

GRI Report 2018

Bertelsmann Corporate Responsibility Information in accordance
with the Global Reporting Initiative (GRI) Standards

www.bertelsmann.com/responsibility

BERTELSMANN

About this Report

Since 2011, Bertelsmann's corporate responsibility (CR) reporting has followed the international guidelines of the Global Reporting Initiative (GRI), the world's leading standard for sustainability reporting by international companies and organizations, and known since 2016 as the „GRI Standards.“ This report was created in accordance with the GRI Standards "core option". Supplementary information in conformity with the sector-specific "Media Sector Disclosures" (MSD) are also included. Hyperlinks lead to further information, facts and figures about the responsible conduct of Bertelsmann and its divisions on the corporate website. The report's content was selected based on a relevance analysis of corporate responsibility topics at Bertelsmann, which was carried out with in-house and external stakeholders.

Bertelsmann's GRI reporting also fulfills its obligation, as a UN Global Compact member, to produce an annual Communication on Progress. A separate column in the table highlights the relevant reporting content for each principle. In addition, the environmental data from Bertelsmann's carbon footprint have been fully integrated into its GRI reporting as of 2018. In March 2019, Bertelsmann also published a Combined Non-Financial Statement as part of its Combined Management Report 2018 (pp. 40–44), which complies with the CSR Directive Implementation Act in Germany.



Dear readers,

Bertelsmann is now growing faster, more digital, more international and more diversified than ever. And in 2018, we made further progress in implementing our four strategic cornerstones. Bertelsmann is increasingly opening new opportunities in business areas that benefit from global trends such as digitization, health and education. Additionally, the Group is focusing on the growth regions of China, India and Brazil and expanding its activities in Southeast Asia, Latin America and Africa.

To remain successful in this fast-changing world, the company's values must be regularly reviewed. As part of our efforts, last year, we further developed the Bertelsmann Essentials to focus on creativity and entrepreneurship in the future.

Creativity and entrepreneurship provide orientation, not only for our employees and managers, but for our customers and partners as well. They are the values that define how we work and interact with each other. We take responsibility for the impacts of our actions on society and the environment and base our commitment to the Ten Principles of the United Nations Global Compact on it.

More information on how we are concretely taking that responsibility is available in this report.

Sincerely,

Thomas Rabe

Chairman and Chief Executive Officer of Bertelsmann

GRI 102

General Disclosures



GRI Content Index

The “Bertelsmann GRI Report 2018” was available to the Global Reporting Initiative (GRI) for rendering the GRI Materiality Disclosures Service. The GRI Services team confirmed that the GRI Materiality Disclosures (GRI 102-40 to 102-49) were correctly located. All GRI standards listed in the following GRI content index were published in 2016.

GRI 101 Foundation

GRI Disclosure **UNGC**

Foundation

101 Bertelsmann has taken the content of Standard 101 (Foundation) into account in compiling the GRI Report 2018.

GRI 102 General Disclosures

GRI Disclosure **UNGC**

Organizational profile

102-1 Name of the organization
Bertelsmann SE & Co. KGaA

102-2 Activities, brands, products, and services

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 117,000 employees and generated revenues of €17.7 billion in the 2018 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 **Media**

Bertelsmann’s media businesses are based on the production and 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 service providers. At the core of this segment are services Bertelsmann delivers to the end customers of its clients (“B2B2C services”). Typical support services include supply chain management solutions, as well as financial, IT,

marketing, and customer relationship management 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 advertising flyers, 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.

Bertelsmann does not offer products that are prohibited by law.

More information on brands: see GRI 102-7.

[Company Profile](#)

[Annual Report 2018 \(Image Section\)](#)

[Company Presentation \(as of April 2019\)](#)

102-3 Location of headquarters

Gütersloh, Germany

102-4 Location of operations

Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide.

More information on the core markets: see GRI 102-6.

102-5 Ownership and legal form

Bertelsmann SE & Co. KGaA is a publicly traded but unlisted partnership limited by shares.

[Shareholder Structure](#)

102-6 Markets served

The geographic core markets are Western Europe – in particular, Germany, France and the United Kingdom – and the United States. In addition, Bertelsmann is strengthening its involvement in growth markets such as Brazil, India and China and is expanding its activities in Southeast Asia, Latin America and Africa.

More information on the core lines of business and the customers: see GRI 102-2

102-7 Scale of the organization

The company has 117,000 employees and generated revenues of €17.7 billion in the 2018 financial year.

RTL Group is, based on revenue, one of the leading television groups in the broadcasting, content and digital business with interests in 60 television channels, eight video-on-demand platforms, 30 radio stations and content production throughout the world.

Penguin Random House is, based on revenue, the world's largest trade book publisher, with nearly 275 imprints across six continents. Each year Penguin Random House publishes about 15,000 new titles and sells around 600 million print books, e-books and audiobooks.

Gruener + Jahr is one of Europe's leading premium magazine publishers. Its magazine portfolio includes established brands such as "Stern," "Brigitte" and "Geo"; young brands like "Barbara," "Guido" and "Chefkoch"; and the French magazine publisher Prisma Media.

BMG is an international music company with 15 offices in twelve music markets, and now represents more than three million songs and recordings.

Arvato develops and implements innovative solutions for customers in a wide range of sectors in over 40 countries for all kinds of business processes. These comprise Customer Relationship Management, Supply Chain Management, Financial Solutions and IT Services.

The Bertelsmann Printing Group unites Bertelsmann's printing activities. It comprises the German offset printing companies such as Mohn Media, the Prinovis gravure printing operations in Germany and the United Kingdom, and the offset and digital printing plants in the United States.

Bertelsmann Education Group comprises Bertelsmann's education activities. The digital education and service offerings are primarily in the healthcare and technology sectors, as well as in the field of university education.

Bertelsmann Investments bundles Bertelsmann's global start-up investments. The activities are focused on the strategic growth markets of Brazil, China, India and the United States.

Revenues by division, region and revenue stream: see GRI 201-1.

[Bertelsmann Annual Report 2018 \(Financial Information\), p. 12, 47](#)
[Company Presentation \(as of April 2019\)](#)

102-8 Information on employees and other workers

Employees by division

headcount

	2018	2017
RTL Group	15,975	12,367
Penguin Random House	10,351	10,615
Gruener + Jahr	10,079	10,551
BMG	834	733
Arvato	67,464	72,931
Bertelsmann Printing Group	8,245	8,261
Bertelsmann Education Group	2,033	1,639
Bertelsmann Investments	306	29
Corporate	1,933	1,954

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

Employee distribution worldwide

headcount

	2018	2017
Germany	44,066	43,597
Other European countries	41,235	41,912
North Africa	11,865	13,423
Central & South America	4,493	4,848
Africa	7,061	6,379
Asia	7,728	8,328
Australia & New Zealand	772	602

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

Number of full- and part-time employees Germany

in percent

	2018	2017
Part-time	30	30
Full-time	70	70

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

Employees by employment period

in percent

	2018	2017
Permanent	78	80
Temporary	23	21

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

Rounding differences may occur.

Employees by employment period and region

in percent

	Permanent men	Permanent women	Permanent total	Temporary men	Temporary women	Temporary total
Africa	39.2	42.9	82.1	6.8	11.1	17.9
Asia	39.5	52.9	92.4	2.5	5.0	7.5
Australia and New Zealand	38.3	58.3	96.6	0.3	3.1	3.4
Germany	38.4	34.6	73.0	13.2	13.8	27.0
Middle- and South America	25.7	54.1	79.8	8.1	12.2	20.3
North America	42.4	50.4	92.8	2.8	4.4	7.2
Other European countries	30.2	42.3	72.5	11.3	16.2	27.5
Total	35.8	41.7	77.5	9.9	12.6	22.5

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

Rounding differences may occur.

Information on external employees: see GRI 401.

102-9 Supply chain

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.

More information on value creation: see GRI 102-2.

More information on paper procurement: see GRI 301.

102-10 Significant changes to the organization and its supply chain

In September 2018, Bertelsmann and the Saham Group in Morocco announced the merger of their global CRM businesses. The merger took effect on January 4, 2019, resulting in the new company Majorel, and serves the further development of Arvato's CRM businesses.

In November 2018, the Bertelsmann Education Group acquired full ownership of the US online education provider OnCourse Learning from the private equity company CIP Capital. The company provides digital corporate and advanced training courses to clients in the healthcare and financial services sectors. The acquisition of OnCourse Learning serves the further expansion of the education business and in particular strengthens the activities of Relias, a company in the Bertelsmann Education Group.

102-11 Precautionary principle or approach

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 Enterprise Risk Management – Integrated Framework and Internal Control – Integrated Framework, respectively) 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. These risks are aggregated step by step at the division and Group levels. This ensures that risks are registered where their impact would be felt. There is also a Group-wide reassessment of critical risks every six months and quarterly reporting in case the risk situation has changed. Ad hoc reporting requirements ensure that significant changes in the risk situation during the course of the year are brought to the attention of the Executive Board. 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. The basis for determining the main Group risks is the three-year period, similar to medium-term corporate planning. 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. Risk monitoring is conducted by Group management on an ongoing basis. The RMS, along with its component ICS, is constantly undergoing further development and is integrated into ongoing reporting to the Executive Board and Supervisory Board. Corporate Risk Committee meetings are convened at regular intervals to ensure compliance with statutory and internal requirements.

