education and training are a long-term investment in the future, for both the company and its employees.

Bertelsmann University: Lifelong Learning

In a very dynamic environment, Bertelsmann builds on dedicated and highly qualified employees and executives. The rapidly changing business environment constantly gives rise to new challenges for all employees in their workaday routine. Helping to ensure employees' long-term employability by

offering lifelong learning programs is both a commitment and a challenge for Bertelsmann. The better we do this, the more successful the business can be, and the more attractive it is for its workforce and for the next generation of employees. Moreover, by doing so, the company contributes to individual job security and the stability of society.

Structures and Processes

With four different campuses – Strategy, Leadership, Function and Individual – [Bertelsmann University](#) is the central learning organization for employees and executives. It offers excellent learning content and innovative learning formats that systematically advance and develop the competencies and skills of Bertelsmann's employees and executives, worldwide and across all divisions. Examples include strategy and innovation skills, leadership skills, digital and soft skills, as well as specialist skills and foreign languages. Thanks to digital formats, the relevant content is available to every employee, and they can choose when and where they want to learn,

depending on their individual needs and organizational requirements.

Bertelsmann University is a main department based at the Corporate Center. It is led by the Chief Learning Officer, who reports to the CHRO. The Executive Board, Group Management Committee (GMC) and HR Committee regularly discuss and review the University's orientation and activities. It is also supported by the Divisional Learning Committee, which includes Learning and Development representatives from the divisions.

Objectives and Results

Bertelsmann University has defined three objectives in its efforts to support employee performance: to build employee skills, strengthen the company and leadership culture, and develop the digital learning infrastructure. Progress is measured, among other things, by the digitization rate (proportion of digital training hours). Digital training provides greater customizability, so learning



objectives can, generally speaking, be achieved with fewer learning hours. Among other things, this led to a reduction in the number of training hours of all employees across the Group from 405,924 (2016) to 358,200 (2017). The digitization rate, however, rose from 23 percent (2016) to 27 percent (2017). Participation in learning measures also increased. Other results for 2017 included:

- > **Further development of international programs** in the fields of leadership, strategy and creativity
- > **Organization of strategic summits** for the global Finance, HR and IT communities
- > Introduction of **digital project management certifications**
- > Launch of a **worldwide Data Science initiative** in cooperation with Udacity

Training in Germany: A Wide Range of Offers

The diversity of businesses operated by Bertelsmann companies is matched by the diversity and breadth



358,200

Total Training Hours
(PY: 405,924)

of vocational training offered at Bertelsmann. In Germany alone, the Group offers young people industrial and commercial training options in more than 60 different professions. In addition to traditional apprenticeship programs, this spectrum also includes a variety of dual-study programs within the Group.



27%

Share of Digital Learning Hours
(PY: 23%)

With its nationwide offer, Bertelsmann is one of the country's largest apprentice-training companies and is a protagonist in shaping the vocational training landscape. One of the specific challenges that must be addressed is the future-proofing of training programs to prevail in the intensified competition for highly qualified

Basis: all training data maintained on the digital HR platform "Peoplenet"

Basis for employees: employees on permanent and temporary contracts, excluding trainees, with access to the digital HR platform "Peoplenet" as of December 31

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talent. This requires considering changes in the educational landscape, such as the growing tendency toward academic degrees, as well as structural changes like the digitalization of the Group's businesses. The better this works, the greater the company's contribution to a future-proof society and to qualifying its people. The integration of school-leavers without qualifications and young displaced persons also plays a role here.

Guidelines, Structures and Processes

The Central Education department is responsible for central training measures at the Gütersloh location. It develops offers based on the company's changing needs and requirements, and ensures that they reflect the company's values such as partnership and entrepreneurship. It also works closely with the works council and the managing directors and HR managers of the training companies.

In Gütersloh alone, more than 500 young people are taking the opportunity to learn a profession

or to complete a part-time Bachelor of Arts or Bachelor of Science degree at Bertelsmann. Of these, approximately 220 students are undergoing industrial and commercial training at the Group's own vocational school.

Objectives and Results

Vocational training at Bertelsmann is designed to ensure a supply of well-qualified junior employees for the company's various business fields, and to make it possible to fill vacancies via the in-house job market. In 2017, the number of graduates in IT education increased by about 5 percent. Other results included:

- > Expansion of the range of digital learning content in vocational training and the Group's own degree programs
- > Adaptation of some training and degrees to changing practical requirements
- > Continuation of the one-year qualification program for young refugees in the Gütersloh region

("Be Welcome"), in which 15 young adult refugees from Syria, Iran and Iraq participated in 2017.



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Diversity

For Bertelsmann, workforce diversity is a prerequisite for innovation and long-term business success. With this in mind, Bertelsmann's Diversity Management team works to develop framework conditions and processes that enable all employees to optimally contribute their abilities, experience and potential toward the company's success.

Diversity – the Business Case

Diversity is defined by the variety of traits, characteristics and attributes that make up an employee's identity. It includes sociodemographic factors such as gender, age, ethnicity/nationality and disability, as well as sexual orientation, gender identity, social background, religious affiliation, specific abilities and ways of thinking. For Bertelsmann, diversity is among the keys to its economic success. A varied and diverse workforce has a positive impact on creativity, innovation and performance, as well as employee motivation. It enhances flexibility and success in the different markets. With their individual skills, experience and viewpoints,

heterogeneous teams contribute to a diversity of perspectives in their company – with positive implications for business processes and decisions. Diversity also strengthens employer attractiveness. Diversity management helps to counter the risks resulting from demographic change. Additionally, it addresses the economic risks that arise when contracting governmental authorities require statutory quota compliance in public procurement processes, or with business partners having specific contractual requirements.

Guidelines, Structures and Processes

The Bertelsmann Code of Conduct codifies the promotion of diversity by mandating respectful and appreciative treatment of all employees. The same is true for the Bertelsmann Supplier Code of Conduct. The Executive Board Guideline on Principles of Hiring Policy also serves as a guideline for addressing diversity. Furthermore, some divisions and companies have additional commitments and concepts for diversity. For example, RTL Group

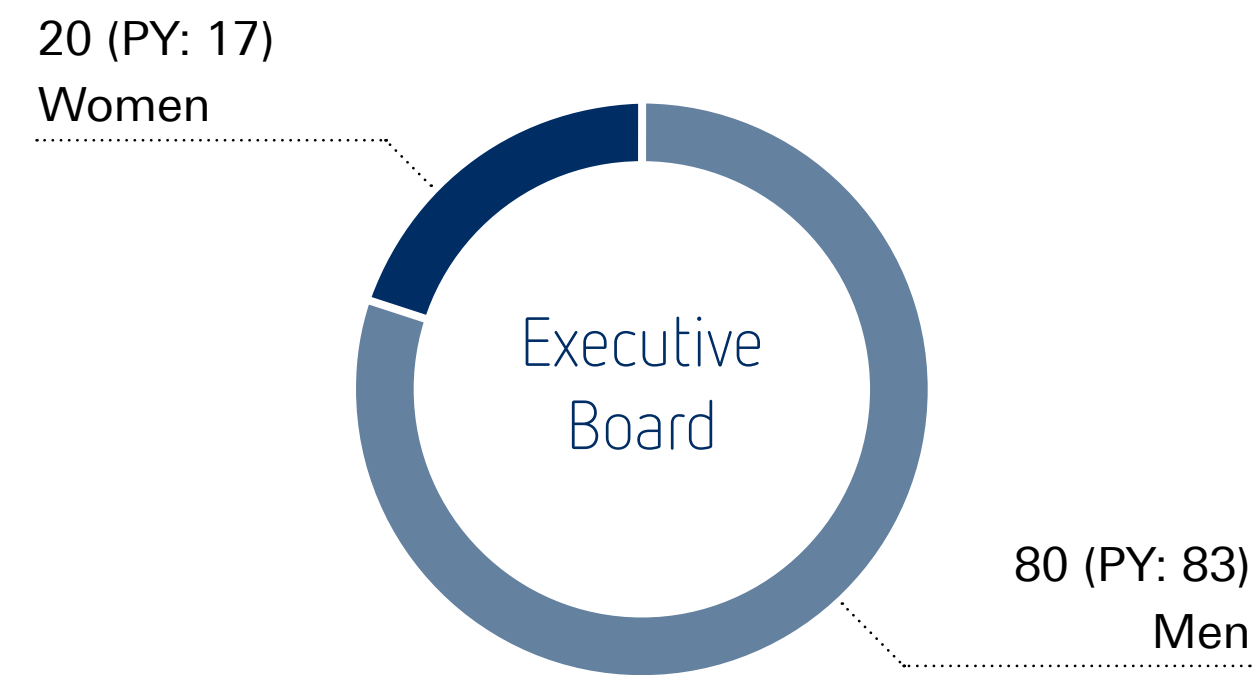
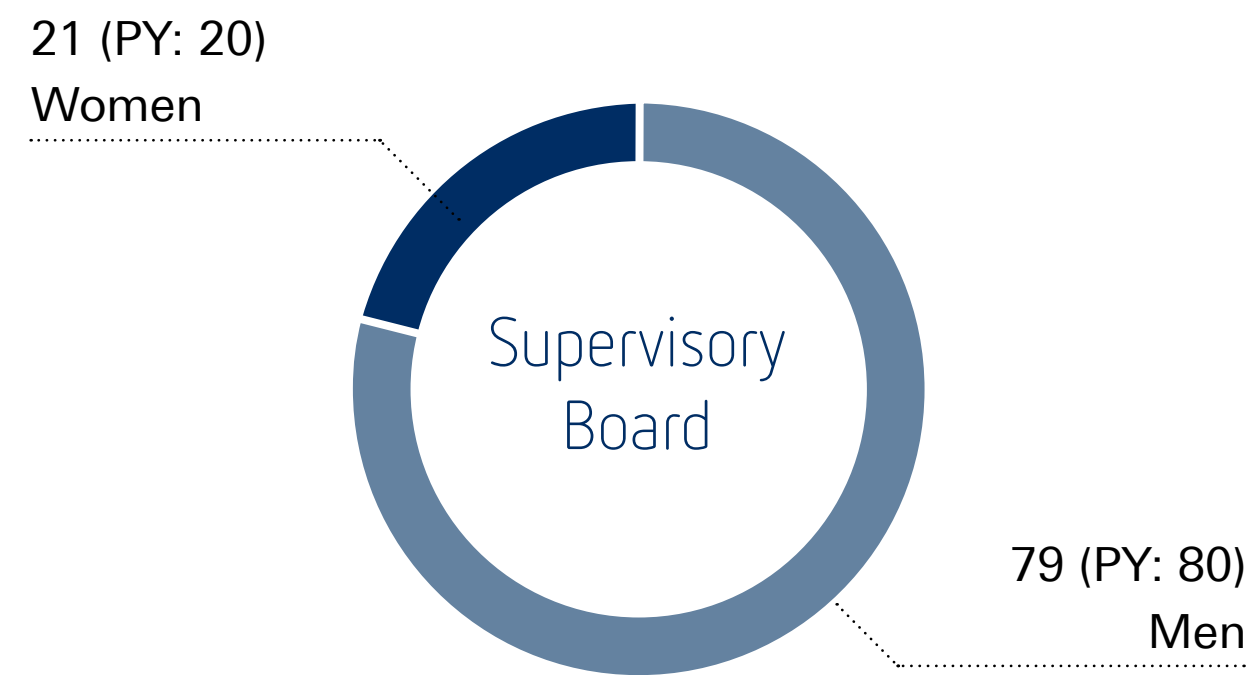
has defined diversity as a focus topic in its corporate responsibility efforts, and adopted a diversity statement. Penguin Random House's CR strategy also includes diversity as a focal topic. Beyond this,

“We are committed to equal opportunities and encourage a respectful and diverse workplace in which each individual's unique value is recognized and each person is treated with courtesy, honesty and dignity.”

Bertelsmann Code of Conduct



Ratio of Female/Male Staff in percent



As of December 31

Bertelsmann’s overall diversity strategy takes its cue from new legal regulations regarding inclusion and equal opportunity, even when the company does not fall within their scope.

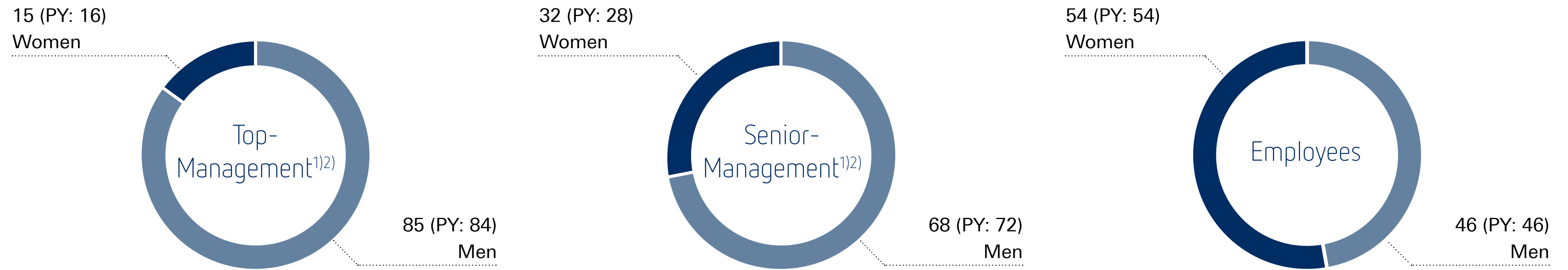
The axiom of Bertelsmann’s diversity strategy, Business – Evolution – Focus, spotlights three areas of action: gender, generation and internationality.

Other relevant dimensions are disability, sexual orientation and gender identity.

The Executive Board bears the strategic responsibility for diversity within the Group. As role models, managers and HR managers have a particular responsibility to demonstratively model and practice diversity. The Corporate Responsibility &

Diversity Management (CR&DM) department, a central staff function, supports this process. It serves as an agent for impetus and change. It provides in-house consulting and is a strategic partner for Bertelsmann’s divisions and companies. CR&DM is supported by an international Diversity Working Group, with representatives from the divisions and Corporate Talent Management.

Ratio of Female/Male Staff in percent



Basis: employees on permanent and temporary contracts, including trainees, as of December 31

1) Top and senior management include 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 also include the GMC positions, but not the Executive Board positions.

2) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with gender indication 2017 (91%), with gender indication 2016 (100%), limited comparability.

The Executive Board and the Group Management Committee (GMC) regularly address matters of diversity – as do the Bertelsmann Management

Representative Committee (BMRC), employee representatives, and other committees at various levels of the Group. In line with the Group's policy

of decentralization, specific measures are implemented in a division or company as most suitable to the business model.