One of the 10 principles of the United Nations Global Compact, which Bertelsmann has supported as a member since 2008, 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.

More information on Bertelsmann's precautionary approach: see GRI 102-15, 102-17, 205, 206.

[Annual Report 2018 \(Financial Information\), pp. 29–32](#)

102-12 External initiatives

Bertelsmann supports the following external initiatives and their principles:

- Sustainable Development Goals (SDGs): Bertelsmann supports the 2015 Sustainable Development Goals of the United Nations.
- United Nations Global Compact: Bertelsmann has been a member (“signatory” option) of the United Nations Global Compact since 2008.
- OECD Guidelines for Multinational Enterprises: Bertelsmann largely follows the OECD Guidelines for Multinational Enterprises.
- United Nations Guiding Principles for Business and Human Rights: Bertelsmann is committed to the principles of the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.
- International Labour Organization (ILO): International Labor Organization core labor standards
- Global Reporting Initiative (GRI): Since 2011, Bertelsmann has based its Corporate Responsibility reporting on the currently valid international guidelines issued by the GRI and has been reporting in accordance with the “GRI Standards” since 2017.
- Committee of Sponsoring Organizations of the Treadway Commission (COSO): The risk management process is based on the internationally accepted COSO frameworks.
- European Charter on Freedom of the Press: 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, which was founded in Leipzig in 2015.
- European Union (EU) initiatives for promoting media and internet literacy: “CEO Coalition to make the Internet a better place for kids” and “Alliance to better protect minors online” are initiatives that focus on promoting internet literacy among children and young adults. RTL Group was a founding member of the EU’s “CEO Coalition to make the internet a better place for kids” initiative, which developed 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 are involved. The EU initiative “klicksafe.de,” for which Super RTL is a cooperation partner, works to promote public awareness of safe Internet use through practical programming and materials.
- German Corporate Governance Code as amended on February 7, 2017,: Bertelsmann largely follows the recommendations of the German Corporate Governance Code for good and responsible corporate governance.
- Bertelsmann participates in relevant non-financial ratings and rankings where its management of non-financial matters is evaluated by third parties. In 2018, the company received, among others, a gold rating from ecovadis. achieved “Prime status” in ISS-oekom’s Corporate Rating 2018 for the Media Sector, and scored a C (“Above Sector Average”) in the CDP Climate Change Rating 2018.

[Memberships and Cooperations](#)
[Responsibility Rankings and Awards](#)

102-13 Membership of associations

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.

[Memberships and collaborations](#)

Strategy

102-14 Statement from senior decision-maker

See Chairman's foreword

102-15 Key impacts, risks, and opportunities

A number of non-financial risks are associated with the CR topics that 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 non-financial matters defined in the German Commercial Code – social and employee matters, anti-corruption and bribery matters, respect for human rights, and environmental matters – no significant risks were identifiable as part of the 2018 reporting (see [Combined Non-financial statement in the Combined Management Report for the 2017 Financial Year](#), p. 41).

Beyond this, there are also risks associated with the CR topics relevant to Bertelsmann that are connected with the company's business activities, business relationships, and products and services, but that 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 noncompliance 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 way in which Bertelsmann fulfills its corporate responsibility also has repercussions for the company's surroundings, environment and stakeholders, some of which derive from the company's supply chain. For instance, 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. With regard to human rights,

Bertelsmann's journalistic conduct, its creative independence, and its treatment of data in particular affect the state of public information, freedom of opinion, self-determination and democracy. In 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.

An overview the CR topics relevant for Bertelsmann: see GRI 102-44, 102-47.

Ethics and integrity

102-16 Values, principles, standards, and norms of behavior

The **Bertelsmann Essentials** describe the company's sense of purpose, common goals and core values. To ensure that they continue to reflect changes in the company and its environment, they are regularly reviewed and adjusted. The new Essentials were further developed in a two-year participatory process and presented at the international Management Meeting in May 2019. The values of Creativity & Entrepreneurship continue to be at the heart of our daily business. Through their interaction, they reinforce each other and thus form the cornerstones of our corporate culture, which relies on participation and partnership. The Essentials are a prerequisite for a corporate culture in which employees, management and shareholders work together successfully, respectfully and trustingly.

The **Bertelsmann Code of Conduct** is the guideline for legal and ethical conduct. It is binding worldwide and for every employee, 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.

In addition, 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** stipulates an appropriate due diligence process in the selection of business partners and the inclusion of the Bertelsmann Supplier Code of Conduct in contracts with third parties. It also requires an appropriate monitoring of third parties during the term of the contract.

The **Executive Board Guideline on Donations, Sponsoring and Memberships** ensures that support granted in the form of donations, sponsorship, and memberships comply with the applicable legal and tax requirements and are in line with the company's strategy.

[Bertelsmann Essentials](#)

[Bertelsmann Code of Conduct](#)

[Bertelsmann Supplier Code of Conduct](#)

102-17 Mechanisms for advice and concerns about ethics

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 at www.reportconcerns.com and external ombudspersons appointed by Bertelsmann. All reports submitted are being investigated to ensure adequate response to compliance violations.

More information on Compliance: see GRI 205.

Governance

102-18 Governance structure

The pursuit of responsible corporate governance is part of the Bertelsmann identity and an important element of its corporate culture. The German Corporate Governance Code as amended on February 7, 2017, is an accepted standard for good corporate governance. Bertelsmann SE & Co. KGaA is a capitalmarket-oriented company but is unlisted. The company is therefore not subject to the statutory requirement to issue a formal declaration as per section 161 of the German Stock Corporation Act. Nevertheless, the recommendations and suggestions contained in the German Corporate Governance Code serve as guidelines for Bertelsmann SE & Co. KGaA.

Statutory Bodies of the Company

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.

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 and Supervisory Boards of Bertelsmann SE & Co. KGaA work in close, trusting cooperation and are able to reconcile the demands of effective corporate governance with the need for rapid decision-making processes. Fundamental matters of corporate strategy and their implementation are discussed openly and coordinated in joint sessions. The Bertelsmann SE & Co. KGaA and Bertelsmann Management SE shareholders 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 issues relating to compliance, in particular the effectiveness and proper functioning of the compliance organization and the related topic of integrity within the Group, and reviews the non-financial reporting.

[Annual Report 2018 \(Financial Information\), pp. 140–141](#)

102-20 Executive-level responsibility for economic, environmental, and social topics

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. The focus is on transparency regarding relevant CR topics, Groupwide CR objectives, dialog with relevant stakeholders, and coordination and collaboration across the Group's divisions. Subject-specific objectives and measures on particular CR topics are frequently developed 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 dialog 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.

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.

Responsibilities at Executive Board level are also presented in the respective management approaches.

[CR organization](#)

102-22 Composition of the highest governance body and its committees

In the 2018 financial year, women comprised 21 percent (previous year: 21 percent) of the Supervisory Board. The average age of Supervisory Board members was 57 (previous year: 57), and 64 percent (previous year: 64 percent) of the Supervisory Board members were German; 36 percent (previous year: 36 percent) were non-German.

[Annual Report 2018 \(Financial Information\), pp. 148–149](#)

102-23 Chair of the highest governance body

The respective duties and responsibilities of the General Meeting, the Supervisory Board, and Bertelsmann Management SE are clearly defined 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.

Stakeholder engagement

102-40 List of stakeholder groups

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 and associations.

102-41 Collective bargaining agreement

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

102-42 Identifying and selecting stakeholders

Bertelsmann prioritizes dialog 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.

102-43 Approach to stakeholder engagement

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, 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.

With the Combined Non-Financial Statement, CR topics are reported in the [Combined Management Report in the Annual Report 2018 \(Financial Information, pp. 40–44\)](#). In addition, a structured survey of external stakeholders was finalized in early 2018 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.

With regard to the Group's internal stakeholder dialog 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.

More information on the various dialog formats the company regularly carries out to promote exchange with employees and their representatives: see GRI 402.

102-44 Key topics and concerns raised

The relevance analysis, which was finalized in early 2018, identified topics that are particularly relevant for Bertelsmann:

- **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.
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- **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 right 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 directly relevant to business, and are accordingly not part of Bertelsmann's value-oriented management system. Due to currently only limited measurability, no directly quantifiable statements can be made regarding 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.

[Download Bertelsmann CR Relevance Matrix](#)

Reporting practice

102-45 Entities included in the consolidated financial statements

All fully consolidated subsidiaries were included in this report. Deviations from the scope of this report are indicated in the text.

[Major subsidiaries and participations \(as of December 31, 2018\)](#)

102-46 Defining report content and topic boundaries

The Relevance Analysis, which was finalized in early 2018, 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 Corporate

Responsibility & Diversity Management department summarized the results in a Relevance Matrix, which was then adopted by the CR Council.

More information on the 13 CR topics which were identified in this way: see GRI 102-44.

102-47 List of material topics

CR Topic at Bertelsmann	GRI aspects Basis: GRI Standards 2016 and GRI Media Sector Disclosures	Boundary/Scope Cf. GRI Standards Glossary 2016, p.17
Integrity/Compliance	Antitrust Compliance	Inside the company
	Anti-competitive Behavior	Inside the company, outside the company
Data Protection & Privacy	Customer Privacy	Inside the company
Diversity	Diversity and Equal Opportunities	Inside the company
	Non-discrimination	Inside the company, outside the company
Fair Working Conditions	Employment	Inside the company
	Labor/Management	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 & Education	Inside the company
Content Responsibility	Marketing and Product Labelling	Inside the company, outside the company
	Content Dissemination	Inside the company
	Media Literacy	Inside the company, outside the company
Employee Participation		
Health	Occupational Health and Safety	Inside the company
Anti-corruption & Bribery	Anti-corruption	Inside the company, outside the company
Further Topics	Energy	Inside the company, outside the company
	Water	Inside the company, outside the company
	Emissions	Inside the company, outside the company
	Wastewater and waste	Inside the company, outside the company

Economic Performance	Inside the company, outside the company
Local Communities	Inside the company
Public Policy	Inside the company

102-48 Restatements of information

For environmental data collection: see GRI 300

102-49 Changes in reporting

None.

102-50 Reporting period

The reporting period covers the 2018 financial year.

102-51 Date of most recent report

The last Bertelsmann GRI Content Index was published in June 2018. In addition, CR information is continuously updated on the [Bertelsmann Corporate Website](#).

102-52 Reporting cycle

Annual.

102-53 Contact point for questions regarding the report

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102-54 Claims of reporting in accordance with the GRI Standards

The present report has been created in accordance with the GRI Standards “core option”.

102-55 GRI content index

This GRI report includes the GRI content index.

102-56 External assurance

The economic indicators in this GRI report were taken from the Bertelsmann Annual Report 2018, which was audited by the PricewaterhouseCoopers GmbH audit firm.

[Annual Report 2018 \(Financial Information\), pp. 133–139: Auditor's Report](#)

GRI 200

Economic

GRI 200 Economic

GRI Disclosure

UNGC

201 Economic performance

103 Management approach (including GRI 103-1, 103-2, 103-3)

Bertelsmann's geographic core markets are Western Europe – especially Germany, France and the United Kingdom – and the United States. In addition, Bertelsmann is strengthening its involvement in growth markets such as Brazil, India and China. Bertelsmann aims to achieve a faster-growing, more digital, more international and more diversified Group portfolio. Businesses in which Bertelsmann invests should have long-term stable growth, global reach, sustainable business models, high market-entry barriers and scalability. The rapidly expanding education business is being developed into the third earnings pillar alongside the media and service businesses. The Group strategy comprises four strategic priorities: strengthening the core businesses, driving the digital transformation forward, developing growth platforms and expanding into growth regions. In the financial year 2018, steady efforts continued to focus on implementing the strategy in line with these priorities.

[Annual Report 2018 \(Financial Information\), pp. 6-7](#)

201-1 Direct economic value generated and distributed

Revenues by division

in € millions

	2018			2017		
	Germany	International	Total	Germany	International	Total
RTL Group	2,168	4,337	6,505	2,266	4,107	6,373
Penguin Random House	257	3,167	3,424	250	3,109	3,359
Gruner + Jahr	948	492	1,440	964	549	1,513
BMG	34	511	545	33	474	507
Arvato	1,630	2,470	4,100	1,521	2,302	3,823
Bertelsmann Printing Group	966	673	1,639	957	724	1,681
Bertelsmann Education Group	1	257	258	1	188	189
Bertelsmann Investments	0	12	12	-	-	-
Total divisional revenues	6,004	11,919	17,923	5,992	11,453	17,445
Corporate / Consolidation	-145	-105	-250	-152	-103	-255
Continuing operations	5,859	11,814	17,673	5,840	11,350	17,190

Consolidated revenues by region

in percent

	2018	2017
Germany	33.2	34
France	13.2	13.4
UK	6.5	6.8
Other European countries	18.9	18.7
USA	22	20.5
Other countries	6.2	6.6

Revenues by category

in percent

	2018	2017
Rights and licenses	16.3	13.8
Own products and merchandise	24.6	25.2
Advertising	23	25.7
Services	36.1	35.3

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 and to create a positive impact on society.

Bertelsmann Corporate Center donations and sponsorship measures are summarized on the [Bertelsmann website](#).

For donations and sponsorship measures by the divisions in their respective surroundings: see GRI 413-1.

For measures to promote media literacy: see MSD Media Literacy.

[Annual Report 2018 \(Financial Information\), p. 45](#)

MSD M1 Significant funding and other support received from nongovernmental sources (ads etc.)

In the 2018 financial year, Bertelsmann generated 23 percent (previous year: 25.7 percent) of its revenues from advertising.

205 Anti-corruption
103 Management approach (including GRI 103-1, 103-2, 103-3)
X

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.

To avoid violations of laws and regulations, directives, and company guidelines, the Executive Board created a compliance organization. It appointed a Corporate Compliance Committee (CCC) and established an Integrity & Compliance program. It also handles the global management and further development of the issue of corruption prevention. 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.

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. Both the Bertelsmann Code of Conduct and the Executive Board Guideline on Anti-corruption & Integrity expressly prohibit all forms of corruption and bribery. This Guideline 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 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. Another Executive Board Guideline regulates the compliance organization and the role of compliance officers.

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.

Major anti-corruption results in 2018 included:

- Advising executives and employees on the subject of anti-corruption;
- 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.

205-2 Communication and training about anti-corruption policies and procedures

Local management has a duty to communicate the Code of Conduct and the Group Guidelines. Managers and employees covered by the nomination criteria are trained by means of an e-tutorial. Key measures taken in 2018 included advising and training executives and employees on anti-corruption, the creation of versions of the e-tutorial, which was redesigned in 2017, specifically for RTL Group and PRH, and the continued Group-wide roll-out of the e-tutorial.

206 Anti-competitive behavior

103 Management approach (including GRI 103-1, 103-2, 103-3)

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.

The Executive Board approved a "Group Guideline on Compliance with Antitrust Regulations." There is an obligation to report any antitrust violations. The Corporate Legal Department offers antitrust training programs to corporate divisions and the management and employees of these divisions. A comprehensive compulsory training program for employees working in antitrust-related areas, which was also implemented in 2018, is intended to identify antitrust risks at an early stage and to prevent antitrust violations.

206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

[See Annual Report 2018 \(Financial Information\), pp. 33–34](#)

GRI 300

Environmental

GRI 300 Environmental

The efficient use of natural resources is at the heart of Bertelsmann's environmental management. The company strives to minimize environmental impacts resulting from its own production, business, and distribution processes. By conserving natural resources and using them more efficiently, Bertelsmann is making an important contribution to environmental and climate protection and thus to a future worth living in. Resource efficiency is a requirement business customers place on Bertelsmann, in particular at Arvato and the Bertelsmann Printing Group's service businesses: They expect an environmental management system that ensures compliance with statutory and other requirements.

Bertelsmann meets these growing challenges through transparency regarding its environmental impact along the value chain. Effective environmental management, i.e. measuring and reducing the resources purchased and used, can save costs and decrease the company's environmental footprint.

The Bertelsmann Environmental Policy, the Bertelsmann Energy & Climate Policy, and the Bertelsmann Paper Policy provide the framework for the Group's environmental management. Operational responsibility for energy and environmental management lies with the managements of the individual Bertelsmann companies. In addition to cross-divisional objectives for reducing greenhouse gas emissions (see GRI 305) and paper consumption (see GRI 301), many operating units set their own objectives for improving their environmental performance in local management systems. The Group-wide environmental objectives adopted by the Bertelsmann Corporate Responsibility Council (see GRI 102-20) are substantiated in the individual divisions' own objectives.

The internationally staffed Bertelsmann "be green" working group serves as a platform for cross-divisional environmental commitment. It is managed by a representative from Corporate Responsibility & Diversity Management, a central department that reports to the Chief HR Officer. Representatives from the Bertelsmann divisions – e.g. paper buyers, energy and environmental managers, logistics experts, and controllers – regularly coordinate on the latest environmental issues and best practices, and also engage in dialog with external stakeholders. In addition, the experts in the "be green" working group coordinate the Group-wide collection and reporting of environmental data.

Since 2008, Bertelsmann has compiled a Group-wide Carbon Footprint and other data on energy, paper, water, wastewater, and waste (see GRI 301, 302, 303, 304, 305, 306). The Carbon Footprint illustrates the development of relevant environmental indicators for the various divisions from the Group's perspective. The environmental performance indicators of the Bertelsmann divisions RTL Group, Penguin Random House, Gruner + Jahr, Arvato, and Bertelsmann Printing Group are shown separately in the Carbon Footprint. The activities of the divisions BMG, Bertelsmann Education Group, and Bertelsmann Investments as well as Corporate are summarized under "Other" in this report due to their comparatively low environmental impact.

To professionalize its environmental reporting, Bertelsmann introduced the "green.screen" IT platform for Group-wide environmental reporting and energy data management. "green.screen" was first used to fully record, aggregate, and analyze the environmental data of the fully consolidated companies for the 2018 reporting year. 337 companies at 502 locations across all divisions were included in this latest data collection. All production and logistics sites as well as the company's own computer centers and most of its own and rented office sites were included in the data collection process. The environmental data for the remaining 5 percent of employees (calculated in full-time equivalents) at office locations was calculated based on average consumption values. In some cases, the figures shown for the 2017 financial year differ slightly from the figures reported in previous publications. These changes are mainly due to the conversion to a more precise allocation of consumption data to Group-owned vs. non-Group companies at the sites. If changes are attributable to other causes, this is indicated separately.