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Gender-neutral Compensation

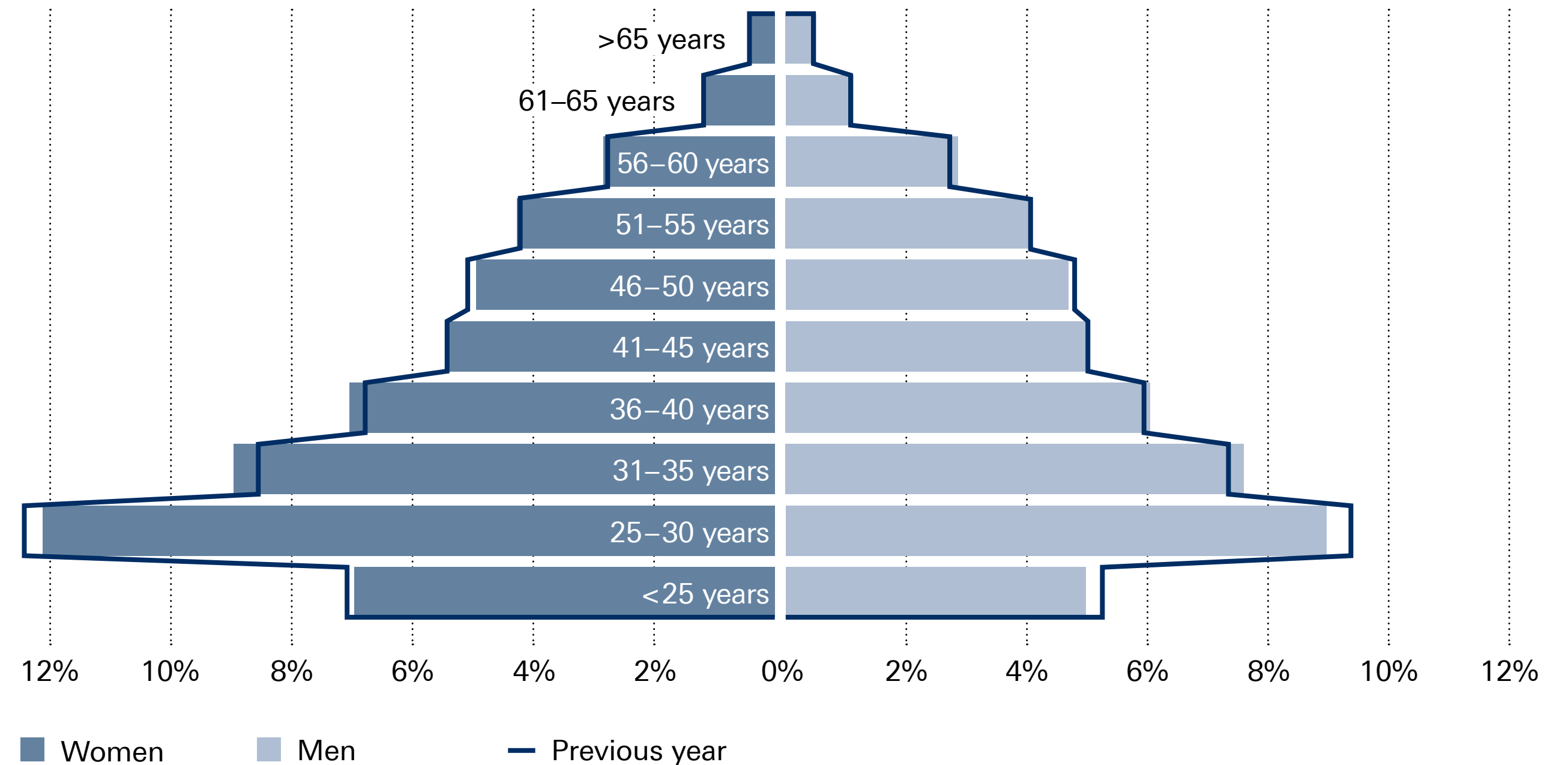
The equal treatment of men and women set out in the Code of Conduct explicitly applies to compensation. Bertelsmann’s remuneration policy is to establish consistent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is exclusively driven by the market, function and performance – and is therefore gender-neutral. Where explicit employment descriptions or compensation exist, these are likewise completely gender-neutral. Men and women in comparable markets, in comparable positions and delivering the same performance have equal earning opportunities.

The Contribution of Corporate Talent Management

Talent management is regarded as crucially important in increasing diversity in top and senior management. Employees are defined as “talent,” if they consistently deliver above-average performance,

Age Pyramid

Employees worldwide in percent



Basis: employees headcount on permanent and temporary contracts, excluding trainees, as of December 31. Temporary employees of RTL Group are not included.

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have vertical potential and are willing to take on responsibility and be mobile, and thus wish to pursue cross-functional, cross-divisional and international development. According to the so-called “triple two” approach, leaders in top and senior management positions should ideally have covered at least two functions, two divisions and two countries in their professional career. Talent Management measures primarily aim at increasing employee mobility and expanding cultural, regional and professional experience related to functions, business areas and markets.

In addition to systematically promoting broadening the personal experience and skills that are a decisive factor in hiring and promotion, Talent Management also helps create transparency on diversity within the company. In its top and senior management target groups, it considers statistics relevant to Group recruiting and staffing policy, including gender, age and nationality.

Objectives and Results

Diversity Management at Bertelsmann pursues the objective of strengthening employee diversity at all levels of the organization according to the priorities of gender, generations and internationality. The proportion of women in each of the Bertelsmann talent pools (Top Management, Senior Management, Career Development) is to be increased to one-third. This was already considered in the 2017/2018 talent pool nominations. At the divisional level, RTL Group has set the objective of increasing the proportion of women in top and senior management positions to at least 30 percent by 2025. As of December 31, 2017, the proportion of female leadership in top management positions at Bertelsmann was 15 percent (previous year: 16 percent), and in senior management positions, 32 percent (previous year: 28 percent). 54 percent of all Bertelsmann employees were women (previous year: 54 percent). In view of its objective of having its new hires reflect the composition of Britain’s society by 2025,

Penguin Random House UK has abolished a university degree as a prerequisite for job applicants.

Women made up 21 percent of the Supervisory Board (previous year: 20 percent). One woman sat on the Executive Board, which corresponds to 20 percent (previous year: 17 percent). The Group Management Committee had a total of 15 members (previous year: 16 members) and was very heterogeneous. Its members represented five nationalities (previous year: six), and five of the members were women (33 percent, previous year: 31 percent).

At 22 percent, the 25 to 30 age group constituted the largest proportion of the total workforce on December 31, 2017 (previous year: 22 percent). The largest age group in top and senior management was 46 to 50; 29 percent (previous year: 28 percent) of employees in top management positions and 29 percent (previous year: 29 percent) of employees in senior management positions were 46 to 50 years old. 60 percent of



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Executive Board members were aged 46 to 50 (previous year: 50 percent) and 40 percent were between 51 and 55 (previous year: 50 percent). On the Group Management Committee (GMC), the largest age group (33 percent) was between 46 and 50 years. In the previous year, the 51 to 55 age group represented the largest group (31 percent). On the Supervisory Board, as in the previous year, the 51 to 55 age group formed the largest group (29 percent, previous year: 40 percent).

In the 2017 financial year, Bertelsmann and its companies had operations in about 50 countries around the world. Employees from more than 160 nations (previous year: around 150) worked for the Group. In the management bodies, distribution by nationality was as follows: The quota of non-German members on the GMC was 27 percent (previous year: 31 percent). All the members of the Executive Board are Germans (previous year: one non-German member). On the Supervisory Board, 64 percent (previous

Age Distribution in percent

	Supervisory Board ¹⁾		Executive Board ¹⁾		GMC ¹⁾		Top Management ²⁾³⁾		Senior Management ²⁾⁴⁾	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<25 years	0	0	0	0	0	0	0	0	0	0
25–30 years	0	0	0	0	0	0	1	0	1	1
31–35 years	0	0	0	0	0	0	0	0	4	3
36–40 years	7	7	0	0	0	0	4	3	11	14
41–45 years	0	7	0	0	7	13	21	26	22	25
46–50 years	14	0	60	50	33	25	29	28	29	29
51–55 years	29	40	40	50	27	31	25	26	19	18
56–60 years	21	7	0	0	13	13	11	11	8	7
61–65 years	7	13	0	0	13	13	5	3	4	3
>65 years	21	27	0	0	7	6	4	3	2	1

Rounding differences may occur.

1) Basis: members of the bodies as of December 31

2) Top and senior management include 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 also include the GMC positions, but not the Executive Board positions.

3) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with age indication 2017 (90%), with age indication 2016 (98%), limited comparability

4) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with age indication 2017 (77%), with age indication 2016 (80%), limited comparability



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year: 67 percent) of members were German and 36 percent (previous year: 33 percent) were non-German.

In Germany, the proportion of people with disabilities in the company's total workforce was 4.9 percent (previous year: 4.7 percent).

Other results of the centrally managed promotion of strategic and operational diversity in 2017 included:

- > Further development of performance indicators for measuring diversity;
- > Concept development and piloting of "Smart Decisions – Managing Unconscious Biases Effectively" training for managers;
- > Addition of the topic of diversity to leadership training;
- > Concept development for a Demography Check pilot project at a Gruner + Jahr company;
- > Introduction of the Bertelsmann Exchange Initiative as a temporary employee exchange program

- > Launch of a project to implement the UN Convention on the Rights of Persons with Disabilities;
- > Establishment of the LGBTIQ employee network be.queer;
- > Internal communication measures on diversity issues.

The topic of diversity was also addressed in Bertelsmann's divisions and companies in 2017:

- > RTL Group signed the Diversity Charter Lëtzebuerg;
- > Mediengruppe RTL Deutschland signed its first inclusion agreement for people with disabilities;
- > Penguin Random House U.S. established a Diversity and Inclusion Council, whose work is also supported by newly formed diversity committees within the Group;
- > Prinovis UK expanded its Leadership Excellence program to include a module for managing teams of employees from different backgrounds, religions, cultures and sexual orientations.



Health

New ways of organizing work, digital technologies, accelerated workflows, heavier workloads and steadily increasing international pressure to compete have an impact on the health of employees. On top of these changes in working conditions, there is demographic change, which is accompanied by factors such as an aging workforce. As the retirement age rises, employees work longer and are faced with ever-increasing demands in their jobs.

Preventing Risks, Designing a Healthy Workplace

An increase in chronic and mental health disorders, sickness absenteeism and the early retirement of experienced employees are among the challenges that arise from changes in the modern working world. Bertelsmann wants to counter these developments at an early stage and has therefore invested in the health of its employees for many years – because healthy, motivated employees are essential to the company’s success. Health is understood not merely as the absence of illness, but as a complex

system of needs, physical, psychological and social resources, ability to cope, and personal goals.

Objectives, Structures and Processes

In 2012, with a view to creating a health-promoting work environment and preventing work-related risks of disease, Bertelsmann and the Group Works Council resolved to establish and expand a systematic health management system at the German sites. In the Group HR department, the Bertelsmann Health Management team has been put in charge of this, and is coordinating the Germany-wide health strategy and associated activities in collaboration with a Health Management strategy group established at the Gütersloh location.

In addition, the Bertelsmann Health Community in Germany, which comprises health experts, works council chairs, supervisory board members, HR managers and representatives for employees with disabilities, plays an important role in developing the health strategy and implementing the associated

“We will provide a healthy and safe workplace for our employees by complying with all applicable health and safety laws and standards. Managers in particular must ensure that appropriate health, safety and security practices and safeguards are in place to comply with applicable laws and management standards.”

Bertelsmann Code of Conduct

measures. The Health Community also serves as a platform for systematic networking to establish consistent standards at the German sites.

Bertelsmann sets four minimum standards here: companies are to train their executives on the

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subject of health, set up a working group on health, inform their employees about health topics and services, and give them access to company social counseling. In 2017, quality criteria were developed for each minimum standard, which are to be introduced throughout Germany in 2018. The quality criteria specify which aspects of the implementation of the minimum standards are binding, which are recommended and/or which are insufficient. To provide further support, a toolbox was developed that contains detailed guidelines for setting up working groups, and a checklist for healthy leadership. The medium-term objective is to advance the internationalization of Bertelsmann's health management.

Exemplary Facilities and Services

Networking plays an important role in successful health management, as shown by the example of the Gütersloh site, where various bodies have been working to promote health for many years. Since 2016, they have worked together in the Health Management strategy group.

They include, besides the Occupational Safety department, Company Medical Services, the Bertelsmann BKK company health insurance (with around 8,500 members in Germany), in-house social services, and our Sports and Health department, all of which in turn cooperate under the title "BeFit." The Occupational Safety team and Company Medical Services advise Bertelsmann's German companies regarding the implementation of occupational health and safety tasks and standards required by the German Occupational Safety Act. The Company Social Counselling team serves about 65 percent of the companies in Germany in matters relating to the personal sphere or the workplace, as well as in health matters. Meanwhile, the Sports and Health department offers more than 10,000 employees at the Gütersloh site an extensive company sports program with more than 250 sports and fitness classes per week. The focus is on work-related and workplace-oriented measures with a particular focus on back health and relaxation. The chairs of Bertelsmann's Corporate Works Council and Group Representation for

Employees with Disabilities, and the Head of the Corporate Responsibility & Diversity Management, are also represented in the Health Management Strategy Group.

Results

At the end of 2017, the status of health management at Bertelsmann in Germany was as follows:

- > 54 percent of Bertelsmann companies offered their management training on "healthy management" (previous year: n.a.)
- > 96 percent of companies have set up a health working group (previous year: 78 percent)
- > 100 percent give their employees access to information about company healthcare offers (previous year: n.a.); the Bertelsmann Health website, which was set up in 2016 for this purpose, received around 16,000 visitors in 2017 (previous year: 13,000)
- > 96 percent of companies offered their employees in-house social counseling (previous year: 87 percent)



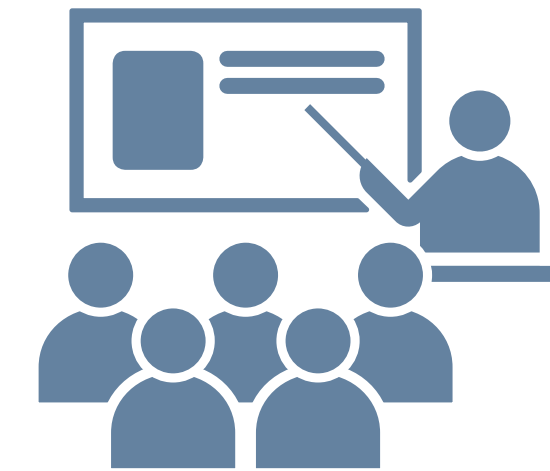
To prepare for the introduction of a Group-wide health management system, pilot projects were initiated at RTL Nord, Arvato CRM and Arvato SCM. Following the completion of the pilot project at RTL Nord, a survey of participants in 2017 revealed significant improvements in job satisfaction and health.

These measures were complemented with a wide range of activities in the divisions, at the national and international levels. The following is a selection:

- > In **Germany**, Arvato CRM Solutions has produced an occupational health management handbook aimed at managers, employee representatives and members of local health working groups. Designed as a reference book, work aid and supplier of ideas, the handbook explains the strategic management approach and contains a catalog of all health measures available to employees at Arvato CRM Solutions.
- > The human resources department of the Arvato CRM Solutions, together with Bertelsmann BKK and Arvato CRM Healthcare GmbH, continued the “Pre-ventiometer” project in 2017. Supported by a digital

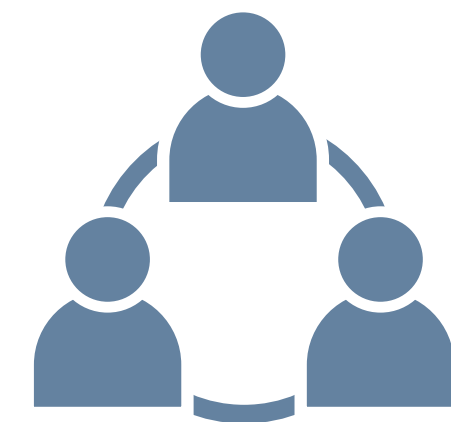
Standards for Health Management in Germany

1



Health competency is a necessary part of all national leadership qualifications.

2



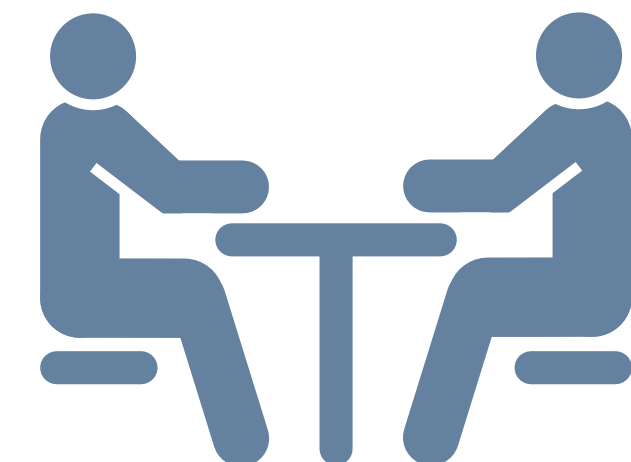
A permanent working group on health is established in every Group company.

3



All Group companies ensure that employees have informational access to in-house health and preventive service offers.

4



Every employee has access to in-house social counseling.

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health cockpit, individual health plans for the employees can be developed on the basis of selected health parameters and a discussion with a trained medical health coach. At Arvato SCM Germany, the "Gesundheit-bewegt-Team" organized action days for employees with workshops on health topics.