GRI	Disclosure	UNGC
301	Materials	

103	Management approach (including GRI 103-1, 103-2, 103-3)	VII-VIII
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Paper, which continues to be the most important resource for the traditional print media business, is a particular priority at Bertelsmann. Even in an increasingly digitized media landscape, printed books, magazines, brochures, and flyers will continue to have their place. Therefore, resource conservation, waste avoidance, and climate protection play a major role for Bertelsmann across the entire paper value chain. Bertelsmann is committed to responsible paper sourcing, to protect forests which are valuable for climate protection and biodiversity. In their function as print service providers and buyers, the companies in Bertelsmann's service divisions offer their customers a comprehensive range of sustainably certified and climate-neutral print products.

To complement its environmental policy, Bertelsmann has issued a Paper Policy: As part of its Group-wide environmental objectives, Bertelsmann aims to keep the proportion of recycled paper and paper from certified, sustainable forestry in the paper it purchases itself at over 90 percent and continue increasing it. Recycled paper as well as papers of certified origin that meet FSC®, PEFC™, SFI® requirements or comparable standards are regarded as sustainably sourced paper. In this way, the company advocates for certified sustainable forestry. For example, no wood from primary or protected forests may be used in producing the paper. In addition, Bertelsmann ensures that, in addition to certified wood fiber, the paper used has as high a proportion of recycled material as possible. Above and beyond the Group-wide environmental objective, Penguin Random House aims to switch its paper sourcing to 100 percent sustainable paper by 2025.

For information on the general management approach for environment matters: see GRI 300.

301-1	Materials used by weight or volume	VII-VIII
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Paper consumption

in tons

	2018	2017
Total paper consumption	1,834,010	1,824,990
Of which self-purchased paper 1)	1,145,740	1,120,900

1) Previous-year figure was adjusted due to a corrected presentation of intra-Group deliveries.

Paper consumption by corporate division

in tons

	2018	2017
RTL Group	190	210
Penguin Random House	263,260	224,260
Gruner + Jahr	106,840	116,160
Arvato 1)	16,920	16,280
Bertelsmann Printing Group	1,594,980	1,600,060
Other	70	50
Total paper before consolidation	1,982,260	1,957,020
Consolidated	-148,250	-132,030
Total paper after consolidation	1,594,980	1,600,060

1) Previous-year figure was adjusted due to corrections to volumes of packaging paper at individual sites.

Paper consumption accounts for the largest share of Bertelsmann's total raw material consumption. This figure has been adjusted for intra-Group supplies within the Group, which are reported separately under "Consolidation" for the first time. In 2018, the Bertelsmann Printing Group bought by far the largest quantity of paper. The publishing businesses of Penguin Random House and Gruner + Jahr also required large quantities of paper. Penguin Random House recorded a significant increase in paper purchasing of 17 percent in 2018, mainly due to the market success of Michelle Obama's book "Becoming." By contrast, quantities at Gruner + Jahr fell by 8 percent due to the ongoing realignment of the business.

301-2 Recycled raw materials used

VIII

Paper consumption and share of recycled and certified paper by corporate division in tons

	Total paper consumption	of which recycled	of which certified	of which other
RTL Group	190	70	100	20
Penguin Random House	263,260	2,120	251,350	9,790
Gruner + Jahr	106,840	27,330	73,430	6,080
Arvato	16,920	6,320	1,970	8,630
Bertelsmann Printing Group	1,594,980	251,160	831,040	512,780
Other	70	40	20	10
Consolidated	-148,250	-40	-138,240	-9,970
Total	1,834,010	287,000	1,019,670	527,340

In the 2018 financial year, 71 percent of the total quantity was either recycled paper (0.29 metric tons) or certified "virgin" (fresh-fiber) paper (1.02 metric tons). Papers that meet the requirements of FSC®, PEFC®, SFI® or similar standards are shown under certified quantities. The paper purchased for Bertelsmann's own products such as books and magazines comes almost entirely from certified forestry or recycled fibers.

The remaining 29 percent (0.53 metric tons) of purchased paper does not meet the above reporting criteria and is therefore reported as "Other." More than 80 percent of the quantities reported under "Other" are papers supplied by customers outside the Group, which are then used by Bertelsmann printing plants for the production of books, magazines, catalogs, and brochures, e.g. ("provisions").

Share of sustainably sourced paper

in percent

	2018	2017
Of which recycled fibers	22	22
Of which certified fresh fibers	70	69
Total	92	91

At Bertelsmann, the proportion of paper that comes from recycled sources or certified forestry serves as an indicator of responsible procurement and the protection of natural resources. This key indicator takes into account paper quantities purchased for own account for customers in the Group as well as external customers. In 2018, the proportion of sustainably sourced papers rose slightly year-on-year, to 92 percent (previous year: 91 per

cent). Bertelsmann thus once again reaffirmed a very high proportion of sustainably sourced paper, above its own target of 90 percent.

Bertelsmann's international profile is also reflected in its paper procurement. The vast majority of paper is sourced close to the market or regionally. More than 95 percent of the papers come from manufacturers in the EU (80 percent), the U.S. (9 percent) and Canada (6 percent). Only 5 percent come from other countries, among them China (3 percent) and Norway (2 percent). This regional breakdown includes 98 percent of the reported volumes procured by the Group itself.

302 Energy

103 Management approach (including GRI 103-1, 103-2, 103-3)

VII-IX

Energy and Emissions as an environmental factor is a focus of cross-divisional cooperation on environmental and climate protection. Although increasing digitalization is making Bertelsmann less dependent on finite natural resources, it is also increasing energy consumption for data management. The sharing of knowledge and experience within the Bertelsmann “be green” network covers topics such as increasing the use of renewables, and teaming up on energy efficiency projects. The increasing transparency of energy consumption thanks to the “green.screen” IT platform supports exchange between sites while also enabling site-by-site energy data management, which in turn facilitates energy and cost savings.

The Bertelsmann Energy and Climate Policy, to which the Executive Board agreed in March 2019, describes the framework for energy-efficient and climate-friendly business practices. Bertelsmann’s purchasing behavior in energy sourcing can directly influence the demand for climate-friendly options and thus contribute to the sustainable transformation of the energy markets. Therefore, the purchased energy should come from renewable sources wherever this is economically feasible. The electricity purchased by Bertelsmann companies should always have lower greenhouse gas emissions than the respective national electricity mix. In addition, a decentralized on-site generation of our own electricity and heat using renewable energies and, on a transitional basis, highly efficient natural gas-powered cogeneration plants, will help to transform the local energy markets. Bertelsmann does not use lignite or anthracite in producing its own energy, and expects its energy suppliers to gradually phase out fossil fuels.

Information on general management approach to the environment: see GRI 300.

302-1 Energy consumption within the organization

VII-VIII

Energy consumption in GWh

	2018	2017
Electricity	819	851
Heat	739	749
Fuel 1)	74	73
Total	1,632	1,673

1) Previous-year figure has been adjusted.

Total energy consumption fell by 3 percent year-on-year. Electricity consumption fell by 4 percent and heat consumption fell slightly by 1 percent. Energy consumption from fuels rose slightly by 1 percent in the same period.

Energy consumption by corporate division in GWh

	2018	2017
RTL Group	146	151
Penguin Random House	101	111
Gruner + Jahr	56	60
Arvato	345	340
Bertelsmann Printing Group	945	974
Other	40	37
Bertelsmann (total)	1,632	1,673

Penguin Random House recorded a significant drop in energy consumption (-9 percent). While heating consumption rose slightly due to cold temperatures in the U.S., electricity consumption declined significantly, partly due to the closure of a warehouse in the U.K., and lower electricity consumption at the Latin American sites. Gruner + Jahr (-8 percent) was also able to reduce its electricity consumption at Baumwoll in Hamburg, among other sites. RTL Group recorded a decline in energy consumption (-4% percent), mainly due to the sale of Girondins de Bordeaux, and synergy effects from the merger of Radio France and M6. Energy savings at RTL City in Luxembourg, UFA in Germany, and RTL Belgium also contributed to the reductions. The Bertelsmann Printing Group reduced its energy consumption by 3 percent in 2018 compared to the previous year. The decline in electricity and heat consumption is largely attributable to production declines in Prinovis Germany's printing business. Also, optimizations in the printing process at Mohn Media and at Prinovis led to efficiency increases and energy savings.

Meanwhile, Arvato recorded a slight increase in energy consumption (1 percent), in particular due to the expansion of its logistics activities in Germany. The energy consumption of the other divisions rose, among other things due to the first-time inclusion of HotChalk in the Education division, and of other smaller sites in Germany.

Fossil fuels and propellants used in GWh

	2018	2017
Natural gas	1,149	1,185
Diesel	55	54
Heating oil	15	13
Petrol/gasoline	11	11
Other	11	11

Natural gas is used in highly efficient combined heat and power (CHP) plants for the production of electricity and heat, as well as in heating systems for the company's own heat generation. Only a small part of the heat generation is carried out with heating oil. Diesel represents the largest share of fuels. Most of it is used by company vehicles and trucks, as well as forklift trucks. Also, many sites are equipped with emergency power generators that use diesel during regular test runs. In accordance with the Bertelsmann Energy and Climate Policy, no coal is used for generating energy within the Group.

Renewable energy in GWh

	2018	2017
Electricity from renewable sources with certificate of origin	67	57
Total electricity consumption	819	851

302-2 Energy consumption outside the organization

VII-VIII

Business travel in millions of km

	2018	2017
Air	239	245
Rail	37	36
Rental car	20	22
Business travel total	296	303

The distances covered for business travel across the Group declined slightly in the reporting year. At around 81 percent, air travel accounted most of the distance traveled. Compared to the previous year, a 2-percent decline in business travel by air was recorded. While rental car mileage also fell by 10 percent, there was a 5-percent increase in the more environmentally friendly choice of rail journeys.

Business travel by corporate division

in millions of kilometers

	2018	2017
RTL Group	89	82
Penguin Random House	55	60
Gruner + Jahr	27	32
Arvato	86	91
Bertelsmann Printing Group	7	6
Other	32	32
Bertelsmann (total)	296	303

As in the previous year, RTL Group recorded a significant increase and, for the first time, accounted for 30 percent of Bertelsmann's total business travel. Despite lower mileage at RTL Hungary, Mediengruppe RTL, and RTL Belgium, the distance traveled rose by 10 percent due to increased data transparency at UFA Germany. At Arvato, business travel fell by 5 percent and accounted for 29 percent of Group-wide business travel. Arvato Supply Chain Solutions recorded significantly fewer air miles traveled due to completed expansion activities in the U.S. At Penguin Random House, business travel fell by 8 percent, partly due to efforts to reduce air travel by Verlagsgruppe Random House in Germany. The 16 percent decline at Gruner + Jahr is also attributable to reduction measures. The Bertelsmann Printing Group recorded an increase from 6 million to 7 million kilometers, mainly due to higher international travel activities at Sonopress.

302-3 Energy intensity**VIII**

The energy intensity, the ratio of the sum of the reported energy-consumption values in megawatt-hours to the total revenues reported in the consolidated financial statements (in millions of euros), remained 5 percent below the previous year's figure at 92.3 (previous year: 97.4)

302-4 Reduction of energy consumption**VIII-IX**

See GRI 302-1.

303 Water**103 Management approach (including GRI 103-1, 103-2, 103-3)****VII-VIII**

Information on the general management approach for environmental matters: see GRI 300.
Information on the management approach for water: see GRI 306.

303-1 Water withdrawal by source**VII-VIII****Water withdrawal by source**

in millions of m³

	2018	2017
from public utilities	1.47	1.62
from groundwater	3.02	3.03
from rainwater storage tanks	0.01	0.01
Total	4.50	4.66

In the 2018 financial year, water withdrawal fell by 3 percent, due particularly to the 9-percent decline in water withdrawal from public utilities.

Water withdrawal by corporate division

in millions of m³

	2018	2017
RTL Group	2.34	2.25
Penguin Random House	0.14	0.16
Gruner + Jahr	0.15	0.21
Arvato	0.55	0.56
Bertelsmann Printing Group	1.12	1.17
Other	0.20	0.31
Bertelsmann (total)	4.50	4.66

Water usage varied greatly from division to division. RTL Group accounted for about half of the Group's total water withdrawal (52 percent), while the Bertelsmann Printing Group's share of water withdrawal was 25 percent. The remaining 23 percent was accounted for by Arvato (12 percent), Penguin Random House and Gruner + Jahr (3 percent each), as well as the "other" divisions (collectively around 5 percent).

RTL Group's water withdrawal rose by 4 percent. This is mainly due to the energy-saving cooling of buildings from wells operated by Mediengruppe RTL Deutschland in Cologne, which was used more intensively due to higher temperatures in 2018. The Bertelsmann Printing Group's water withdrawal decreased by 4 percent. This is attributable to decreases in production outputs in the printing business at Prinovis Germany and to repaired leaks at the U.S. printing plant in Dallas. Gruner + Jahr reduced its withdrawal by 31 percent, which is related to an improvement in well technology at DDV Druck. Penguin Random House recorded a 13-percent reduction in water withdrawal. The other Bertelsmann divisions reduced their water withdrawal by 34 percent, which is attributable to a general reduction in water use, especially at Alliant University.

305 Emissions

103 Management approach (including GRI 103-1, 103-2, 103-3)

VII-IX

Bertelsmann is striving to achieve a Group portfolio that has higher rates of growth and is more digital, international, and diversified. Progressive digitalization, the expansion of our growth platforms, and investments in the core business also have a lasting effect on the Group's Carbon Footprint.

Bertelsmann supports the international community's goal of limiting global warming to below two degrees Celsius. In the 2016 financial year, the Group used the Science-Based Targets method to determine which company-specific contribution would be required to achieve the <2°C objective. Based on these analyses, Bertelsmann aims to reduce its greenhouse gas emissions by 20 percent by the year 2025, adjusted for any changes in the portfolio. As an intermediate step, emissions are to be reduced by 10 percent by 2020.

The Climate Protection objective relates to the use of fuels for our own electricity and heat production (Scope 1) as well as to purchased electricity and heat (Scope 2). The individual Bertelsmann divisions already support the achievement of Group-wide environmental objectives by setting numerous objectives of their own. For instance, RTL Group aims to cut its greenhouse gas emissions by 20 percent by 2025 compared with 2016 and, in addition to Scope 1 and 2 emissions, also includes emissions from business travel (Scope 3) in this objective.

The Bertelsmann Energy & Climate Policy describes the framework and specific climate protection measures in these transformation processes. The Group-wide use of the "green.screen" IT platform serves to record the local energy consumption and greenhouse gas emissions of individual Group companies, and regularly track the achievement of the climate-protection objectives.

Greenhouse gas emissions are accounted for in accordance with the "Corporate Accounting and Reporting Standard" and "Scope 2 Guidance," and following the "Corporate Value Chain (Scope 3) Standard" of the Greenhouse Gas Protocol (GHG Protocol). Greenhouse gas emissions are reported in accordance with the GHG Protocol and in CO₂ equivalents (CO₂e). According to the GHG Protocol, emissions are reported in three different scopes. Scope 1 refers to Bertelsmann's direct emissions, e.g. from its own (on-site) power generation and the operation of printing machines. Scope 2 covers indirect emissions from the generation of purchased electricity and district heating, or heat provided by the landlord. In accordance with the GHG Protocol Scope 2 Guidance, Bertelsmann reports both market-based and location-based emissions in the overview of key indicators.

As part of measuring the achievement of the objective, an adjustment is made to take account of portfolio changes. Effects from the sale and acquisition of Group companies are retroactively neutralized each year, and the basic data adjusted accordingly. The environmental indicators also include other indirect greenhouse gas emissions (Scope 3) that are not part of the objective.

305-1 Direct (Scope 1) GHG emissions**Greenhouse gas emissions**in tons of CO₂e

	2018	2017
Scope 1 total	256,500	262,300
Electricity	70,900	74,100
Heat	163,400	166,300
Transport	22,200	21,900
Scope 2 total 1)	210,000	237,400
Electricity	175,100	201,800
Heat	34,900	35,600
Scope 3 total	1,430,400	1,412,000
Business travel	67,800	69,500
Staff commutes	72,100	72,900
Paper	1,217,800	1,193,700
Energy-related activities	72,700	75,900
Total	1,896,900	1,911,700

1) Scope 2 emissions were calculated using the market-based method as indicated in the Scope 2 Guidance of the GHG Protocol. According to the site-based method, Scope 2 emissions amounted to 252,000 metric tons of CO₂e (previous year: 276,700 metric tons).

About three-quarters of the reported direct and indirect greenhouse gas emissions are attributable to indirect emissions along the value chain (Scope 3). These emissions were up by 1 percent year-on-year in 2018. The remaining 25 percent of total emissions are attributable to Scope 1 and Scope 2, which show a year-on-year decline of 2 percent and 12 percent respectively.

Scope 1 and 2 emissionsin tons of CO₂e

	2018	2017
RTL Group	35,900	39,600
Penguin Random House	28,700	37,200
Gruner + Jahr	14,500	16,500
Arvato	96,600	102,400
Bertelsmann Printing Group	278,500	291,600
Other	12,300	12,400
Bertelsmann (total)	466,500	499,700

The largest share of the Scope 1 and 2 emissions from Bertelsmann were attributable to the services divisions, Bertelsmann Printing Group (278,500 metric tons of CO₂e) and Arvato (96,600 metric tons of CO₂e). In particular, the consumption of electricity, natural gas, and heat by printing machinery and other production facilities, as well as the operation of materials-handling equipment and lighting at logistics sites are reflected in the carbon footprints of these divisions. Decreases in production outputs at the printing plants, and lower CO₂e factors at numerous energy suppliers, contributed to a reduction in emissions. In

addition, the volume of renewable electricity with certificates of origin rose by almost 10,000 MWh year-on-year (see GRI 302-1).