- > RTL Group has hosted the annual charity sports event "Télévie Challenge" in **Luxembourg** since 2005. In an indoor cycling event, some 400 employees cycle as many kilometers as they can in one day. The €55,000 raised in this way in 2017 were donated to the Fonds de la Recherche Scientifique for cancer research.
- > On World Health Day, Bertelsmann companies at many locations organized action days. For example, employees at Motorpress Ibérica in **Spain**, which is part of Gruner + Jahr, learned more about healthy nutrition and took part in sports and exercise activities. In **India**, Bertelsmann employees from eight divisions and companies were invited to participate in numerous fitness-, nutrition- and wellness-related activities for a

whole week. Approximately 1,200 employees were reached through more than 33 internal and external initiatives. In addition, numerous Bertelsmann companies held their own action days.

The average sick rate (number of sick days/target working days) at German Bertelsmann companies was 6.7 percent in 2017 (previous year: 6.8 percent).

Bertelsmann companies in Germany also record data on accident statistics, taking into account the workplace and road accidents that are subject to reporting requirements. The accident rate in the reporting year 2017 was 19.1 accidents per 1,000 employees (previous year: 18.2).

Media, Services and Education

Bertelsmann wants to reach as many people as possible with its products and services. The company relies on creativity, customer orientation, diversity and quality.

Approx. **100**
editorial offices operated by
RTL Group and Gruner + Jahr

Day by day

>1 billion

people reached by Bertelsmann
worldwide

>600 million

books, e-books and audiobooks sold
by Penguin Random House

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Media is simultaneously an economic and a cultural asset and plays a role in the formation of public opinion. Bertelsmann takes the social responsibility that this implies seriously: for its business and journalistic activities, as well as the production and distribution of content and formats worldwide. In providing outsourcing, print and education services, the company gives top priority to professionalism and customer focus, service quality, and the protection of personal information.

Creative, Customer-oriented, Diverse

The Bertelsmann Essentials define entrepreneurship and creativity as important guiding principles in the manufacturing and distribution of media products and services. With its wide range of products and services, the company aims to reach as many people as possible, occupy top positions in its markets and make a positive contribution to society. Worldwide, the company's media products aim to inspire readers, viewers and listeners, and enable our business partners with future-oriented solution services. Bertelsmann

systematically aligns its offers to the needs of its customers and, as digitalization increases, continually develops and diversifies its own portfolio. The creativity and innovation of Bertelsmann's employees, entrepreneurs, authors and artists is the engine that drives this ongoing development.

Guidelines, Structures and Processes

In addition to the Bertelsmann Essentials, the Bertelsmann Code of Conduct specifies key principles for the responsible production and distribution of media and services that are consistent and binding for all Bertelsmann companies. The company operates under strongly regulated conditions, particularly when handling customer data and making offers to potentially vulnerable groups. Compliance with legal requirements and the highest quality standards is a matter of course for Bertelsmann and is fundamental to the company's success.

Responsibility for the design of the media and services businesses is decentralized and rests

with the divisions and companies. Cross-divisional networks, programs and events promote synergies and the exchange of best practices on specific topics related to the company's product, content and service responsibility. Beyond this, Group-wide policies and procedural and technical management systems have been implemented for some areas such as privacy and data security.



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Creative Independence

Creative or journalistic independence stands for a plurality of content, opinions and positions, and presupposes the independence of the media in the production and dissemination of content. Bertelsmann interprets this independence in two directions: Inside the company, it means that our management does not attempt to influence the decisions of artists, editors and program managers, or to restrict their artistic or editorial freedom. To the outside, it means that the company does not give in to political or economic influence in its journalistic coverage and creative design, and complies with existing laws regarding the separation of advertising and editorial content.

Independence as a Competitive Advantage

Bertelsmann sees censorship and attempts at political influence-mongering in its international markets as a risk to its businesses, and resolute opposition to it as an opportunity. Regarding content, maintaining independence from advertising business partners is a continual challenge. Bertelsmann is

aware of the responsibility it has toward the public in its role as an opinion-shaper, and handles this responsibility with care.

Independence, credibility, reliability and diversity are crucial factors for the company's media brands as they compete for the attention of media users and customers. These values also make the company attractive for employees, writers, artists and other creative talent.

Guidelines, Structures and Processes

The Bertelsmann Code of Conduct defines freedom of speech and opinion, in the sense of editorial and journalistic independence (freedom of the press), as a basic principle of Bertelsmann's business activities. In-house press freedom at Bertelsmann is guaranteed by the "Editor-in-Chief Principle": editorial decisions are the exclusive responsibility of the people in charge of the program and product. This allows them to operate free from the influence of the Group's owners or management.

"Editorial and journalistic independence is the foundation of our publishing, broadcasting and news reporting activities."

Bertelsmann Code of Conduct

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Many companies and editors have also implemented separate statutes to safeguard creative and journalistic independence in the day-to-day business. These focus primarily on journalistic and editorial duties of care, respect for privacy, dealing with representation of violence, and the protection of minors.

Such topics are also part of our in-house training for editors. Bertelsmann has two journalism schools that promote independent quality journalism: The RTL School of Journalism for TV and Multimedia in Cologne, offering a two-year practical training course for television editors, and the Henri Nannen School from the Gruner + Jahr, ZEIT and SPIEGEL publishing companies, which teaches young people the journalistic craft for print and digital media.

Representatives and experts from the Bertelsmann divisions also meet once a year in a cross-divisional working group to discuss matters relating to press freedom and editorial and journalistic independence,

as well as to share information, ideas and best practice. An RTL Group representative heads this working group.

Results

The many awards that the company’s editors and creatives win for their products, formats and publications are indicators of the successful realization of quality journalism and independent program creation at Bertelsmann. In 2017, they included:

- > A variety of [prizes and awards for RTL Group’s programming](#), including the German Television Award in five categories for the channels Vox, RTL Television and Nitro, and in four categories for the UFA film production company; the German Radio Award in two categories for stations in which RTL Radio Deutschland owns a stake; and 461 Penguin Random House titles on “The New York Times” bestseller lists, with 61 reaching #1

- > Some 60 awards for Gruner + Jahr, including 27 prizes at the Art Directors Club for Germany (ADC) Festival alone

A selection of important prizes and awards for the Group’s media and services can also be found on the [Bertelsmann corporate website](#).

In addition, Bertelsmann’s companies advocate for a diverse media landscape by awarding their own prizes, through sponsorship programs and by supporting external initiatives:

- > RTL Group supports young journalists: RTL Radio (France) sponsors the Jean-Baptiste Dumas Grant, a competition for journalism students. Fondation M6 organizes the “Au-delà des lignes” writing competition for detainees in French prisons.
- > Penguin Random House is an active supporter and partner of PEN International and its local centres PEN America and English PEN. PEN’s



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mission is to advocate freedom of opinion, help marginalized groups to be heard and promote social dialogue. In 2017, Penguin Random House made an additional financial contribution to further support PEN through employee and author memberships in the United States. As part of the long standing New York Creative Writing Awards initiative, Penguin Random House awarded a cumulative total of \$2.6 million in prize money for college scholarships through 2017. In Britain, Penguin Random House continued its WriteNow program to discover, mentor and publish new writers from under-represented social groups, including authors from ethnic minorities and members of the LGBTIQ community. Penguin Random House UK is also among the main sponsors of World Book Day.

> Gruner + Jahr is an official signatory to the European Charter on Freedom of the Press and supports the European Center for Freedom of the Press and Media, founded in Leipzig in 2015, which, among other activities, documents

violations of press freedom and the persecution of journalists throughout Europe. Since 2005, Gruner + Jahr has also honored outstanding work in German-speaking journalism with the [Nannen Prize](#), which is awarded to authors in the print and digital realm, as well as to photographers.

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Content Responsibility

Bertelsmann wants to reach as many people as possible with its creative products. This comes with a responsibility to reflect on the repercussions of the content it produces and distributes, and to protect the rights and interests of media users to the greatest possible extent. A special responsibility applies to the youngest media users, because today's children and young adults have long since lived in a world shaped by media.

Guidelines, Structures and Processes

In accordance with the Editor-in-Chief Principle practiced at Bertelsmann, responsibility for the production and dissemination of media content is the sole responsibility of program managers, who are free from influence from the Group's owners or local management in the company's decentralized structure → [Creative Independence, p. 57](#). Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia; 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. It commits Bertelsmann's editorial staff to "respecting privacy and the responsible treatment of information, opinion and images." In some cases, other statutes regulate the handling of content responsibility at the divisional, company and editorial-department level. The representation of social diversity, as well as regulations to avoid discriminating or stereotyping content, also play an important role.

Example: RTL Group

In addition to local laws and voluntary commitments, RTL Group has its own [Newsroom Guidelines](#) that steer the work of its editorial staff. The Guidelines describe editorial duties of care, and include regulations on the protection of minors, impartial reporting, the protection of privacy and how to handle the representation of violence.

In May 2017, the Newsroom Guidelines were updated in the areas of personal rights and

privacy, the careful handling of sources – in particular social media sources – as well as the clear separation of editorial and advertising content. This update is partly a reaction to the issue of misinformation and fake news. To prevent the spread of fake news, at the end of 2016, Mediengruppe RTL Deutschland set up an in-house team of experts to verify user-generated content. This verification unit has since been expanded internationally into a Group-wide team of journalists and information specialists. Beyond this, RTL Group has established additional processes to ensure compliance with ethical standards. At Groupe M6, in accordance with the French law on strengthening media freedom, independence and diversity of content, ethical standards are monitored and analyzed by a new Ethics Committee created in August 2017. A similar committee has been set up at RTL Luxembourg. In Germany, Mediengruppe RTL Deutschland also appointed a voluntary Media Advisory Council. The panel,



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with representatives from politics, culture, business and religious organizations, advises Mediengruppe RTL Deutschland’s management with special attention to diversity of opinion and plurality of channels and products.

Example: Penguin Random House

Penguin Random House complies with all applicable laws for the publication of content, including regulations on defamation, privacy and advertising. In the US and in Great Britain, Penguin Random House has implemented a rigorous process whereby books containing potentially dangerous content are subject to legal review prior to publication. Furthermore, the publishers’ editorial offices have standardized processes to obtain written releases from private individuals whose personal information is included in a publication. If the names or pictures of minors are to be used, parental consent is required. Penguin Random House is current on media developments and media-related laws.

Child and Youth Protection

The purpose of media policies and laws is to protect minors through the review of media content to determine any possible detrimental effects on the development of children and young adults. If such an effect is suspected, various distribution restrictions apply. The policies and laws are intended to ensure that such media content is only accessible to age groups with the necessary maturity to put the possibly disturbing or unsettling content into context and process it appropriately. Bertelsmann gives high priority to the protection of children and young adults in the production and dissemination of its media content and complies with the relevant requirements. These include broadcast time restrictions as well as content and product labeling. Particularly in broadcasting divisions and companies, efforts are often made to go beyond the existing European and national regulations, (e.g., the Audiovisual Media Services Directive).

“We are aware of and treat with care, the responsibility that we as opinion makers, have toward the public.”

Bertelsmann Code of Conduct

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At Mediengruppe RTL Deutschland, the Standards & Practices department advises the editorial teams on matters related to the protection of minors. It ensures compliance with legal requirements and serves as the contact point for viewers and regulatory bodies.

Mediengruppe RTL Deutschland’s channels teamed up with other commercial program providers in 1993 to found the Self-Regulation Body of the Television Industry (FSF). The channels’ Youth Protection Officers proactively submit youth protection-relevant programs to the FSF’s independent review groups prior to broadcast. The FSF reviews programs for suitability for minors and makes a binding decision as to whether and at what time a program may be broadcast. RTL Nederland is affiliated with NICAM, a Dutch institute responsible for the development and implementation of the [Kijkwijzer](#) classification system which warns parents and educators if a TV programme or film has content unsuitable for specific age groups.

In France, as early as 1989, the channels of Groupe M6, part of RTL Group, developed a voluntary labeling system for their broadcasted films – a system adopted and made obligatory in 1996 for other French broadcasters by the Conseil Supérieur de l’Audiovisuel.

Promoting Media and Internet Literacy among Children and Young Adults

In addition to passive measures to protect minors, media providers at Bertelsmann also engage in various initiatives to actively promote media literacy among children and young adults [→Promoting Media Literacy, p. 88](#). Online media literacy, or Internet literacy, is a particular focus of their efforts. RTL Group was a founding member of the EU’s “CEO Coalition to make the internet a better place for kids” initiative, which develops specific recommendations for handling digital media. These efforts are being continued in the “Alliance to Better Protect Minors Online,” founded in 2017, in which Super RTL and Mediengruppe RTL Deutschland

participate. Likewise, the EU initiative “klicksafe.de,” sponsored by Super RTL, works to promote public awareness of safe Internet use through practical programming and materials. The German broadcaster also supports – and has for 10 years – the online search engine [fragFINN.de](#), which provides children between the ages of 6 and 12 with a safe, child-friendly website to research topics that interest them. The Penguin Random House publisher Dorling Kindersley offers a similar platform with [“DKfindout!”](#) Children, and young people are increasingly using Bertelsmann’s services online on smartphones, tablets and PCs – which is why it is so important to keep developing technical solutions to protect minors, for every platform.



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Data Protection & Privacy

In the production and distribution of its media and services, Bertelsmann deals with customer data every day. In the service segment particularly, many of the world’s largest corporations entrust our company with parts of their value chain, such as the management of supply chains or customer communications. Careful and confidential handling of personal data also plays a decisive role in contact with media users. Privacy is a fundamental human right. Accordingly, the company attaches great importance to protecting customer data and to privacy.

Ensuring Compliance, Maintaining Trust

Data protection and privacy includes safeguarding the personal information of a Group company's individual customers as well as protecting the personal information about customers provided to a Group company by their partners. The intention is to safeguard the individual's right to determine who is authorized to acquire what knowledge about them, and when (right to informational self-determination). This includes personal and

identifying information, being handled in accordance to legal requirements, and that the information be adequately protected against unauthorized access, such as reading, alteration or deletion.

Bertelsmann operates in a highly regulated environment as pertains to handling customer data. In all the core countries where Bertelsmann does business →[Company Profile, p. 5](#), the protection of customer data is already required by law, and compliance is a matter of course for the company. European legislators in particular are enforcing further data protection regulations against the background of Economy 4.0. For instance, Europe’s “General Data Protection Regulation” (GDPR) has been in force since May 25, 2018. This standard stipulates heavy fines for serious infringements, making violations not only detrimental to a company’s reputation and adversely affecting trust among business customers and media users, but also resulting in substantial financial penalties. In view of tighter regulation, increasing customer audits

“We collect, retain, use and transmit personal data and information in compliance with applicable law and policy.”

Bertelsmann Code of Conduct



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and demands for regulation of liability issues are to be expected on the part of business partners. For Bertelsmann, decisive management of data protection is therefore an investment in its own business success.

Guidelines, Structures and Processes

The rules and regulations that cover data protection and privacy include the Bertelsmann Code of Conduct, the Executive Board Guidelines on Information Security and IT Risk Management, the Bertelsmann Cloud Policy, and, for the German companies in the Group, the "Handbuch zum Konzerndatenschutz" (Group Data Protection Manual). The Executive Board Guideline on Data Protection is designed to ensure consistent data protection management across the Bertelsmann Group. It fulfills the requirements of the GDPR, which has largely replaced existing national legislation.

Responsibility for data protection and privacy is decentralized and rests with the management of

the individual companies. To ensure compliance with the relevant German laws governing data protection and privacy, the Group companies in Germany have a data protection organization consisting of central data protection officers and local data protection coordinators. The latter report to the local management, as well as annually or occasionally to the central data protection officers, who in turn report to the Bertelsmann Executive Board. A similar organization with appropriate processes was set up for Group companies outside Germany in 2017. The central data protection officers are supported by local data protection officers and company data protection coordinators from the divisions and by other staff departments.

An information security management system (ISMS, based on the ISO 27001 industry standard) that exists across the Group creates the technical framework for confidential data processing. The ISMS features a regular and structured survey to ensure compliance with statutory information

security requirements, a systematic recording of risks and the derivation of related mitigation measures.

Objectives and Results

To ensure compliance with the GDPR, a Group-wide data protection management tool was rolled out in the third quarter of 2017. It addresses the implementation of the documentation and accountability requirements as stipulated by the GDPR, in addition to requirements regarding governance obligations. It allows for local adjustments with a view to country- and business-specific requirements. Alone in the divisions that are subject to the GDPR, in 2017 around 30,000 employees were trained in data protection and privacy. That year, there were 73 complaints and filings involving data protection authorities. No fines were imposed.



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Further Topics

Protecting Intellectual Property

Bertelsmann is a home for artists, writers and creative talent across all fields. The company promotes their artistic development and, with it, their commercial success. Bertelsmann’s businesses develop, produce, transfer, license, and sell products and services that are protected as intellectual property. For Bertelsmann, the protection of intellectual property rights is fundamental to its business success. For this reason, the company is committed to a high level of global copyright protection worldwide. The Group-wide Copyright Task Force with representatives of the relevant corporate divisions accompanies the latest developments in copyright law and bundles their positions in the form of joint papers.

Transferring copyright protection comprehensively and fairly from the analog to the digital world plays an important role. Bertelsmann works proactively to build awareness regarding the value of intellectual property, strengthen copyright protection in the digital world, and take action

against the illegal dissemination of content. By doing so, Bertelsmann remains competitive as a media company and creates the prerequisites for continuing to make long-term investments in new products and services, attract new creative talent, and contribute to cultural and creative diversity.

Product Safety and Product Labeling

In their production and distribution of products and services, all Bertelsmann companies comply with legal requirements and the highest quality standards as a matter of course. The Bertelsmann Code of Conduct codifies this as a binding principle: “We are committed to providing our customers with safe, high-quality products and services. Our products and services must not contain defects or unsafe features that could lead to the endangerment of health or damage to property.” Responsibility for the protection of media users and customers, as well as compliance with related requirements, standards and commitments, is decentralized and rests with the management of the individual companies.

Bertelsmann and its companies use a variety of principles and procedures for product labeling, reflecting the diversity of their products and services. Especially relevant areas where labeling is used include the protection of minors (e.g., in broadcasting →[Content Responsibility, p. 60](#)), as well as environmental and climate protection (e.g., in paper procurement and recycling →[Paper, p. 76](#)). Product safety is a focus topic that plays a special role, as in the production of children’s books at Penguin Random House adhering to the strictest safety standards in connection with the manufacturing and production of its books, toys and related products to ensure that all Penguin Random House products are risk-assessed and safety tested for such things as choking hazards and toxicity.

Fair Marketing

The protection of media users – especially of minors – and the safeguarding of customers’ privacy and data are essential for Bertelsmann’s business activities. This goes also and especially

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for the advertising activities and marketing communications of Bertelsmann’s companies. The Bertelsmann Code of Conduct specifies principles for this: “We do not knowingly engage in or promote misrepresentation or fraud in the marketing or advertising of our products and services.” Beyond this, responsibility for compliance with national and industry-specific legal requirements and voluntary commitments in advertising and marketing lies with the local businesses.

In selling its products and services, Bertelsmann complies with local, national and international laws. Products that are prohibited by law are not offered.

At the same time, Bertelsmann enshrines freedom of speech and opinion, as well as editorial and journalistic independence, as fundamental principles for the production and dissemination of its media products and content [→Creative Independence, p. 57](#). In this connection, public

discourse about media products and content is an explicitly encouraged and desired effect of the company’s own journalistic activity. One example is Penguin Random House’s industry-leading support of Banned Books Week in the United States, when thousands of libraries, schools, bookstores and community centers across the nation unite to celebrate the freedom to read and exercise the right to do so without interference or censorship.

“We do not knowingly engage in or promote misrepresentation or fraud in the marketing or advertising of our products and services.”

Bertelsmann Code of Conduct

Environment

Bertelsmann's environmental management focuses on global climate protection and responsible, efficient natural resource management.

8%
reduction in CO₂e
emissions since 2016

91%
of paper from
recycled or from
certified sources

34,600 MWh
increase in the use of renewable energies with
guarantees of origin since 2016

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Environment

Through its business activities, Bertelsmann enters a complex interrelationship with the environment. This gives rise to a special environmental responsibility for the company. Together with its employees, and in dialogue with its stakeholders, Bertelsmann strives to use natural resources effectively and efficiently, and to reduce direct and indirect greenhouse gas emissions. Doing so is part of the company's overall efforts to minimize the environmental impact of its production, business and distribution processes.

Transparency and Climate Protection

Environmental and climate protection play a crucial role in a future worth living. To reduce negative impacts, Bertelsmann is actively committed to environmental protection through the sustainability orientation of its businesses.

With increasingly limited natural resources, global climate warming and a growing world population, societal and regulatory demands for disclosing and

controlling ecological effects of business activities are also increasing. As a result, Bertelsmann's business customers – particularly those of service businesses Arvato and the Bertelsmann Printing Group – expect effective environmental management that ensures or exceeds legal requirement compliance.

Bertelsmann is meeting these growing challenges with transparency on its environmental impact along the value chain. By combining the measurement of energy and natural raw materials procurement and use with effective energy and environmental management, cost savings can be achieved in the short, mid and long term, while also reducing the company's ecological footprint. Such actions can also prevent interruptions to production flow brought on by resource scarcity or extreme weather events.

Guidelines, Structures and Processes

Bertelsmann's environmental policy and the Bertelsmann Paper Policy, initiated by the Executive

"We strive for environmentally responsible procurement and use of natural resources (energy, water, materials and land) in the production and distribution of our products and the performance of our services."

Bertelsmann Code of Conduct

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Board, set the framework for the responsible use of natural resources throughout the Group and for environmentally conscious procurement of both energy and materials.

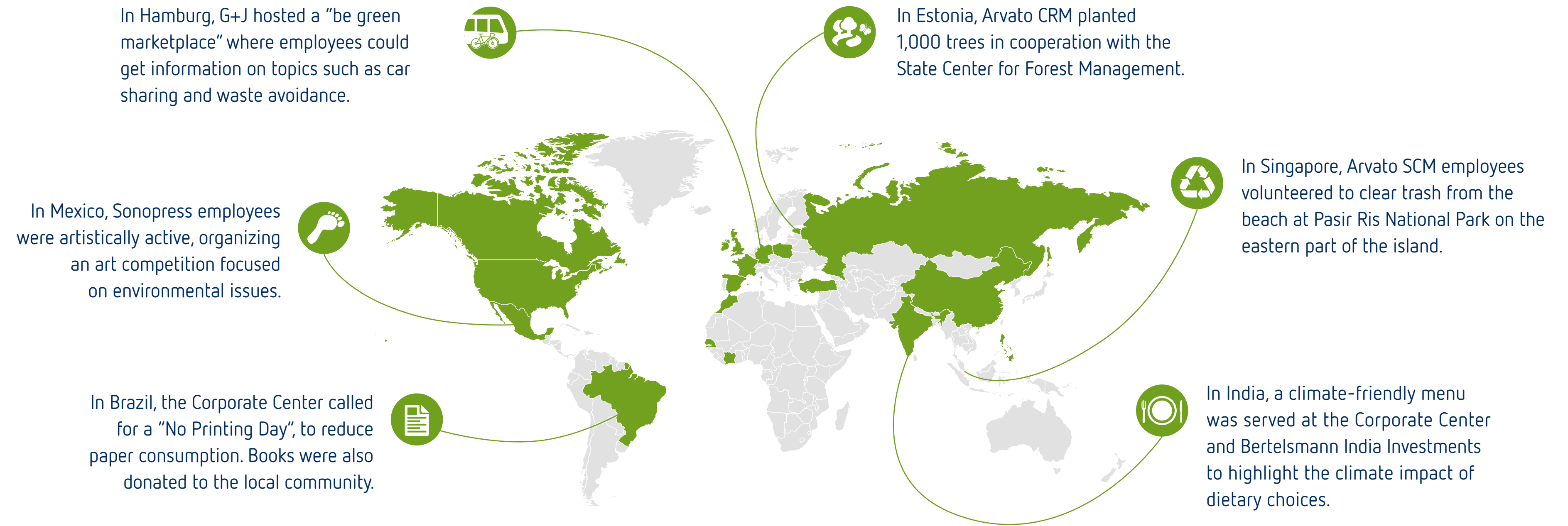
As Bertelsmann is a decentralized organization, operational responsibility for energy and environmental management lies with the management of the Group’s individual companies. In addition to cross-divisional objectives for reducing greenhouse gas emissions →[Energy and emissions, p. 71](#) and for using paper →[Paper, p. 76](#), many corporate units set their own objectives for improving environmental performance within the framework of local management systems. Bertelsmann’s international “be green” working group serves as a platform for cross-divisional environmental commitment.

Headed by the Corporate Center’s department for Corporate Responsibility & Diversity, which reports to the CHRO, the “be green” working group is comprised of representatives from Bertelsmann’s

corporate divisions. Included are paper buyers, energy and environmental managers, logistic experts and controllers who regularly exchange views on current environmental issues and best practices and maintain a dialogue with external stakeholders. In addition, “be green” working group experts coordinate the Group-wide collection and reporting of environmental data.

Since 2008, Bertelsmann has regularly compiled data on its Group-wide carbon footprint and on energy, paper, water, wastewater and waste. The Corporate Center collects, aggregates and analyzes this environmental data from all divisional companies and sites worldwide every year. The current report shows the environmental data of all fully consolidated Group companies. These were determined by data queries from 451 locations and 386 companies. While all production and logistics sites and the company’s own data centers were fully included in the data collection process, the environmental data for 6 percent of employees at office

locations were calculated based on estimated values. The results of the carbon footprint not only provide transparency on Bertelsmann’s environmental and climate impacts and ecological performance, but also enable improvement measures to be derived. In addition to the environmental data presented below, further information and explanations of the data and key figure methodology will be available online at the [↗ Bertelsmann corporate website](#) at mid-year.



■ Countries with be green day activities by Bertelsmann companies

Be Green Day 2017

The Group-wide be green day campaign took place for the sixth year in 2017. Under the motto "Your commitment counts – Together for more climate and environmental protection", 84 Bertelsmann locations took part in action days drawing attention to the importance of climate

and environmental protection. Launched in 2010 by the "be green" experts, 2017 was the year companies were invited to organize individual action days. From Mexico to Singapore, Estonia to Brazil – 20 countries in all – Bertelsmann employees learned more about environmental issues and took part in various activities. Topics such as

waste and recycling, new mobility concepts, CO₂ savings and paper were the focus of attention in the various corporate divisions. The actions highlighted the many ways climate and environmental protection can be implemented, demonstrating that every contribution counts. The next be green day campaign is planned for 2019.

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Energy and Emissions

The environmental aspect of energy and emissions is a focal point of cross-divisional cooperation on environmental and climate protection. Although increasing digitalization is making Bertelsmann less dependent on limited natural resources, it is also increasing energy consumption for data management. By exchanging experience in the Bertelsmann “be green” network, for example on the use of energy-saving technology and renewable energies, or working together on energy efficiency projects, energy consumption and emissions can be reduced, costs saved and expenditures reduced.

Objectives and Results

Bertelsmann supports the goal of the international community of states to limit global warming to below 2° C. In the 2016 fiscal year, the company calculated the company-specific contribution necessary to achieving the < 2° C goal, taking into account the methodology of the Science-Based Target Initiative. Based on these analyses, Bertelsmann aims to reduce its portfolio-adjusted

greenhouse gas emissions by 20 percent by 2025 compared with 2014. As an intermediate step, emissions are to be reduced by 10 percent by 2020.

The Bertelsmann Carbon Footprint, which comprises direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, is the Group-wide benchmark for Bertelsmann’s carbon footprint and climate objectives. Accounting is based on the Greenhouse Gas Protocol (GHG Protocol) using the market-based methodology. CO₂ equivalents (CO₂e) are reported. As part of measuring environmental objectives, adjustments are made to account for portfolio changes. Effects from the sale and acquisition of Group companies are neutralized retrospectively each year and the basic data adjusted accordingly. The environmental indicators also include other indirect greenhouse gas emissions (Scope 3), which are not part of the objective.

In 2017, the Bertelsmann Carbon Footprint totaled 500,000 tons (previous year: 543,100 tons) of CO₂e.

This represents a significant decline of 8 percent compared with the previous year. Scope 1 accounted for 261,900 tons (previous year: 256,900 tons). The indirect CO₂e emissions from the purchase of energy (scope 2) amounted to 238,100 tons (previous year: 286,200 tons). Of Scope 1 and 2 emissions, 56 percent are attributable to power generation, 40 percent to the provision of heat and 4 percent to transportation using the company’s own vehicles. Specific emissions fell significantly in the year under review to 29.1 metric tons of CO₂e per €1 million in consolidated sales (previous year: 32.2).

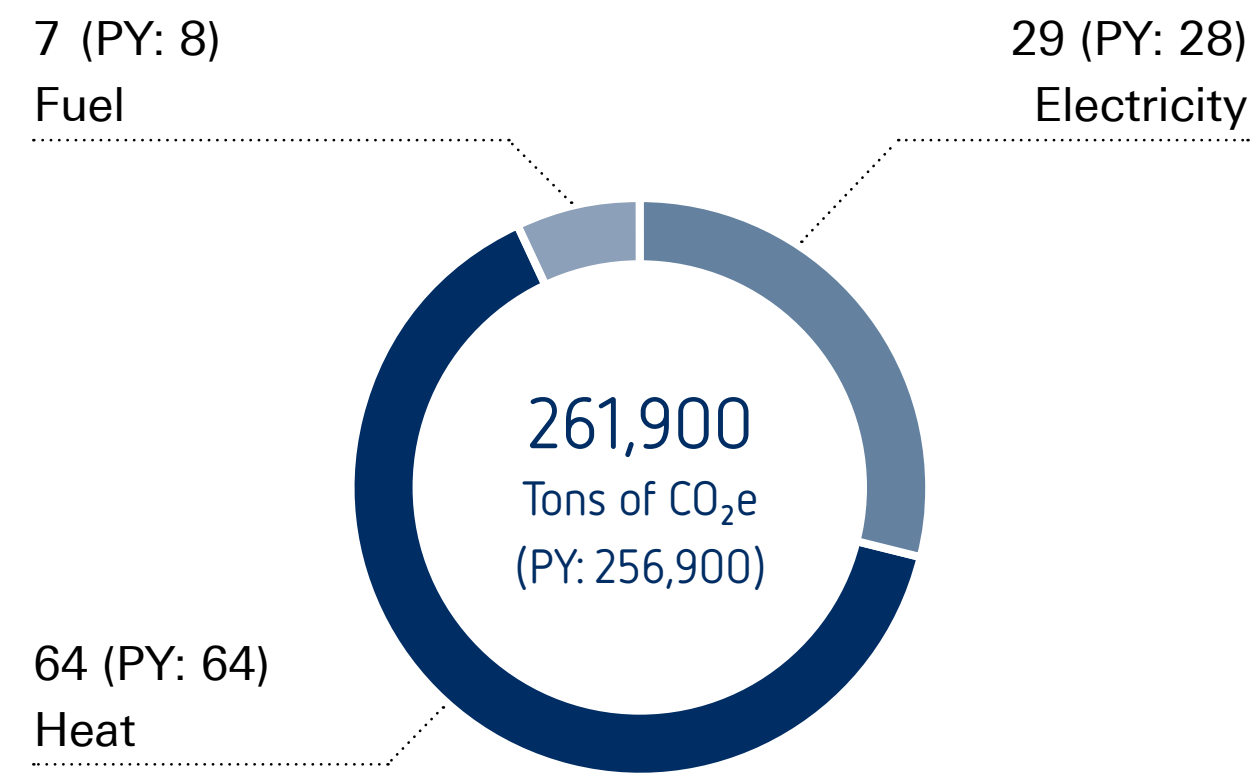
The switch to renewable energies with guarantees of origin or renewable energy certificates and the selection of low carbon energy sources contributed significantly to the reduction in emissions. The switchover of electricity purchases to suppliers with a high wind-energy share or hydropower contributed to a reduction in emissions of over 20,000 tons CO₂e at Arvato’s and Gruner + Jahr’s German businesses