The largest decrease in Scope 1 and 2 emissions in absolute terms was reported by the Bertelsmann Printing Group with a savings of 4 percent. This is due in particular to decreases in production outputs and process optimizations at Prinovis, as well as a more efficient use of compressed air at Mohn Media. Penguin Random House reduced its Scope 1 and 2 emissions by 23 percent in the reporting year. Among other things, this was achieved through the increased purchase of green electricity certificates with proof of origin at Penguin Random House US.

Arvato reduced its greenhouse gas emissions by 6 percent year-on-year. This reduction is primarily due to the closure of Arvato CRM locations in Germany and Turkey and improved CO₂ factors at relevant energy suppliers.

The 9-percent decline in Scope 1 and 2 emissions at RTL Group was partly due to the switch to green electricity with certificates of origin at RTL Croatia.

305-2 Energy indirect (Scope 2) GHG emissions

VII-VIII

See GRI 305-1.

305-3 Other indirect (Scope 3) GHG emissions

VII-VIII

Scope 3 emissions

in tons of CO₂e

	2018	2017
RTL Group	35,200	33,800
Penguin Random House	305,100	266,400
Gruner + Jahr	125,200	140,000
Arvato	98,300	100,700
Bertelsmann Printing Group	853,000	859,100
Other	13,600	12,000
Bertelsmann (total)	1,430,400	1,412,000

Other indirect greenhouse gas emissions from the production of paper that Bertelsmann buys itself, emissions from energy-related activities (outside of Scope 1 and 2), emissions from business travel, and emissions from employee commuting are reported as part of Scope 3 emissions. At 60 percent, the Bertelsmann Printing Group was responsible for the largest share of Scope 3 emissions, followed by Penguin Random House (21 percent), and Gruner + Jahr (9 percent). In these three divisions, the volumes of paper used at the print and publishing businesses had a particular impact. Scope 3 emissions reported by Arvato accounted for 7 percent of the total, almost half of which is attributable to employee commutes.

305-4 GHG emissions intensity

VIII

Specific greenhouse gas emissions (Scope 1 and 2) fell from 29.1 metric tons of CO₂e per 1 million euros of Group revenue in 2017 to 26.4 metric tons of CO₂e per 1 million euros of Group revenue in 2018.

305-5 Reduction of GHG emissions

VII-VIII

See GRI 305-1, 305-3.

Development of GHG Emissionsin tons of CO₂e

	2018	2014
Scope 1 emissions adjusted	239,700	234,900
Scope 2 emissions adjusted	201,100	302,300
Total	440,800	537,200

With reference to the emissions objective using 2014 as a base year, and adjusted for changes to the portfolio, Scope 1 emissions have increased slightly by 2 percent, while Scope 2 emissions have fallen significantly by 33 percent. In sum, this is equivalent to an 18-percent decline. The company has thus successfully embarked on the course that will ultimately lead to the long-term objective of a 20-percent reduction by the year 2025. The milestone of a 10-percent reduction in greenhouse gas emissions relative to 2014, set for 2020, was already significantly exceeded in the reporting year 2018.

All of Bertelsmann's divisions have succeeded in lowering their emissions since the base year of the Group-wide objective. In absolute terms, the Bertelsmann Printing Group has contributed the most by eliminating 60,000 metric tons of CO₂e compared with 2014. Besides decreases in production outputs, steady improvements in energy efficiency and conversion to renewable energies with certifications of origin contributed to this reduction.

Gruner + Jahr has undergone a major transformation since the base year due to the effects of digitalization. Even after adjusting for portfolio changes, the division has still contributed to achieving the objective with a significant, more than 20-percent reduction in emissions. At Penguin Random House, the synergy effects arising from the merger of Penguin and Random House in 2014 have played a key role in a steep decline in greenhouse gas emissions. The RTL Group contributed to the reduction in emissions mainly through efficiency measures and improved CO₂ factors among its energy suppliers. At Arvato, too, emissions, adjusted for changes in the portfolio, have fallen significantly since 2014. The many steps taken to increase energy efficiency and lower energy-related emissions more than compensated for the effects of the organic growth of the logistics services in particular.

Bertelsmann also uses CO₂ certificates to offset greenhouse gas emissions, e.g. for the sale of climate-neutral print products and for business travel. In this context, emissions amounting to 15,000 metric tons were offset in the reporting year. Gruner + Jahr's ongoing climate-protection project "Geo schützt den Regenwald" ("Geo protects the rainforest") also contributed to neutralizing the carbon dioxide emissions caused by Gruner + Jahr employees' air travel in 2018.

306 Wastewater and waste**103 Management approach (including GRI 103-1, 103-2, 103-3)**

VIII

Data on water consumption, wastewater and waste generation is also recorded across the Group during the annual environmental data collection. Based on this data, trends can be discerned and potential for improvement identified. Due to the varying local relevance and regulation of water and waste management, these topics are predominantly handled on a decentralized basis by the local businesses.

306-1 Wastewater discharge by quality and place of discharge**VIII****Wastewater discharge**in millions of m³

	2018	2017
To public sewers or to third parties	1.70	1.48
To surface water, receiving waters or own wastewater-treatment plants	2.19	2.27
Total wastewater discharged	3.90	3.75

Total wastewater discharge decreased by 4 percent in 2018. 61 percent of the wastewater was discharged into surface water, receiving water, or Bertelsmann's own wastewater treatment plants. This was 4 percent higher than in the previous year. The remaining 39 percent of the wastewater was discharged into the public sewer system or to third parties.

306-2 Waste by type and disposal method**VIII****Total waste**

in tons

	2018	2017
RTL Group	2,000	3,000
Penguin Random House	28,700	28,900
Gruner + Jahr	10,500	6,700
Arvato	37,800	33,900
Bertelsmann Printing Group	234,000	246,900
Other	1,400	1,200
Bertelsmann (total)	314,400	320,600

In the 2018 financial year, the reported quantities of waste declined by 2 percent across the Group. Bertelsmann Printing Group printing plants accounted for the largest share of total waste at 74 percent. About 95 percent of the waste reported by the printing plants were paper residues, which were forwarded for recycling. The increase of over 50 percent at Gruner + Jahr is mainly attributable to the expansion of Deutscher Pressevertrieb's business in Berlin.

Waste by type of disposal

in tons

	2018	2017
of which recycled	302,900	308,700
of which for disposal	11,500	11,900
of which hazardous	1,600	1,700
Total waste	314,400	320,600

The volume of recyclable waste continued to make up a 96-percent share of total waste, unchanged year-on-year. The recyclable waste was either returned to the resource cycle or

recycled in waste-to-energy systems. About three-quarters of the recyclable waste consists of paper residues from the printing plant's production departments.

GRI 400

Social

GRI 400 Social

GRI	Disclosure	UNGC
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401	Employment	
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103 Management approach (including GRI 103-1, 103-2, 103-3)

Every day, 117,000 people in about 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 wants to create a working environment of partnership for all employees. This aspiration is anchored in the core values of the Group's corporate culture, the Bertelsmann Essentials.

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.

In order to be an attractive employer for a diverse workforce, retain employees long-term, and remain competitive, Bertelsmann promotes the development of its employees, and creates the prerequisites that enable Creativity & Entrepreneurship in a healthy workplace setting and under fair working conditions. Bertelsmann aspires to this all over the world, and must honor widely varying social, economic, regulatory and cultural conditions in the process.

Add to that the fact that employees of all generations increasingly want their employer to offer them 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 its shareholders, Bertelsmann has defined its sense of purpose with the triad "To Empower. To Create. To Inspire." in 2017. Providing employees with orientation, it conveys the purpose of their daily work.

Bertelsmann strives to offer its employees fair framework conditions for their work. In addition to the protection of human and personal rights, 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.

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 Bertelsmann Code of Conduct (see GRI 102-16), which is binding for all employees, as well as the Executive Board Guidelines on HR Work.

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.

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.

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. Collective regulations (e.g., Group company agreements) and Executive Board Guidelines on certain topics, like those on remuneration and the use of external employees, are also relevant in this regard. In addition, various formats such as the Bertelsmann Group Dialog Conference, and a working group, deal with topics such as a culture of partnership and fair working conditions. As the key contact person for the various bodies representing employee interests, Bertelsmann's CHRO accompanies or presides over these formats.

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 (see GRI 102-12, 102-16).

At Bertelsmann, remuneration issues are an essential part of the topic of fair working conditions. The policy is to establish consistent and transparent remuneration structures in the Group. The design of the compensation system is intended to ensure that remuneration is driven by market, function and performance, taking into account business-specific characteristics. Employee profit sharing in Germany is based on the same criteria as those used to calculate variable remuneration components for Executive Board members and executives. This includes Bertelsmann and subsidiaries based in Germany, with the exception of RTL Group and Gruner + Jahr. These and many foreign subsidiaries have similar success and profit-sharing models adapted to local requirements. In 2018, a total of €105 million of the 2017 profit was distributed as part of such schemes.

Participation in decision-making processes and the granting of 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. 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 (see GRI 102-16).

401-1 New employee hires and employee turnover **VI**

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 is of insufficient quality for publication.

402 Labor/management relations
103 Management approach (including GRI 103-1, 103-2, 103-3) **III**

Bertelsmann sees the dialog between employee representatives and company management as crucial to the company's success. Additionally, regular dialog with employees and their representatives makes it possible to continually review workplace conditions, identify possible improvements and derive measures. 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 or newly build. Seeing change as both a challenge and an opportunity, the company's management seeks to shape those changes together with employees.