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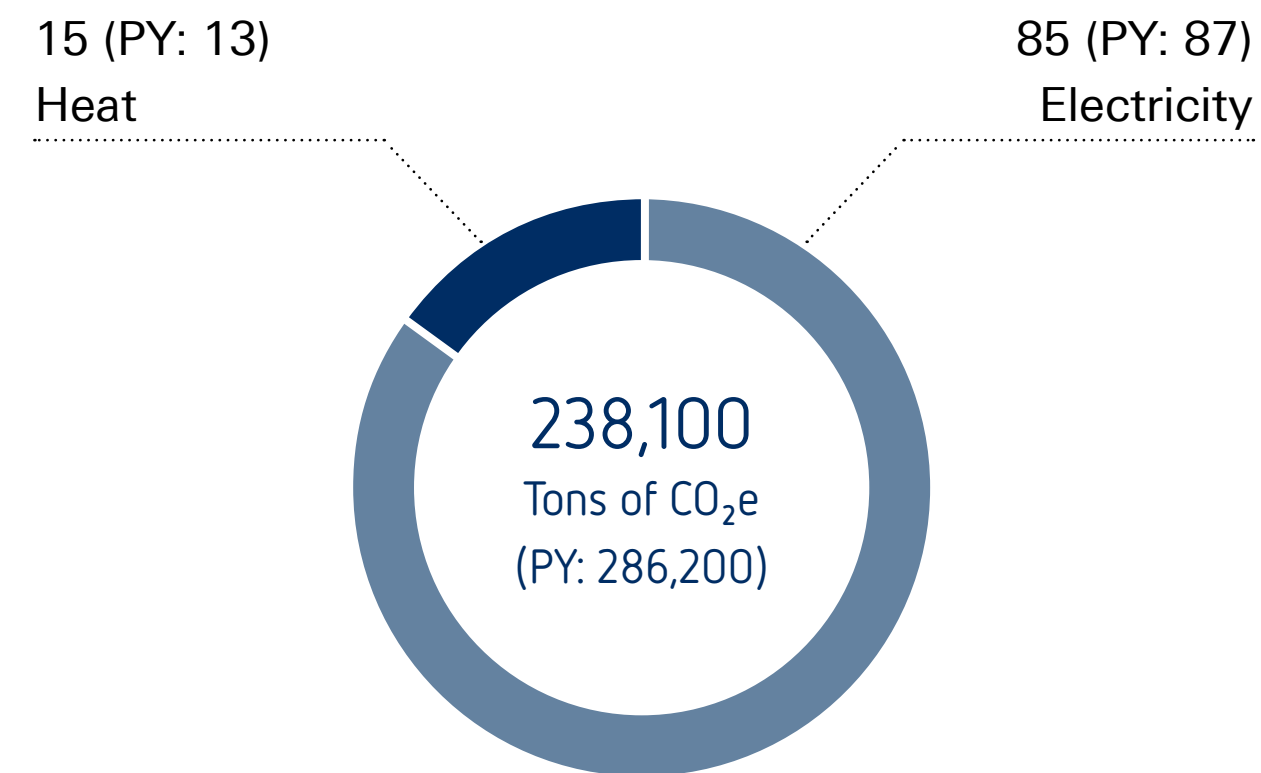
Greenhouse Gas Emissions by Scope

Scope 1 breakdown in percent



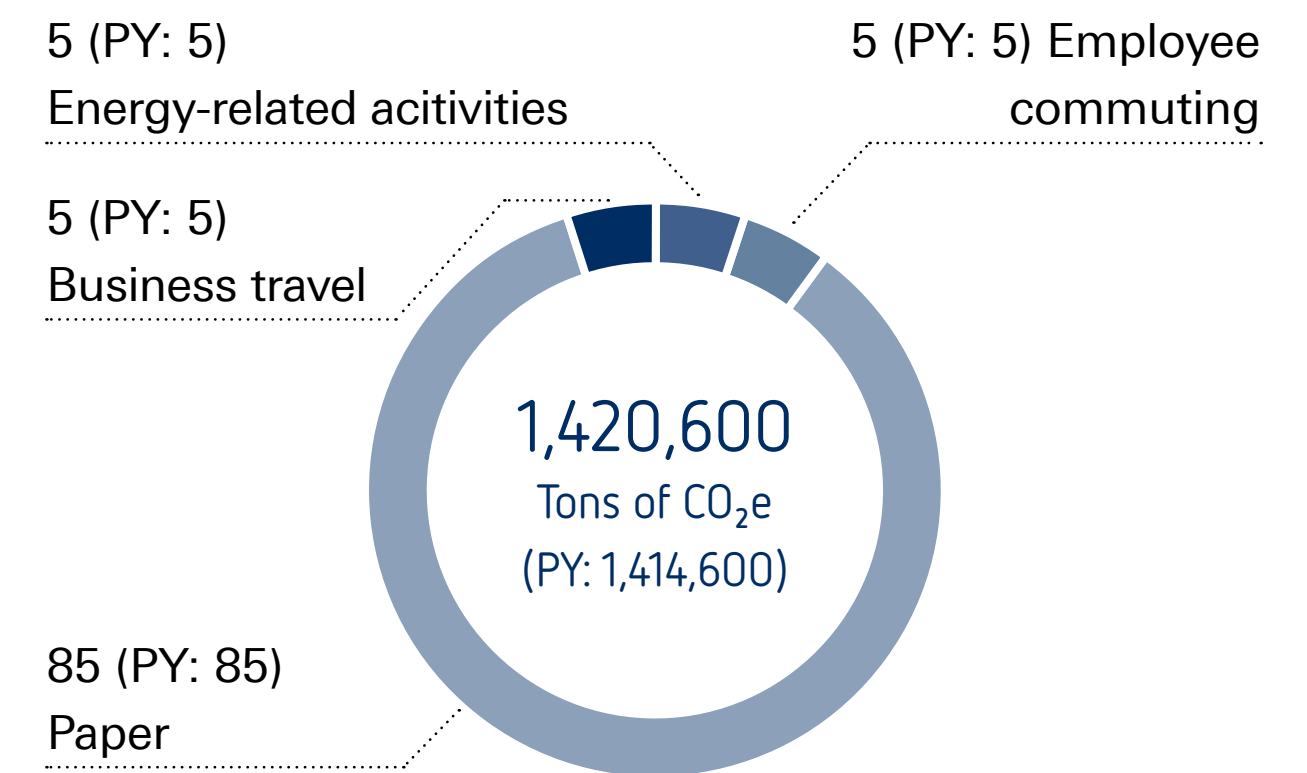
Scope 1: Greenhouse gas emissions from sources owned by Bertelsmann or its fully consolidated subsidiaries (such as owned power and heat generation facilities, and company vehicles).

Scope 2 breakdown in percent



Scope 2: Indirect greenhouse gas emissions, generated by energy production at suppliers (e.g., emissions from the production of purchased electricity and district heat).

Scope 3 breakdown in percent



Scope 3: Indirect greenhouse gas emissions from business activities outside the company's boundaries (e.g., emissions from the production of purchased paper, business travel, or fuel and energy used in the supply chain).

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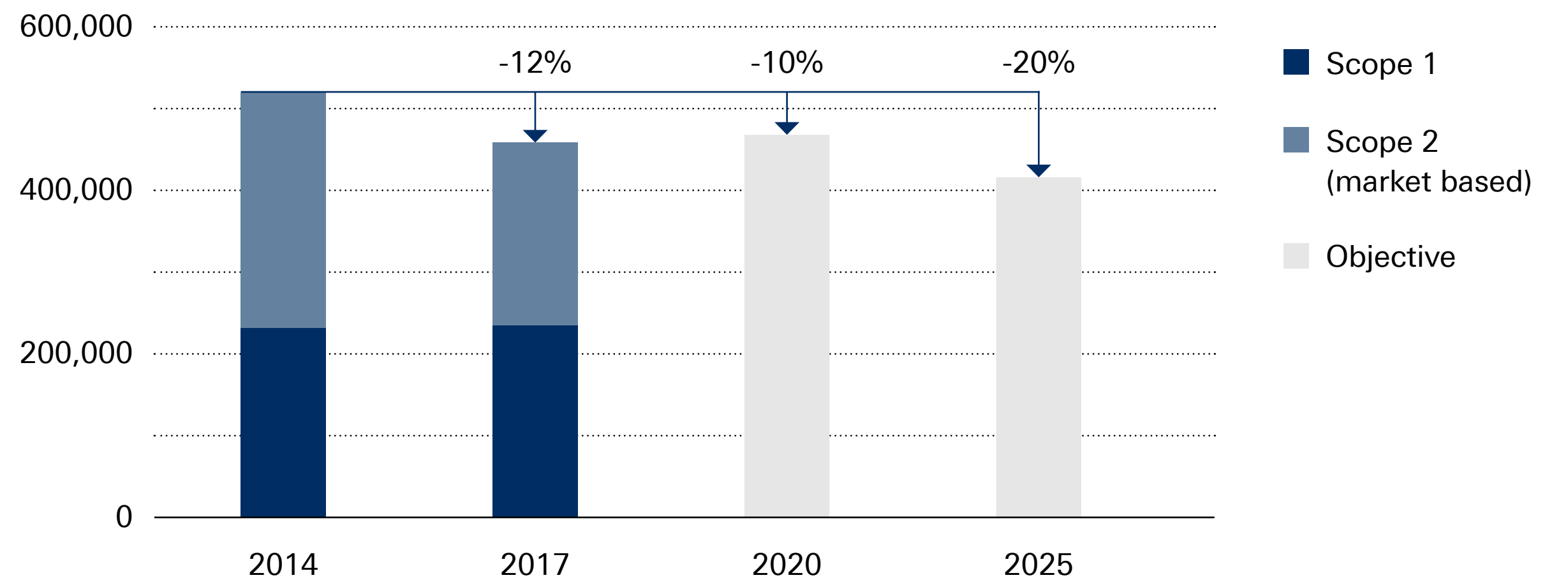
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alone. The total use of renewable energies with guarantees of origin or renewable energy certificates increased by more than 120 percent to almost 63,000 megawatt hours.

All divisions contributed to this positive development, with the Bertelsmann Printing Group recording the largest reduction in emissions. GGP Media, for example, switched its electricity procurement completely to green electricity. Production declines and efficiency measures also contributed to a reduction in energy-related greenhouse gas emissions. Emissions from RTL Group, Gruner + Jahr, Penguin Random House and Arvato were reduced significantly in some cases.

Comparing 2017 emissions to the base year 2014, Scope 1 emissions rose slightly by 1 percent after portfolio adjustments and Scope 2 emissions fell significantly by 22 percent. In total, the decline is equivalent to 12 percent. This shows that the company has successfully embarked on achieving its

Objectives for Scope 1 and 2 Emissions in metric tons of CO₂e



long-term objective of -20 percent in emissions. The milestone of a 10 percent reduction in greenhouse gas emissions, planned for 2020, was achieved for the first time in 2017.

As part of Bertelsmann's environmental data collection, the Scope 3 category reports indirect greenhouse gas emissions from the production of purchased paper, energy-related activities (outside



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Scope 1 and 2), business travel and employee commuting.

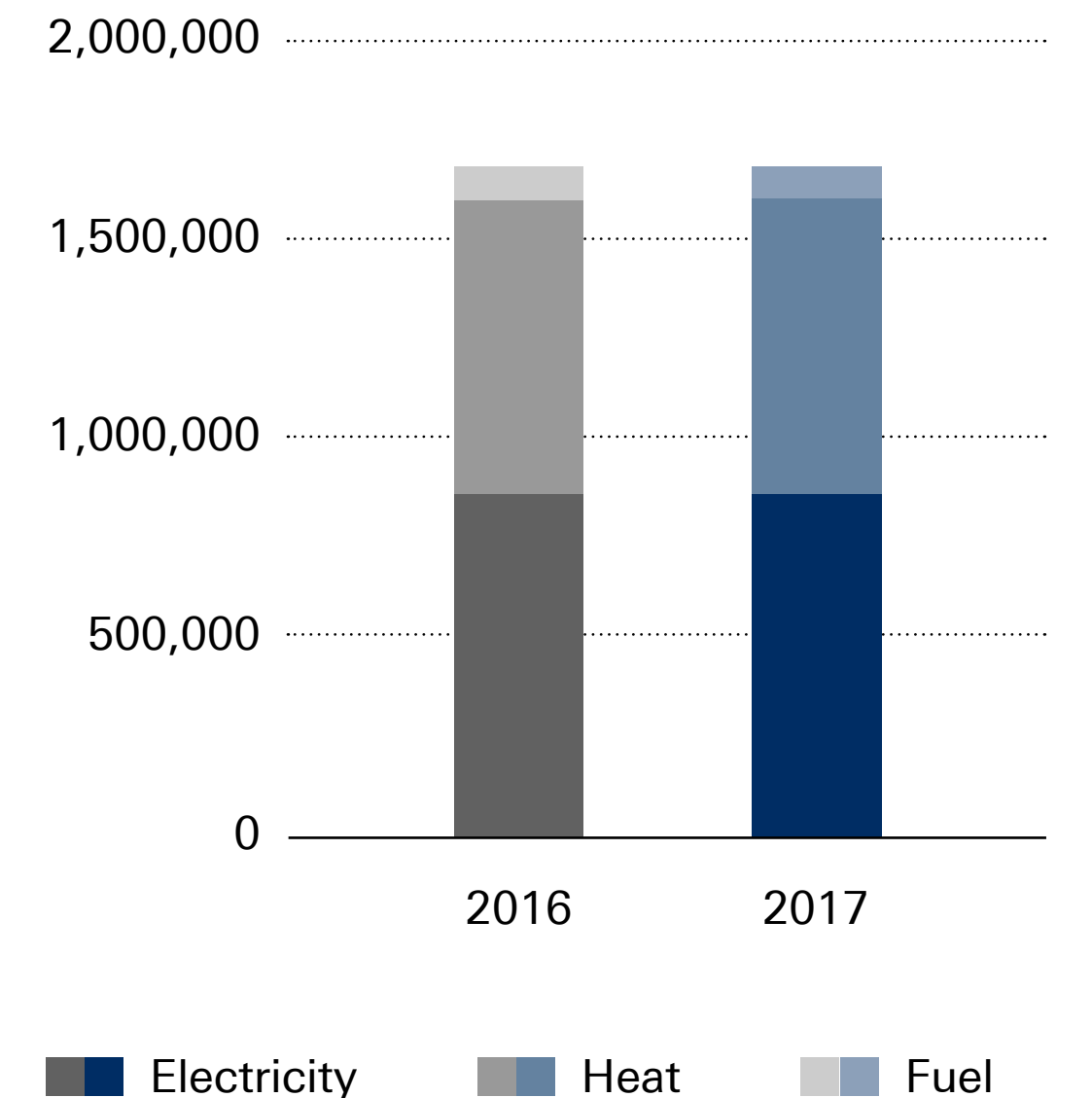
For the paper purchased by Bertelsmann companies, a total of 1.2 million tons of CO₂e (previous year: 1.2 million tons) were reported for fiscal year 2017. Scope 3 emissions from energy-related activities amounted to 68,200 tons of CO₂e (previous year: 70,700 tons). Business travel generated 67,700 tons of CO₂e (previous year: 67,900 tons). Emissions from the daily commuting of employees amounted to 72,900 tons of CO₂e (previous year: 71,100 tons).

Total energy consumption fell slightly year-on-year from 1,672,900 megawatt hours to 1,665,500 megawatt hours. Electricity consumption in 2017 dropped by 1 percent to 852,200 megawatt hours (previous year: 860,600 megawatt hours). The use of heating and cooling rose slightly in 2017 to 732,500 megawatt hours (previous year: 727,800 megawatt hours). Developments in the individual business segments differ considerably.

Bertelsmann Printing Group recorded a reduction in electricity and heat consumption due to the decline in production at some sites in Germany and the United States, the implementation of numerous efficiency measures and the closure of a Sonopress site in the United States. At Prinovis UK, however, higher capacity utilization led to an increase in energy consumption. Lower consumption at Gruner + Jahr and Bertelsmann Education Group also contributed to the decline in reported energy consumption. RTL Group reported a slight increase despite the first-time inclusion of SpotX in the environmental data collection. Arvato's energy consumption rose significantly, particularly due to new logistics locations. The first-time inclusion of Intervalor in Brazil also contributed to an increase in electricity consumption.

Fleet fuel use fell by 4 percent in 2017 compared to 2016, from 84,500 to 80,800 megawatt hours. While almost all corporate divisions reported a decline, fuel consumption increased slightly at Arvato.

Energy Consumption in megawatt hours



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At 96.9 megawatt hours (per €1 million in consolidated sales), specific energy consumption in 2017 remained below the previous year's figure of 99.1 megawatt hours.

Other Selected Results

> **Energy Savings:** Approximately 1,200 megawatt hours of electricity was saved in Arvato Systems' Gütersloh data centers in 2017, compared with the previous year. This saving, which corresponds to the consumption of 240 four-person households, was achieved by commissioning a new absorption chiller. Additional energy savings were achieved by introducing energy-efficient IT at Arvato CRM's sites in Berlin and Tallinn. Penguin Random House replaced more than 7,000 ceiling light bulbs with LED lamps at its Broadway (New York) location. These bulbs not only consume less energy, but are also more durable, made of non-toxic materials and are recyclable.

> **Environmentally Friendlier Production:** Prinovis UK, a member of the Bertelsmann Printing Group, received the silver award at the 2017 EEF Future Manufacturing Awards for its efforts in reducing its carbon footprint and for its environmentally friendly business processes. Also in 2017, the Random House Publishing Group in Germany produced climate-neutral books at selected publishers for the first time. In the year under review, emissions of 268,701 kg CO₂e were offset by climate protection projects.

> **Renewable Energies:** More and more Bertelsmann companies are using green electricity. In 2017, the printing plant GGP Media and the logistics site of Arvato SCM in Landsberg, among others, converted their electricity purchases to 100 percent green electricity. RTL City, RTL Group's headquarters in Luxembourg inaugurated in April 2017, is powered and heated by a high-efficiency cogeneration unit and cooled by thermo-active concrete and natural ventilation.

> **Impulse:** The UFA production "Unter Uns" sets a good example: in 2017 the series' crew and actors began using reusable cups and sustainably produced thermos flasks instead of plastic and paper cups. In addition, the use of a hybrid vehicle in conjunction with a power dispenser in the series' outside scenery sensitizes viewers to electric mobility.

> **Emissions Reduction:** Since 2017, Arvato Financial Services, Mohn Media, the Bertelsmann Corporate Center, Arvato CRM and the Random House Publishing Group have been offering their employees the opportunity to lease a company bicycle at favorable terms. With this and numerous other mobility initiatives, such as the annual Germany-wide Fit-to-Work campaign, Bertelsmann companies not only promote the health and fitness of their employees but also contribute to climate protection.

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Paper

Paper remains Bertelsmann’s most important resource for its print media business. Printed books, magazines, brochures and leaflets will continue to have a firm place in an increasingly digitized media landscape. Still, conserving resources and avoiding waste play a major role for Bertelsmann all along its paper value chain. Bertelsmann is committed to responsible paper procurement that protect the forests invaluable to climate protection and biodiversity. In their function as print service providers and buyers, companies in Bertelsmann’s service divisions offer customers a comprehensive range of sustainably certified and climate-neutral print products.

Objectives and Results

Paper consumption accounts for the largest share of Bertelsmann’s total raw material consumption. Compared to 2016, it fell slightly by about 22,000 tons (-1 percent) to 1.83 million tons in 2017 (previous year: 1.85 million tons). Bertelsmann

purchased a total of 1.14 million tons of paper for its own use (previous year: 1.13 million tons). The other quantities were provided to company printers by customers. Bertelsmann Printing Group recorded declines in paper amounts due to lower production volumes and at Gruner + Jahr due to lower circulation figures in the print media business. Office paper volumes in the other corporate divisions also declined. Penguin Random House recorded a slight increase due to higher paper consumption in the UK publishing business. Arvato also reported rising paper consumption, although packaging paper in particular has not yet been fully recorded at some logistics sites.

Bertelsmann has an established paper policy for paper purchasing, in addition to its environmental policy. As part of its Group-wide environmental objectives, Bertelsmann aims to achieve a share of more than 90 percent recycled paper and paper from certified sustainable forestry for paper it

“We seek the responsible, efficient and considerate use of paper in our entire value chain.”

Bertelsmann Paper Policy

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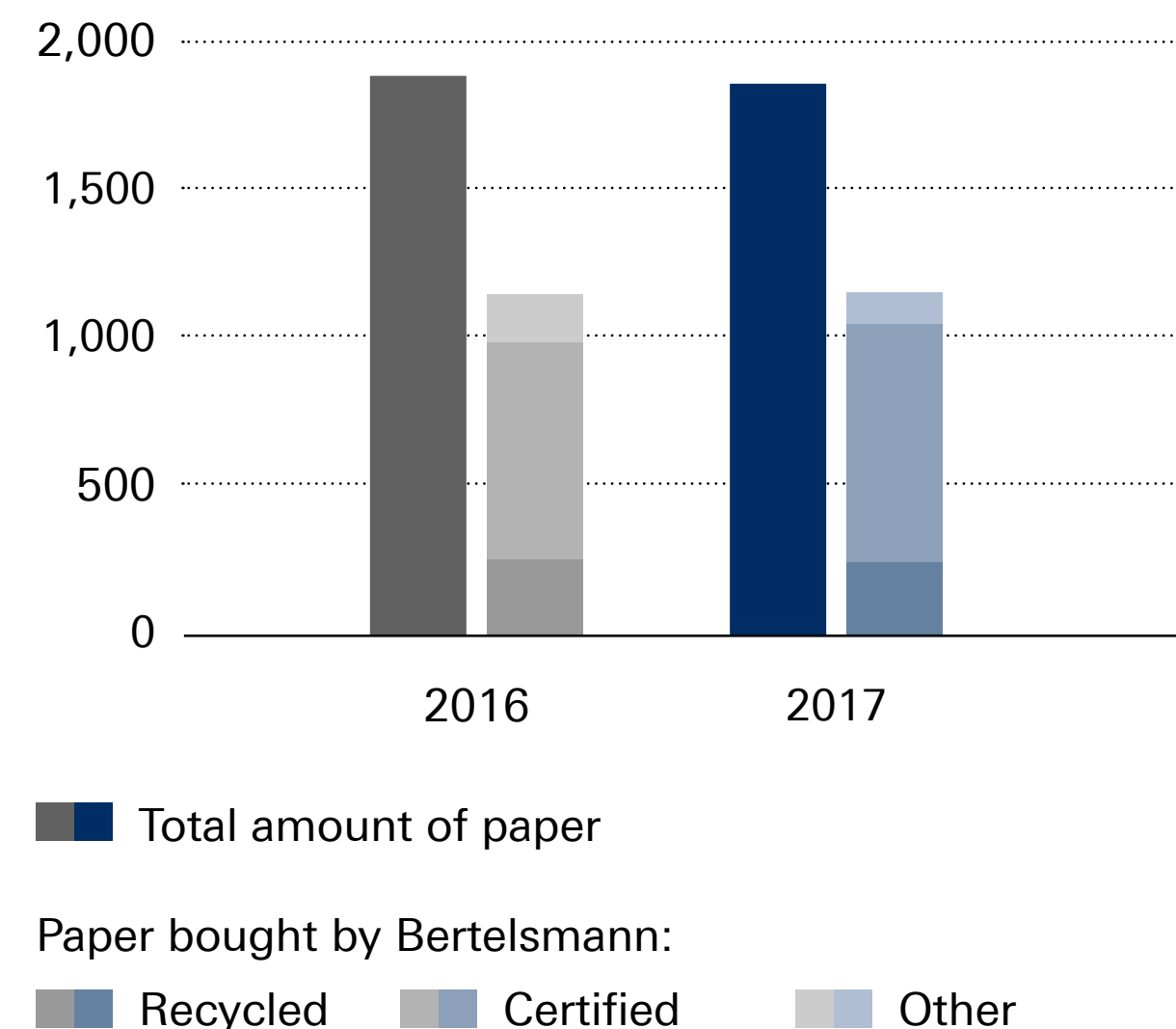
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procures by 2020. Sustainable sources include recycled paper as well as paper of certified origin that meets the requirements of FSC®, PEFC™, SFI® or comparable standards. The company is committed to certified sustainable forestry. For example, no wood from primeval or protected forests may be used in paper production. Bertelsmann also ensures that the paper used has the highest possible recycling content in addition to certified wood fibers.

In 2017, paper from sustainable sources accounted for 91 percent of the total volume purchased by Bertelsmann companies. This represents an increase of 5 percentage points over the previous year (86 percent).

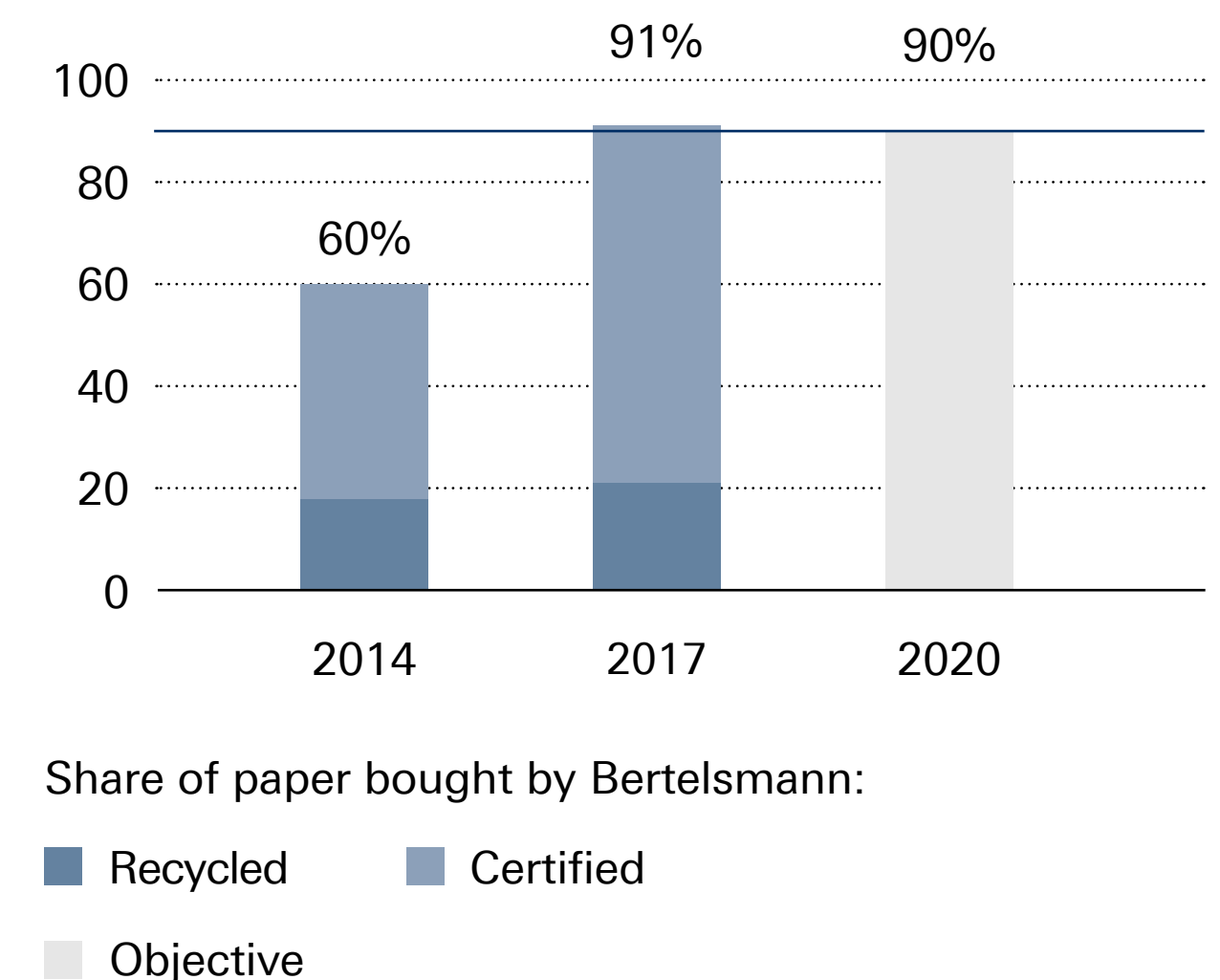
While printers and publishers in particular were able to reach the objective of 90 percent by 2017, a number of Group units are still working on transparency and the further conversion of their procurement sources.

Paper Procurement in thousands of metric tons



The significant increase in sustainably procured securities since 2014 is partly due to the gradual conversion of procurement and the increase in transparency and traceability of certified papers, as

Objective for the Procurement of Paper from Sustainable Sources in percent



well as to changes in customer ordering behavior. In 2017, the share of FSC- or PEFC-certified paper in self-procured volumes was 70 percent (previous year: 64 percent). The proportion of



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recycled paper was 21 percent (previous year: 22 percent).

Other Selected Results

- > Penguin Random House UK significantly increased the proportion of sustainably certified paper from 85 percent to 92 percent. UK publishers are pursuing the goal of using 100 percent FSC-certified paper by 2020. Penguin Random House US has reached its objective ahead of schedule, procuring 100 percent of its paper from certified sources.
- > Gruner + Jahr was also able to increase the share of certified paper by just under 10 percent, from 88 percent to over 97 percent, already exceeding its own objective of 90 percent for 2020.
- > Prinovis Germany once again reported an increase of 40,000 tons in certified paper volumes. This means that almost all paper purchased for the three German production sites is FSC- or PEFC-certified.

- > Mohn Media also further increased the share of sustainably procured paper. While the quantities procured in-house were almost entirely from recycled fibers or certified virgin fibers, the share of sustainable paper, including the quantities provided by customers, was over 95 percent.
- > Since 2017, songwriters at BMG have been able to use the “MyBMG” app to view income from their titles. By dispensing with paper account statements, around 30,000 kilograms of paper was saved within one year.

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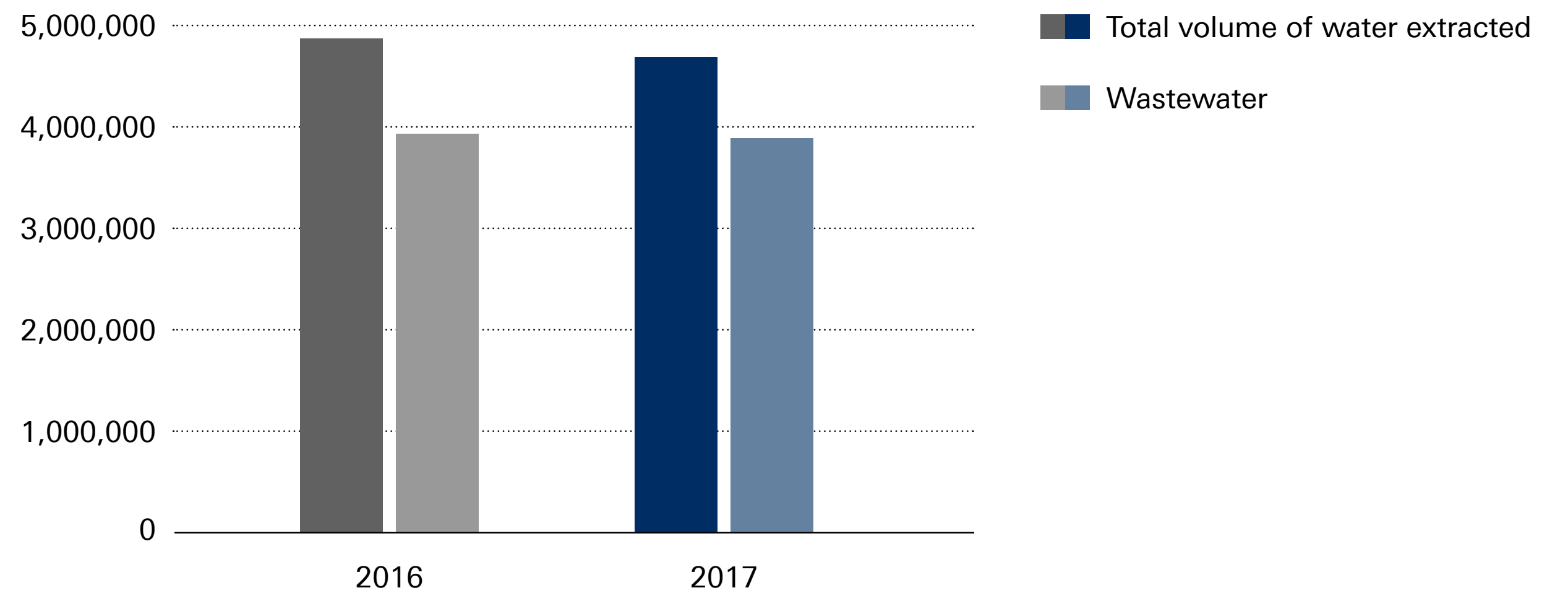
Additional Environmental Data

Data on water consumption, wastewater and waste volume are also collected Group-wide as part of the annual environmental data collection. Based on this data, trends and potential for improvement can be identified. Due to the different local relevance and regulation of water and waste management, businesses mainly deal with these issues on the local level.