Although, as a media company, Bertelsmann falls under Germany's tendency protections and its Supervisory Board is therefore not subject to statutory co-determination requirements, in fiscal 2018 the company voluntarily appointed five employees as members of the Supervisory Board of Bertelsmann SE & Co. KGaA. Four of the five were 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 Dialog Conference. In 2018, the seventh such conference took place. Around 60 Corporate Works Council members from Bertelsmann, Mediengruppe RTL Deutschland, and Gruner + Jahr met in Gütersloh for two days of discussion and consultation with the Chairman and the Chief Human Resources Officer. The focus topic was "Change seeks partnership: learning from processes – living minimum standards". Among other things, the conference discussed the Group-wide Employee Survey planned for 2019, the new version of the Bertelsmann Essentials, and the merger of Arvato's CRM businesses with those of the Saham Group. To improve cooperation between employee representatives and managers, a format is to be developed for jointly shaping change processes.

Employees are also involved in the development and improvement of working conditions through standardized HR tools (Performance and Development Dialogs, 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 2018 the company pressed ahead on digitization and focus of employee surveys and made preparations for the next survey in June 2019.

402-1 Minimum notice periods regarding operational changes **III**

Bertelsmann's management works to ensure that employees are informed of change processes in as timely a manner as possible and involves 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.

403 Occupational health and safety

103 Management approach (including GRI 103-1, 103-2, 103-3)

New ways of organizing work, digital technologies, accelerated workflows, heavier workloads and 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.

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 a prerequisite for 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.

With a view to designing a health-promoting work environment and preventing work-related risks of disease, Bertelsmann is expanding a systematic health management system at German locations. Bertelsmann Health Management has been put in charge of supervising and coordinating the Germany-wide health strategy and associated activities, in conjunction with a cross-functional strategy group. The cross-divisional "Health Community," which is comprised of health experts, the chairs and representatives of the Corporate Works Councils, the chairs of the Group Representation for Employees with Disabilities, HR managers and representatives for employees with disabilities, plays a key role here. Through targeted networking, it also helps to reinforce uniform standards for all German locations.

The focus is on four minimum standards:

- companies are to train their executives on the 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 2018, quality criteria were introduced throughout Germany for each minimum standard. The quality criteria specify which aspects of the implementation of the minimum standards are binding, which are recommended and 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.

To support the first minimum standard mentioned above, the e-tutorial "Healthy Leadership - Strong Performance" was developed in 2018 and is available free of charge to management in German and English. The e-learning program, which uses specific case studies to teach the basics of healthy leadership in 30 minutes, is part of the Bertelsmann University leadership qualification program, and is designed to be used as a supplementary format to classroom training.

In 2018, the "Health Management Consulting" project was introduced to promote the implementation of health management in companies. The in-house consulting team develops suitable instruments and qualification measures and advises companies on the implementation of health management. It also acts as the coordination point for enquiries on

occupational health issues in close cooperation with the relevant specialist departments or service providers.

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 7,500 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 70 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.

403-2 Hazard identification, risk assessment, and incident investigation

Accident statistics

Germany	2018	2017
Employees	44,099	43,405
Number of workplace and en route accidents	856	831
Accidents per 1,000 employees	19.4	19.1
Days incapacitated	11,937	13,988

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

Paid and unpaid leave

Germany	2018	2017
Ø No. of vacation days per employee	25.7	25.9
Ø No. of days of paid sick leave	12.9	12.3
Ø No. of days of maternity leave	0.4	1.0
Ø No. of days of other paid leave	2.8	2.2
Paid leave	41.8	41.4
Ø No. of unpaid sick days	4.9	4.4
Ø No. of days of other types of unpaid leave of absence	1.5	0.6
Unpaid leave	6.4	5.0
Total sick leave ¹⁾ in %	7.1	6.7

1) Sick leave as defined by Bertelsmann SE & Co. KGaA:

Sick leave quote = average number of sick days / target working days

Target workdays = calendar days - Saturdays/Sundays - public holidays (x = 365 - 105 - 10 = 250)

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.

404 Training and education

103 Management approach (including GRI 103-1, 103-2, 103-3)

I, VI

A company's success is determined by its employees' qualifications and efforts. 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.

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. Vocational education and training are a long-term investment in the future and the stability of society, for both the company and its employees.

Bertelsmann University

With four different campuses – Strategy, Leadership, Function and Individual – [Bertelsmann University](#) is the central learning organization. It offers excellent learning content and innovative learning formats that systematically advance and develop the competencies and skills of Bertelsmann's employees and executives for future requirements, worldwide and across all divisions. Examples include strategy, leadership, creativity and innovation skills, as well as technology and data skills. Thanks to digital formats, a lot of 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 Chief Human Resources Officer. The Executive Board, Group Management Committee 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.

Training in Germany: A Wide Range of Offers

In Germany alone, the Group offers young people industrial and commercial training options in more than 50 different professions. In addition to traditional apprenticeship programs, this spectrum also includes a variety of dual-study programs. 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 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 futureproof society and to qualifying its people. The integration of school-leavers without qualifications and young displaced persons also plays a role here.

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 of Creativity & Entrepreneurship. The department also works closely with the works council and the

managing directors and HR managers of the training companies. In Gütersloh alone, more than 600 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 200 students are undergoing industrial and commercial training at the Group’s own vocational school.

In 2018 the most important measures in the field of learning were:

- intensively promoting success-critical skills and competencies through innovative learning formats and renowned cooperation partners in the areas of "Strategy and Leadership," "Creativity and Innovation," and "Technology";
- expanding the training offering to implement the Group’s strategic priorities;
- extensive, international development of digital skills through the “Udacity Data Science Scholarship Program”;
- promoting the transformation of the learning culture through the development of new interactive learning formats and learning content, and
- adapting the content of the training and study programs offered in Germany to meet the changing demands of the world of work.

404-1 Average hours of training per year per employee

VI

Total training

in hours

2018	2017
402,462	358,200

Basis: all training data entered on the digital HR platform “peoplenet”

Share of digital learning hours

in percent

2018	2017
33%	27%

Basis: all training data entered on the digital HR platform “peoplenet”

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.

404-2 Programs for upgrading employee skills and transition assistance programs

Helping to ensure employees’ long-term employability by offering lifelong learning programs is both a commitment and a challenge for Bertelsmann. Bertelsmann University has defined three objectives in its efforts to support employee performance: to build future-oriented 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). The digitization rate rose from 27 percent (2017) to 33 percent (2018).

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 2018, 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, and
- continuation of the one-year qualification program for young refugees in the Gütersloh region ("Be Welcome"), in which 16 young adult refugees from Syria, Iraq, Afghanistan and Bangladesh participated in 2018. Since the program was launched, 40 refugees have completed their qualification.

Active support is provided with and during the structural transformation of companies (see GRI 402-1).

405 Diversity and equal opportunity

103 Management approach (including GRI 103-1, 103-2, 103-3)

I, VI

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 management also helps counter risks resulting from demographic change and to strengthen employer attractiveness. 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.

For Bertelsmann, diversity of its workforce is a prerequisite for long-term business success. This is also expressed in the Diversity Statement adopted by the Executive Board in 2018. 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 (see GRI 102-16). The Executive Board Guideline on Principles of Hiring Policy also serves as a guideline for addressing diversity. Beyond this, Bertelsmann's overall diversity strategy takes its cue from legal regulations regarding inclusion and equal opportunity, even when the company does not fall within their scope.

The Executive Board bears the strategic responsibility for diversity within the Group. The diversity strategy is implemented by the Corporate Responsibility & Diversity Management department with support from a Group-wide working group. The focus is on "Gender," "Generations" and "Internationality." To further increase diversity at the management levels, Bertelsmann has sought since 2017 to increase the percentage of women in the talent pools to one-third (Top Management Pool, Senior Management Pool, Career Development Pool). Additional topics are inclusion and sexual orientation and identity. As part of this initiative, work began in 2018 to create a Bertelsmann Inclusion Action Plan and to roll out diversity training courses.

As role models, managers and HR managers have a particular responsibility to demonstratively model and practice diversity. 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.

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.