Water Consumption and Wastewater

In the 2017 financial year, water consumption from public supplies and the company's own wells fell to a total of 4.69 million cubic meters (previous year: 4.87 million cubic meters). This 4 percent decline can be attributed to, among other things, lower consumption at the Bertelsmann Education Group and the RTL Group. Gruner + Jahr consumed slightly more well water, while Arvato's water consumption increased significantly due to new locations reporting for the first time. Water consumption in the other corporate divisions remained stable compared with the previous year.

Water Consumption and Wastewater in cubic meters



In 2017, wastewater discharge decreased in line with the decrease in water consumption, by 1 percent from 3.93 million cubic meters to 3.89 million cubic meters.



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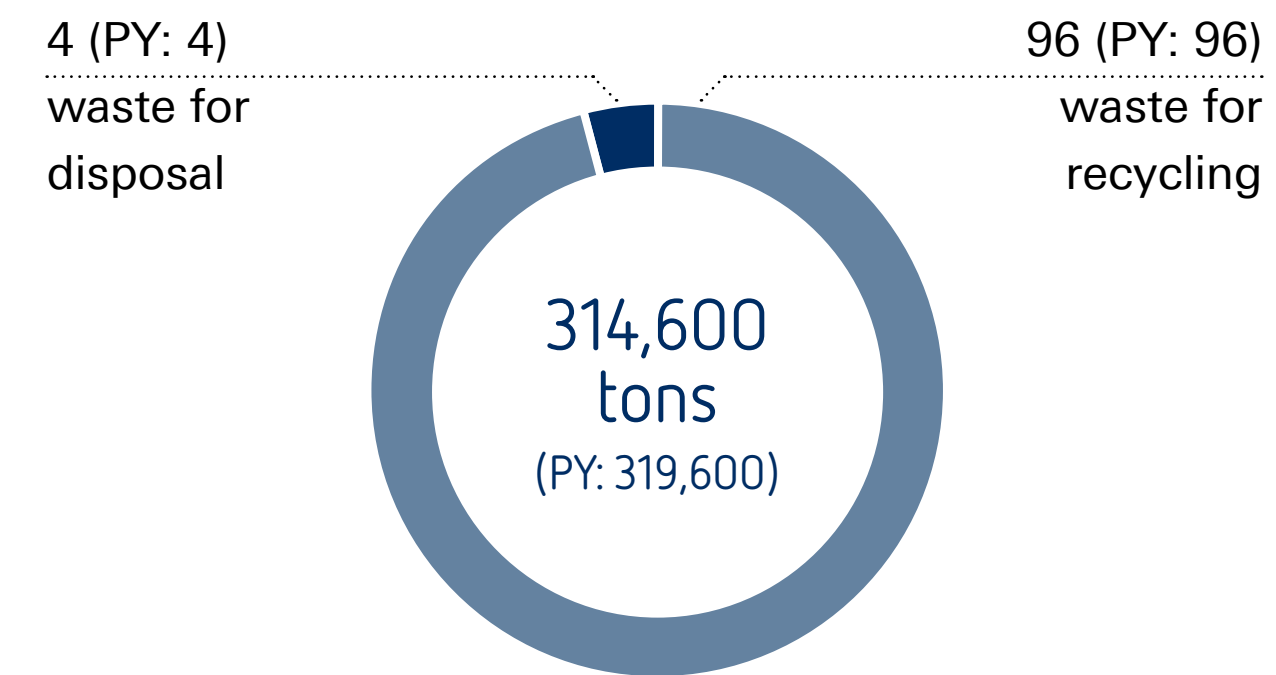


Waste

Overall waste volumes fell slightly by 2 percent to 314,600 tons in 2017 (previous year: 319,600 tons). While the figures remained largely unchanged in most corporate divisions, the volume of waste reported at Penguin Random House decreased significantly by 17 percent.

Only Arvato recorded an increase due to new foreign locations. More than 96 percent of waste is recycled, the majority of it being paper waste from printing plants and warehouses. The remaining waste is for disposal (4 percent). Hazardous waste accounted for well below 1 percent of total waste.

Breakdown of Waste in percent



Society

Citizenship is firmly anchored in Bertelsmann's corporate culture. The Group aspires to make a valuable contribution to society with its products and services.

>3.4 million
books donated by Penguin
Random House

>€20 million

funds raised for charity during
RTL Group flagship events

>100,000
scholarships from the
learning and further
education platform Udacity

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Society

Bertelsmann sees itself as part of society. As one of the four Bertelsmann Essentials, corporate citizenship is deeply rooted in the corporate culture and, with it, the daily activities of the Group, its divisions and companies. In this sense, Bertelsmann strives to be a “good citizen” through its positive contributions to society. This also includes the Group contributing its media, services and education competence, the expertise of its employees, and financial assistance where help and support are needed outside the company.

Bertelsmann in Society

As a media, services and education company, Bertelsmann’s activities are interwoven with societal development around the world. Society and our employees expect the company to play an active role beyond its own businesses. Bertelsmann’s corporate social responsibility efforts, on the Group, divisional and company level, encompass a wide range of measures and sponsorship programs that involve and develop local communities. By the same token, these efforts

pay dividends for the company’s success by supporting its “license to operate”; that is, enhancing the community’s acceptance of Bertelsmann.

Donations, Sponsorship and Projects

Donations, sponsorship, funding for charitable projects and memberships are an expression of responsible behavior and support Bertelsmann’s role as a good corporate citizen worldwide. Carefully planned and professionally implemented support measures boost the company’s reputation and anchor Bertelsmann as a responsible partner in the communities where it operates.

Guidelines, Structures and Processes

The Executive Board’s Guideline on Donations, Sponsorships and Memberships ensures that support measures in the form of donations, sponsorship and membership comply with legal and fiscal requirements and are consistent with

the company’s strategy. At the Group level, Bertelsmann Corporate Communications is responsible for donations and sponsorship.

In line with the principle of decentralization, the divisions independently select sponsorship projects and donations, steered by the Executive Board Guideline and in coordination with Corporate Communications. The Chair & CEO decides on one-off donations and sponsorships exceeding €100,000, as well as regular commitments exceeding €50,000. All commitments must be reported annually to the Group tax department to fulfill related due diligence and compliance obligations with the Bertelsmann Executive Board. Group companies are also required to define and document their donation activities and sponsorship concepts and keep these documents for a period of five years. The general prerequisites of the Executive Board’s Anti-corruption Policy are thus complied with. Any cases of doubt are coordinated and clarified with the Integrity & Compliance department.

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Bertelsmann’s priorities for its corporate citizenship activities, based on the Executive Board Guideline on Donations, Sponsorships and Memberships, are as follows:

- > **Education**, especially for socially disadvantaged groups and media-related issues (e.g., reading promotion, media literacy);
- > **Culture**, particularly promoting cultural heritage and newcomers in fields closely associated with Bertelsmann (e.g., literature, TV, movies);
- > **Academic Research**, especially on topics closely associated with Bertelsmann, such as economic and social sciences, as well as media and communications science;
- > **Freedom in creativity and media**, especially freedom of expression and press freedom, protection of intellectual property, content responsibility, and editorial independence;
- > **Networking activities** with relevant stakeholders.

As a good corporate citizen, Bertelsmann is especially committed to the locations

where its companies operate, giving preference to organizations and initiatives in which Bertelsmann employees are actively involved. The company also supports humanitarian disaster relief efforts.

Bertelsmann does not donate to politicians, political parties or organizations affiliated with parties. Similarly, it does not support organizations and institutions whose fundamental position conflicts with liberal-democratic principles, or which allow or imply discrimination against people. Bertelsmann also does not engage in sports sponsorship.

Objectives and Results

Bertelsmann seeks to contribute to the future-oriented development of its surroundings through donations, sponsorship and charitable activities, while at the same time securing acceptance and a broad client base. The goal is to reach as many people as possible, create a positive impact on society and increase Bertelsmann’s visibility.

“In the view of our shareholders, the possession of property creates an obligation to the community. They believe that in a market economy a corporation derives its legitimacy from making a valuable contribution to society.”

Bertelsmann Essentials

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Selected donations and projects by Corporate Center

- > **Digitization of movie classics:** As an international media company, Bertelsmann promotes the preservation and restoration of early cinematic masterpieces and is committed to the digitization of its heritage. Bertelsmann presented the digitally restored silent film “Destiny” (original German title: “Der müde Tod”) by master director Fritz Lang as one of the highlights of the German film festival “KINO! 2017” in New York. “Der müde Tod” was also screened at the 2017 German Film Festival in Paris.
- > **Digital history of opera:** Milan-based Archivio Storico Ricordi is one of the world’s most valuable privately-owned music collections. Since 2011, a project group from Bertelsmann and the Ricordi team in Milan have worked on the indexing and long-term preservation of the collection to preserve the archived materials for posterity. Since December 2016,

thousands of items from the famous collection documenting the history of Italian opera have been available for viewing and research via the Collezione Digitale online platform. “Opera: Passion, Power and Politics” was the title of an exhibition on the history of opera presented by London’s renowned Victoria and Albert Museum in 2017. Among other exhibits, it displayed sheets from the original score, libretto and contract documents for Giuseppe Verdi’s “Nabucco” from the Archivio Storico Ricordi in Milan.

- > **UFA Film Nights:** In August 2017, Bertelsmann and the RTL Group film production company UFA presented the seventh UFA Film Nights in Berlin. On three evenings, early classics of cinema history were shown in the open air, with live musical accompaniment. In the year of UFA’s centennial, the event also served as part of the anniversary celebrations. In 2017, Bertelsmann, the Palais des Beaux-Arts event center (Bozar) and Belgium’s Cinematek also jointly hosted the UFA Film Nights in Brussels

for the fifth time. Through the UFA Film Nights, the company seeks to contribute to the protection of German cinematic heritage by keeping cinematic masterpieces alive in the public’s perception.

- > **Citizenship activities in the Gütersloh area:** Bertelsmann supported the Gütersloh Theater, local school libraries, and several schools and kindergartens in 2017. At Christmas, the company donated €25,000 to “Der Weg nach Hause”, a palliative care provider in Bielefeld, for the 11th consecutive year. Bertelsmann also made in-kind donations to various organizations, including more than 4,500 books. Other highlights in 2017 included Blue Sofa events with authors Wladimir Kaminer and Christine Westermann at the Gütersloh Theater, and a visit by YouTube star Eskay to the Evangelisch Stiftisches Gymnasium high school. In 2017, Bertelsmann sponsored some 245 organizations, associations and projects in Gütersloh with a total of approximately €265,000.



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Selected donations and projects by the divisions

- > **Aid projects in Hamburg:** As part of its annual Christmas Bazaar project, in 2017 Gruner + Jahr donated approximately €12,000 to five nonprofit projects that work to improve cooperation and understanding in the Hamburg area. Since 2000, €850,000 has been donated in this way.
- > **Aid project in the Philippines:** In 2017, Arvato Financial Solutions donated €30,000 to the global children's aid organization Plan International Germany as part of its Christmas campaign. The donation will fund a project that fights child trafficking in the Philippines.
- > **"erlebe IT" Initiative:** Arvato Systems supported the Bitkom school initiative erlebe IT, which is dedicated to teaching digital skills in schools through training courses and programming workshops, by providing personnel and financial support of €15,000.
- > **Support of "The Prince's Trust":** As a patron of the charity since 2014, Arvato UK & Ireland

has supported the integration of disadvantaged young people into the labor market through financial donations, fundraising and volunteer activities. In 2017, a total of approximately £34,000 GBP was raised and donated.

- > **Local donations:** At its Baden-Baden site, Arvato Financial Solutions donated more than €15,500 to six different social institutions in 2017. In Gütersloh and Verl, where the company also has branches, donations of over €20,000 were raised during the same period and donated to four local charitable organizations.
- > **Phonedation support network in Africa:** Arvato CRM's Phone Group set up a network to promote environmental and educational projects for children through voluntary activities and donations. In 2017, 830 people volunteered to participate in 13 local initiatives such as collecting 2.2 tons of clothing and offering 600 school bags to children in need.
- > **Citizenship in growth regions:** Bertelsmann subsidiaries and their Corporate Centers in growth regions Brazil, China and India are

involved in a number of local public welfare projects. Corporate Center Brazil employees volunteered at three organizations in São Paulo helping disadvantaged schoolchildren and teens. The China Corporate Center sponsored the "Teach for China" initiative in Yunnan Province for the third consecutive year, donating €25,000 in 2017. "Philanthropy Day" was celebrated across Bertelsmann subsidiaries in India where employees supported four NGOs with financial and in-kind donations. They also raised a common pool of funds towards NGO projects supporting education and entrepreneurship, gender equality, health and eco-efficiency. Both measures were among the first CR projects carried out by the Corporate Responsibility Committee, which had been formed by representatives from all Indian Bertelsmann divisions in 2017.

Measures to promote media literacy and reading are described under [→Promoting Media Literacy, p. 88.](#)



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Help through Media and Services

Bertelsmann and its divisions support nonprofit projects and initiatives around the world through media and public fundraising. In addition, some Bertelsmann divisions and companies make employee time and expertise available for corporate volunteering programs.

Selected Results

- > **RTL-Spendenmarathon and Télévie:** In 2017, the 22nd RTL-Spendenmarathon telethon, Medien-gruppe RTL Deutschland's main fundraiser, raised approximately €9.2 million for charity. This brings the total sum raised since 1996 to over €161 million. Likewise, the Télévie fundraising initiative, a collaboration with RTL Belgium and RTL Luxembourg, has raised more than €173 million since 1989 for the Belgian Fonds de la Recherche Scientifique for the research and treatment of cancer, especially leukemia. Over €11 million was raised in 2017 alone.
- > **More than 100,000 Udacity scholarships:** In 2017, the learning and education platform

Udacity announced more than 100,000 scholarships, 75,000 of them in the EU. The offer enables successful applicants to acquire additional IT qualifications in the form of Nano-degrees. An especially extensive scholarship program is funded by partners Google and Bertelsmann, and is aimed at both employees and external talent. The European Commission recognized the program with its "European Digital Skills Award 2017."

- > **Volunteering activities at Penguin Random House:** By the end of 2020, Penguin Random House will make 250,000 working hours available for employees to participate in company-organized initiatives, or to volunteer with organizations they personally support.
- > **"A Scarf for Life" campaign:** In 2017, the Gruner + Jahr magazine "Brigitte" joined the world's largest independent children's rights organization "Save the Children" in organizing the fourth "A Scarf for Life" campaign. It called on people to buy or knit a scarf according to a provided pattern. For each scarf, €10 went to

"Save the Children" in support of Syrian refugee children. In 2017, around €250,000 was raised and total donations in the four years of the campaign exceed €1 million.

- > **Gruner + Jahr volunteering program:** Since 2008, employees and managers have volunteered their time in the Gruner + Jahr Commitment corporate volunteering program. For each day they take off to volunteer for a social or charity institution, all employees can apply for another day of paid leave (up to three days per year). In addition, employees who donate their own money to a project can apply for Gruner + Jahr to make a matching donation of up to three times the amount (€3,333 maximum).
- > **Online fundraising for a good cause:** The online fundraising platform Omaze offers users the chance to win special prizes when they donate for a good cause. The principle is similar to traditional charity auction formats, where, for example, a meeting with an actor or a professional sportsman can be bid for at auction. At Omaze, users can support projects with



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donations starting at just \$10 and in return get the chance to win a prize. The online platform reaches significantly more people and thus potential donors in this way. The start-up, in which Bertelsmann Digital Media Investments owns a stake, carried out more than 220 fundraising campaigns in 2017.

- > **Arvato debt counseling:** Arvato Financial Solutions has supported the Diakonisches Werk in Nordbaden with an annual financial donation of €10,000 since it established its debt counseling program in 2009. Arvato also provides its expert services and consultation. Other Arvato sites carry out similar volunteer activities on their own initiative.
- > **Free hotline for a good cause:** Arvato CRM Solutions Italy has provided professional support to the Dynamo Camp hotline free of charge since July 2017. The facility in Tuscany is dedicated to recreational therapy for chronically ill children and teenagers. Arvato's efforts enable the Dynamo Camp staff to devote their time entirely to the children.

- > **Random House supports book installation at documenta 14:** Random House donated around 2,000 books for the documenta project "The Parthenon of Books" by the artist Marta Minujín. A statement against book banning and the persecution of authors, all the donated titles have been or remain banned in some countries.
- > **Online training for health workers in Haiti:** In 2017, the online education provider Relias implemented a pilot project to provide free access to online tutorials for Haitian nurses, doctors and health workers. To date, more than 30 people have participated in the training courses with around 1,000 patients profiting from treatment in Port-au-Prince. Additionally, the company, which is part of the Bertelsmann Education Group, plans to make more than a quarter of its employees available to volunteer at least one day in 2018, contributing \$50 to each employee's personal donations.

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Promoting Media Literacy

As a key skill of our time, media literacy has major implications for the education and development opportunities of children, adolescents and adults. By promoting relevant education measures, especially in literacy and reading, Bertelsmann makes an important contribution to societal development. The company is guided by the principle of helping people to help themselves at an early stage, because only those who actively experience, explore and question, as children, what they can do with the media will be able to use it competently in future – as active readers, and as technically savvy and critical users.

Selected Results

- > **Reading days:** Every year, Bertelsmann and its divisions host numerous events for World Book Day on April 23, as well as for Germany's Reading Day.
- > **Reading initiatives:** Among other things, Penguin Random House supports the "First Book," "Save the Children" and "World Reader"

organizations, which provide books to children and teenagers. Since 2007 Gruner + Jahr has been the main sponsor of "Buchstart," a long-term early-childhood literacy initiative. The publishing house also supports the Germany-wide "Lesestart" project run by the Stiftung Lesen (Reading Foundation). Prinovis UK continues to support the "Vision for Literacy Business Pledge" initiative to promote literacy in the United Kingdom. The company also joined its charity partner "The Reader" in organizing a two-day "Storytelling Adventure" at an elementary school in Liverpool.

- > **Book donations:** One important element in promoting reading and literacy is providing free reading material. Bertelsmann's most prominent book donor is the Penguin Random House division. Its target is to donate more than 15 million books to schools and educational programs by 2020, to promote reading among children in need around the world. During the same period, 3 million e-books are to be made available to schools and libraries in sub-Saharan Africa.

- > **Literacy Promotion:** In 2017, Penguin Random House India continued the "Penguin Readathon" and its "Book Gifting Journey" to get people from different backgrounds excited about reading. To this end, the company donated books to partner organizations and held readings. In Brazil, Penguin Random House Grupo Editorial, together with the Foundation for the Support of Prisoners (FUNAP), launched the "Reading to Reduce Sentences" project. Additionally, monthly mentoring on literature and the classics takes place at 12 state prisons in São Paulo, with books also donated.
- > **Digital literacy for children and teens:** Bertelsmann companies take a variety of approaches to helping children and teens use digital media competently and responsibly. Projects and initiatives in the field of digital skills promotion for young media users are described in greater detail in [→Content Responsibility, p. 60](#).



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Data Protection & Privacy	> Customer Privacy	> Inside the company
Diversity	> Diversity and Equal Opportunity	> Inside the company
	> Non-discrimination	> Inside the company, outside the company
Fair Working Conditions	> Employment	> Inside the company
	> Labor/Management Relations	> Inside the company
	> Freedom of Association and Collective Bargaining	> Inside the company, outside the company
	> Child Labor	> Outside the company
	> Forced or Compulsory Labor	> Outside the company
Creative/Journalistic Independence	> Freedom of Expression and Opinion	> Inside the company, outside the company
	> Content Production	> Inside the company, outside the company
Paper	> Materials	> Outside the company
Intellectual Property & Copyright	> Protection of Intellectual Property	> Inside the company
Learning	> Training and Education	> Inside the company



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CR Topic at Bertelsmann	GRI Aspects Basis: GRI Standards 2016 and GRI Media Sector Disclosures	Boundary/Scope Cf. GRI Standards Glossary 2016, p. 17
Content Responsibility	<ul style="list-style-type: none"> > Marketing and Product Labelling > Content Dissemination > Media Literacy 	<ul style="list-style-type: none"> > Inside the company, outside the company > Inside the company > Inside the company, outside the company
Employee Participation		
Health	<ul style="list-style-type: none"> > Occupational Health and Safety 	<ul style="list-style-type: none"> > Inside the company
Anti-corruption & Bribery	<ul style="list-style-type: none"> > Anti-corruption 	<ul style="list-style-type: none"> > Inside the company, outside the company
Further Topics	<ul style="list-style-type: none"> > Energy > Water > Emissions > Effluents and Waste > Economic Performance > Local Communities > Public Policy 	<ul style="list-style-type: none"> > Inside the company, outside the company > Inside the company, outside the company > Inside the company, outside the company > Inside the company, outside the company > Inside the company, outside the company > Inside the company > Inside the company



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General Disclosures

Disclosures	Page/Comments	UNGC ¹
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational Profile		
GRI 102-1: Name of the organization	12	
GRI 102-2: Activities, brands, products, and services	6, 9, 10	
GRI 102-3: Location of headquarters	Gütersloh, Germany	
GRI 102-4: Location of operations	6, 7	
GRI 102-5: Ownership and legal form	12, 13	
GRI 102-6: Markets served	7, 9, 10	
GRI 102-7: Scale of the organization	6, 7, 8, 10, 55	
GRI 102-8: Information on employees and other workers	35, 38, 40	VI
GRI 102-9: Supply chain	9, 10	

Further Information

- ↗ Annual Report 2017 (Entrepreneurship and Creativity)
- ↗ Corporate Website: Company Profile
- ↗ Corporate Website: Locations
- ↗ Annual Report 2017 (Financial Information), p. 5, 47
- ↗ Corporate Website: Employee Figures

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Disclosures	Page/Comments	UNGC ¹
GRI 102-10: Significant changes to the organization and its supply chain	8	
GRI 102-11: Precautionary Principle or approach	16, 17, 19, 31, 32	
GRI 102-12: External initiatives	12, 16, 17, 24, 37, 59, 62	
GRI 102-13: Membership of associations	24	
Strategy		
GRI 102-14: Statement from senior decisionmaker	3	
Ethics and Integrity		
GRI 102-16: Values, principles, standards, and norms of behavior	15, 17, 18, 19, 36, 37, 44, 45, 57, 58, 64, 68, 69, 83	I-X
Governance Structure		
GRI 102-18: Governance structure	12–14	
Stakeholder Engagement		
GRI 102-40: List of stakeholder groups	25	
GRI 102-41: Collective bargaining agreements	18	III
GRI 102-42: Identifying and selecting stakeholders	25	

Further Information

↗ Annual Report 2017 (Financial Information), p. 29 ff.

↗ Corporate Website: Memberships and cooperations

↗ Corporate Website: Bertelsmann Essentials
 ↗ Corporate Website: Bertelsmann Code of Conduct
 ↗ Corporate Website: Bertelsmann Supplier Code of Conduct

↗ Annual Report 2017 (Financial Information), p. 136 ff.

↗ Corporate Website: Stakeholder Dialogue

↗ Corporate Website: Stakeholder Dialogue

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Disclosures	Page/Comments	UNGC ¹
GRI 102-43: Approach to stakeholder engagement	25–28, 38, 39	
GRI 102-44: Key topics and concerns raised	28–30, 38, 39	
Reporting Practice		
GRI 102-45: Entities included in the consolidated financial statement	4, 6	
GRI 102-46: Defining report content and topic Boundaries	28, 29, 90, 91	
GRI 102-47: List of material topics	90, 91	
GRI 102-48: Restatements of information	4	
GRI 102-49: Changes in reporting	none	
GRI 102-50: Reporting periods	4	
GRI 102-51: Date of most recent report	4	
GRI 102-52: Reporting cycle	4 annual	
GRI 102-53: Contact point for questions regarding the report	103	
GRI 102-54: Claims of reporting in accordance to the GRI Standards	4	
GRI 102-55: GRI content index	92–102	
GRI 102-56: External assurance	none	

Further Information

[↗ Corporate Website: Stakeholder Dialogue](#)

[↗ Corporate Website: Topics](#)

[↗ Corporate Website: Subsidiaries and Participations](#)

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GRI 201: Economic Performance 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	7, 8	I-X	↗ Annual Report 2017 (Financial Information) ↗ Annual Report 2017 (Entrepreneurship and Creativity), p. 11 ff.
GRI 201-1: Direct economic value generated and distributed	7, 81, 84, 85, 87, 88		↗ Annual Report 2017 (Financial Information), p. 45 f.
M1: Significant funding and other support received from nongovernmental sources (ads etc.)	8		
GRI 205: Anti-Corruption 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17–20	X	↗ Corporate Website: Anti-corruption
GRI 205-2: Communication and training about anti-corruption policies and procedures	20	X	↗ Corporate Website: Compliance Training Initiatives
GRI 206: Anti-competitive Behavior 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 20		
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The Bertelsmann Annual Report contains more information on this.		↗ Annual Report 2017 (Financial Information), p. 33
GRI 301: Materials 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68–70, 76, 77	VII-VIII	↗ Carbon Footprint 2017 ↗ Corporate Website: Paper
GRI 301-1: Materials used by weight or volume	76, 77	VII-VIII	↗ Carbon Footprint 2017

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GRI 302: Energy 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68–71	VII-IX	↗ Corporate Website: Energy and Emissions ↗ Carbon Footprint 2017
GRI 302-1: Energy consumption within the organization	71, 73–75	VII-VIII	↗ Carbon Footprint 2017
GRI 302-3: Energy intensity	75	VIII	↗ Carbon Footprint 2017
GRI 302-4: Reduction of energy consumption	74, 75	VIII-IX	↗ Carbon Footprint 2017
GRI 303: Water 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68–69, 79	VII-VIII	↗ Carbon Footprint 2017
GRI 303-1: Water withdrawal by source	79	VII-VIII	↗ Carbon Footprint 2017
GRI 305: Emissions 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68–71, 73	VII-IX	↗ Corporate Website: Energy and Emissions ↗ Corporate Website: Carbon Footprint ↗ Carbon Footprint 2017
GRI 305-1: Direct (Scope 1) GHG emissions	71–73	VII-VIII	↗ Carbon Footprint 2017
GRI 305-2: Energy indirect (Scope 2) GHG emissions	71–73	VII-VIII	↗ Carbon Footprint 2017
GRI 305-3: Other indirect (Scope 3) GHG emissions	72–74	VII-VIII	↗ Carbon Footprint 2017
GRI 305-4: GHG emissions intensity	71	VIII	↗ Carbon Footprint 2017

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GRI 306: Effluents and Waste 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	68–70, 79	VIII	↗ Carbon Footprint 2017
GRI 306-1: Water discharge by quality and destination	79	VIII	↗ Carbon Footprint 2017
GRI 306-2: Waste by type and disposal method	80	VIII	↗ Carbon Footprint 2017
GRI 401: Employment 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	33, 34, 36, 37	I, III, VI	↗ Corporate Website: Employees
GRI 401-1: New employee hires and employee turnover	Bertelsmann does not currently publish information on employee recruitment or fluctuation. This data, categorized by age, gender and region, is not yet fully available and of insufficient quality for publication.	VI	↗ Corporate Website: Employee Figures
GRI 402: Labor/Management Relations 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	34, 36–38	III	↗ Corporate Website: Employee Participation
GRI 402-1: Minimum notice periods regarding operational changes	38	III	
GRI 403: Occupational Health and Safety 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	34, 36, 51–53	I, VI	↗ Corporate Website: Health ↗ Bertelsmann Health Website

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GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	54 Bertelsmann does not report these figures by gender or with regard to freelance and external/third-party employees, and does not provide any information on deaths. Due to the decentralized organizational structures in the field of occupational health and safety, this information is not centrally available at Bertelsmann. A central collection of this information is not currently planned.		
GRI 404: Training and Education 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	34, 36, 41–43	I, VI	↗ Corporate Website: Learning
GRI 404-1: Average hours of training per year per employee	42 Bertelsmann does not currently report these figures broken down by gender and other employee categories, since this information is not available centrally. Bertelsmann is continuing to develop its data collection in this respect, and plans to report on this in the medium term.	VI	
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	38, 41–43		↗ Corporate Website: Continuing Education
GRI 405: Diversity and Equal Opportunity 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	34, 36, 44–48, 50	I, VI	↗ Corporate Website: Diversity
GRI 405-1: Diversity of governance bodies and employees	13, 45–50	I, VI	
GRI 406: Non-discrimination 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	18, 19	I-II, VI	↗ Corporate Website: Anti-Discrimination

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GRI 406-1: Incidents of discrimination and corrective actions taken	Bertelsmann does not report case numbers, since such incidents are subject to special confidentiality requirements. All reports of suspected compliance violations received are reviewed and examined in accordance with the procedures laid down in the Group Guidelines. If an infringement is confirmed, appropriate remediation measures are taken. Details on case categories, case numbers and total numbers of reports received are regularly reported to the Bertelsmann Corporate Compliance Committee and the Executive Board. Further details on this are subject to trade secrecy provisions.	I-II, VI	
GRI 407: Freedom of Association and Collective Bargaining 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 18	I-III	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	18, 19, 31	I-III	
GRI 408: Child Labor 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 18	I-II, IV	
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor	18, 19, 31	I-II, IV	
GRI 409: Forced or Compulsory Labor 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17, 18	I-II, IV	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	18, 19, 31	I-II, IV	

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	57, 58, 60	I-II	↗ Corporate Website: Creative Independence ↗ Corporate Website: Content Responsibility
MSD²: Intellectual Property			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	65	I-II	↗ Corporate Website: Protection of Intellectual Property
GRI 413: Local Communities 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	81–83	I	↗ Corporate Website: Society ↗ Corporate Website: Cultural Affairs
GRI 413-1: Operations with local community engagement, impact assessments, and development programs	84, 85, 88	I	↗ Corporate Website: Projects Worldwide
GRI 415: Public Policy 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26, 27, 83	I-X	↗ Corporate Website: Public Affairs
GRI 415-1: Political contributions	83	X	
GRI 417: Marketing and Labeling 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	65, 66	I-VIII	
GRI 417-1: Requirements for product and service information and labeling	65		

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GRI 418: Customer Privacy 2016			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	63, 64	I-II	
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	64	I-II	
MSD²: Content Creation			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	56, 60, 61	I-II	↗ Corporate Website: Content Responsibility ↗ Corporate Website: Creative Independence
M3: Actions taken to improve adherence to content creation values, and results obtained	58, 60, 61	I-II	
MSD²: Content Dissemination			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	58, 60–62	I-II	↗ Corporate Website: Content Responsibility ↗ Corporate Website: Access to Media
M4: Actions taken to improve performance in relation to content dissemination issues and results obtained	58, 60–62	I-II	↗ Corporate Website: Access to Media
MSD²: Media Literacy			
GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	62, 83, 83, 88	I-II	↗ Corporate Website: Media Literacy
M7: Actions taken to empower audiences through media literacy skills development and results obtained	62, 88	I-II	

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Further GRI Standard Disclosures (Supplementary to “in Accordance, Core” Disclosures)

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GRI 102-15: Key impacts, risks, and opportunities	9, 16, 22, 28–32		
GRI 102-17: Mechanisms for advice and concerns about ethics	17–20	I-X	↗ Corporate Website: Compliance
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	12–14, 17, 22, 23, 36, 41, 45, 51, 64, 69, 82		↗ Corporate Website: CR Organization
GRI 102-22: Composition of the highest governance body and its committees	14, 48, 49		↗ Annual Report 2017 (Financial Information), p. 137 ff.
GRI 102-23: Chair of the highest governance body	12		↗ Annual Report 2017 (Financial Information), p. 137 ff.

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