405-1 Diversity of governance bodies and employees

Average age

in years

Supervisory Board		Executive Board		GMC	
2018	2017	2018	2017	2018	2017
57	57	51	50	54	54

As of December 31

Age distribution

in percent

	Supervisory Board ¹⁾		Executive Board ¹⁾		GMC		Top Management ^{2) 3)}		Senior Management ^{2) 4)}	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
≤ 25 years	0	0	0	0	0	0	0	0	0	0
26 - 30 years	0	0	0	0	0	0	0	1	1	1
31 - 35 years	0	0	0	0	0	0	1	0	3	4
36 – 40 years	0	7	0	0	0	0	5	4	11	11
41 – 45 years	7	0	0	0	6	7	20	21	21	22
46 – 50 years	14	14	60	60	41	33	24	29	30	29
51 – 55 years	29	29	20	40	18	27	30	25	20	19
56 – 60 years	29	21	20	0	18	13	13	11	10	8
61 – 65 years	0	7	0	0	6	13	5	5	3	4
> 65 years	21	21	0	0	12	7	2	4	0	2

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 2018 (89%), with age indication 2017 (90%), limited comparability

4) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with age indication 2018 (78%), with age indication 2017 (77%), limited comparability

Age pyramid employees worldwide

in percent

	2018		2017	
	Men	Women	Men	Women
≤ 25 years	6.8	9.5	5.0	7.0
26 – 30 years	7.4	10.1	9.0	12.1
31 – 35 years	6.9	8.3	7.6	9.0
36 – 40 years	5.9	7.0	6.0	7.0
41 – 45 years	4.9	5.5	5.0	5.4
46 – 50 years	4.6	4.9	4.7	5.0

51 – 55 years	4.2	4.5	4.0	4.3
56 – 60 years	3.0	3.0	2.9	2.8
61 – 65 years	1.3	1.3	1.1	1.2
> 65 years	0.5	0.5	0.5	0.5
Total	45.5	54.6	45.7	54.3

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

In the 2018 financial year, Bertelsmann employed people from some 180 nations (previous year: around 160).

Number of nationalities represented in the GMC

2018	2017
6	5

As of December 31

Internationality quota

in percent

	Supervisory Board		Executive Board		GMC	
	2018	2017	2018	2017	2018	2017
German	64	64	100	100	71	73
Non-German	36	36	0	0	29	27

As of December 31

Ratio of female / male staff

in percent

	Supervisory Board		Executive Board		GMC		Top-Management ^{1) 2)}		Senior Management ^{1) 3)}		Employees	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Women	21	21	20	20	35	33	17	15	27	32	53	54
Men	79	79	80	80	65	67	83	85	73	68	47	46

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 2018 (92%), with gender indication 2017 (91%), limited comparability

3) Basis: employees on permanent and temporary contracts, excluding trainees, as of December 31, with gender indication 2018 (91%), with gender indication 2017 (91%), limited comparability

Proportion of people with disabilities in the company's total workforce in Germany in percent

2018	2017
4.9	4.9

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

406 Non-discrimination

103 Management approach (including GRI 103-1, 103-2, 103-3) I-II, VI

The Code of Conduct and the Supplier Code of Conduct (see GRI 102-16) contain a clear prohibition of discrimination and intimidation, which is also expressed in the Bertelsmann Diversity Statement. 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. In 2018, a global compliance survey on anti-discrimination, workplace bullying and sexual harassment in the workplace was also conducted, providing further information on local organizational concepts and preventive measures, as well as possible support and training needs on the part of the Integrity & Compliance department.

406-1 Incidents of discrimination and corrective actions taken I-II, VI

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.

407 Freedom of association and collective bargaining

103 Management approach (including GRI 103-1, 103-2, 103-3) I-III

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. 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 the Bertelsmann Code of Conduct, the Bertelsmann Supplier Code of Conduct as well as the Executive Board Guideline on Anti-corruption & Integrity (see GRI 102-16).

The Code of Conduct and the Supplier Code of Conduct reaffirm the right to freedom of 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 (see GRI 102-17).

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	I-III
	See GRI 407.	

408 Child labor

103	Management approach (including GRI 103-1, 103-2, 103-3)	I-II, VI
	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 (see GRI 102-16). 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	

408-1	Operations and suppliers at significant risk for incidents of child labour	I-II, VI
	See GRI 408.	

409 Forced or compulsory labor

103	Management approach (including GRI 103-1, 103-2, 103-3)	I-II, IV
	See GRI 408.	

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	I-II, IV
	See GRI 408.	

MSD Freedom of expression

103	Management approach (including GRI 103-1, 103-2, 103-3)	I-II
	<p>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.</p> <p>Bertelsmann stands for editorial and journalistic independence as well as for freedom of the press and artistic freedom. The Group publishes a wide variety of opinions and positions. These basic principles for business activities are set forth in the Bertelsmann Code of Conduct (see GRI 102-16). 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. In accordance with the Bertelsmann “Editor-in-chief Principle,” editorial decisions are the sole responsibility of the content managers. To the outside, this means that the company does not capitulate to political or economic influence in its coverage, and complies with existing laws regarding the separation of editorial content and commercial advertising.</p>	

The company thus professes to deliver careful research and qualitative reporting, free from any influence of fake news and online disinformation.

Above and beyond the Bertelsmann Code of Conduct, many subsidiaries and their editors and creative departments in 2018 continued to implement their own statutes and rules to safeguard editorial and artistic independence in their day-to-day business and to develop these further where necessary. These statutes focus primarily on duties of care, respect for privacy, and dealing with the representation of violence and the protection of minors.

Such topics are also part of our in-house training for editors. In addition, representatives and experts from the Bertelsmann divisions also regularly meet 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.

MSD Intellectual property

103 Management approach (including GRI 103-1, 103-2, 103-3) I-II

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 Groupwide 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.

413 Local communities

103 Management approach (including GRI 103-1, 103-2, 103-3) I

Bertelsmann sees itself as part of society. 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.

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 (see GRI 201-1), divisional and company level, encompass a wide range of measures and sponsorship programs that involve and develop local communities. 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, 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.

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.

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 and 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 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 Guideline on Anti-corruption & Integrity are thus complied with. Any cases of doubt are coordinated and clarified with the Integrity & Compliance department.

Based on the Executive Board Guideline on Donations, Sponsorships and Memberships, Bertelsmann’s priorities for its corporate citizenship activities 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.

413-1 Operations with local community engagement, impact impacts on local communities I

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.

Corporate Center donations and support measures are summarized on the [Bertelsmann website](#).

415 Public policy

103 Management approach (including GRI 103-1, 103-2, 103-3) I-X

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 advocates for strong copyright protection and a convergent media order in the digital age.

Bertelsmann’s public affairs managers offer political decision-makers access to expert dialog 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 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.

415-1 Political contributions

X

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.

417 Marketing and labeling

103 Management approach (including GRI 103-1, 103-2, 103-3)

I–VIII

In their production and distribution of products and services as well as in their advertising and marketing communications, all Bertelsmann companies comply with legal requirements and the highest quality standards as a matter of course. The Bertelsmann Code of Conduct (see GRI 102-16) codifies this as a binding principle. 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 (see MSD “Content creation and dissemination”), as well as environmental and climate protection (see GRI 300).

Product safety is a focus topic that plays a special role in the production of children’s books at Penguin Random House. The company adheres 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.

417-1 Requirements for product and service information and labeling

See GRI 417.

418 Customer privacy

103 Management approach (including GRI 103-1, 103-2, 103-3)

I-II

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. This includes safeguarding the personal data of individual customers, as well as information about customers that is provided to Bertelsmann by its business partners. The objective of customer data protection is to protect an individual’s right to determine who acquires what knowledge about them, and when. This also means that personal information, or information that could identify a person, must be handled in accordance with legal requirements and adequately protected against unauthorized access. In addition to the Bertelsmann Code of Conduct, customer data protection within the company is regulated by Executive Board guidelines on the topics of 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).

Bertelsmann operates in a highly regulated environment as pertains to handling customer data. In all the core countries where Bertelsmann does business 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), in force since May 25, 2018, stipulates heavy fines for serious infringements. Since 2017, a Group-wide data protection management system addresses in particular implementation of the documentation and accountability obligations under GDPR, as well as regulations concerning governance obligations.

Responsibility for customer data protection is decentralized and rests with the management of the individual subsidiaries. To ensure compliance with local laws governing customer data protection, the subsidiaries 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 on an event-driven basis to the central data protection officers, who in turn report to the Executive Board. A similar organization exists in subsidiaries outside Germany. An information security management system (ISMS) based on industry-standard ISO 27001 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.

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data I-II

Alone in the divisions that are subject to the General Data Protection Regulation (GDPR), 54,448 (previous year: about 30,000) employees were trained in data protection and privacy in 2018. That year, there were 113 complaints and filings involving data protection authorities (previous year: 73). The main reason for the increase in this figure is the entry into force of the GDPR in May 2018. No fines were imposed.

MSD Content creation and dissemination

103 Management approach (including GRI 103-1, 103-2, 103-3) I-II

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.

The Bertelsmann Essentials define Creativity and Entrepreneurship as important guiding principles in the manufacturing and distribution of media products and services. In addition, 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. 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.

In accordance with the Editor-in-Chief Principle practiced at Bertelsmann, responsibility for the production and dissemination of media content lies solely with the content managers in the companies' editorial teams and creative departments, who are free from influence from the Group's owners or local management in the company's decentralized structure.

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.

A special responsibility in the creation and dissemination of content applies to the youngest media users, because today's children and young adults have long since lived in a world shaped by media. 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).

Actions taken to improve adherence to content creation values and to improve performance in relation to content dissemination issues and results obtained

I-II

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 online disinformation and fake news. To prevent the spread of disinformation, 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, 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.

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.

MSD Media literacy

103 Management approach (including GRI 103-1, 103-2, 103-3)

I–II

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.

Bertelsmann and its divisions are involved in many ways in initiatives to promote reading and digital literacy – in particular, reading days, reading initiatives, and book donations.

[Overview of initiatives promoting media literacy](#)

Actions taken to empower audiences through media literacy skills development and results obtained

Media providers at Bertelsmann engage in various initiatives to actively promote media literacy among children and young adults. 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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