

2016 UK Modern Slavery Act Statement

The statement below outlines the measures taken by Bertelsmann to prevent forms of modern slavery and human trafficking for the 2016 fiscal year. In doing so, Bertelsmann is fulfilling its duties pursuant to Section 54 (1) of the UK Modern Slavery Act 2015.

This statement includes the measures taken by Bertelsmann and Bertelsmann Group companies. Where Bertelsmann Group companies have taken further measures that are subject to a duty to report under the UK Modern Slavery Act, these will be outlined in a separate statement by the Group company and will be available on the respective Group company's website.

Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 different countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group, and Bertelsmann Investments, an international network of funds. The company has 116,000 employees and generated revenues of €17.0 billion in the 2016 fiscal year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.¹⁾

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

Any and all forms of modern slavery, forced and child labor, exploitation and discrimination are prohibited at Bertelsmann. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights and the Core Labour Standards of the International Labour Organisation (ILO). The guarantee of fair working conditions is a fixed component of Bertelsmann's corporate culture.

The **Bertelsmann Essentials**²⁾ set out the binding fundamental values for all executive bodies, management and employees. These form the basis for the principle of cooperative partnership and Bertelsmann's corporate responsibility. The **Bertelsmann Guidelines for Management**³⁾ require all Bertelsmann managers to take action against any conduct in violation of these principles or the law. The **Bertelsmann Code of Conduct**⁴⁾, which is available in 17 languages, requires all Bertelsmann executive bodies, management and employees to conduct business in a manner that is both legal and ethically responsible. It emphasizes compliance with human rights as part of Bertelsmann's corporate responsibility. Accordingly, the Code of Conduct clearly prohibits forced and child labor and forbids any form of exploitation or discrimination. In addition, the Code of Conduct stipulates compliance with statutory regulations to ensure fair working conditions, including those on payment, working times and the protection of privacy. Employees' rights to freedom of association and collective bargaining in accordance with valid laws and provisions are also codified in the Code of Conduct.

1) https://benet.bertelsmann.com/benet/fs/media/corporate/16_kw_2017/Bertelsmann_Annual_Report_2016_Finance_ENGL.pdf

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

3) https://benet.bertelsmann.de/benet/fs/media/corporate/basics/werte_wertes/BeSE_LdF_EN.pdf

4) <https://www.bertelsmann.com/media/verantwortung/downloads/code-of-conduct/be-code-of-conduct-en-r01.pdf>

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All Bertelsmann employees are well informed of the rules of conduct and their rights through Group-wide **communication and training measures** concerning the Bertelsmann Code of Conduct, some of which are carried out online and some of which are carried out as in-person training sessions. The Bertelsmann Code of Conduct, training and further **communication measures** ensure that, in addition to all employees, third parties are also informed of the various reporting channels available for reporting suspected violations, including violations of the prohibition on forced labor. The following **reporting channels** are available to both employees and third parties to report violations of the prohibition on forms of modern slavery or other suspected violations at any time: Integrity & Compliance Department (integrity@bertelsmann.com), electronic whistleblowing system (www.reportconcerns.com), and ombudspersons (ombuds@discussconcerns.com).

Any reports of possible violations are processed and investigated by the **Integrity & Compliance Department** and/or the **ombudspersons** as part of confidential processes. If violations are identified, appropriate measures are taken to immediately rectify them and prevent future violations. Retaliation against Bertelsmann employees who report suspected misconduct in good faith is prohibited. This is guaranteed in the **prohibition on retaliation** stipulated in the Bertelsmann Code of Conduct.

Supply Chain Compliance

Bertelsmann considers combating forms of modern slavery, including in its own supply chain, part of its social responsibility as a company. Bertelsmann has implemented the **Bertelsmann Supplier Code of Conduct** to ensure that corporate responsibility and ethical conduct are emphasized, including in its relationships with its business partners⁵⁾. The Bertelsmann Supplier Code sets specific minimum standards for ethical conduct that must be observed by any third parties wishing to engage in business activities with Bertelsmann. Continuity and further development of successful business relationships with Bertelsmann largely depend on this shared commitment to integrity and corporate responsibility. As in the Bertelsmann Code of Conduct, the Supplier Code of Conduct contains express prohibitions of forced and child labor as well as modern forms of slavery and human trafficking. Our business partners are also required to adhere to the statutory regulations on fair working conditions and must allow their employees to speak up about issues freely and without fear of retaliation. Furthermore, business partners must ensure a working environment within their company that does not allow for discrimination and which guarantees health and safety in the workplace.

These obligations apply to any business partner that will be working for, together with or on behalf of Bertelsmann. The Bertelsmann Supplier Code of Conduct anchors these minimum ethical requirements throughout the value chain by requiring business partners to pass on the requirements set by Bertelsmann's minimum standards to their own downstream business partners if any are deployed for Bertelsmann work.

⁵⁾<https://www.bertelsmann.com/media/verantwortung/downloads/englisch/supplier-code-of-conduct-en.pdf>

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Additional measures taken by Bertelsmann

Bertelsmann has participated in the United **Nations Global Compact** (UNGC) since 2008.⁶⁾ Since 2011, Bertelsmann has followed the international guidelines set out by the **Global Reporting Initiative**⁷⁾ (GRI) as part of its corporate responsibility reporting. Through its GRI reporting Bertelsmann also fulfills its obligation to submit an annual progress report for the UN Global Compact. Bertelsmann's **sustainability reporting**⁸⁾ reflects the abovementioned aspects of its corporate principles, the Bertelsmann Essentials, the Bertelsmann Code of Conduct and the Bertelsmann Supplier Code of Conduct. The issue of "fair working conditions" is a priority for the company in this context.⁹⁾

In addition, Bertelsmann regularly conducts a **worldwide employee survey**, which includes questions pertaining to the awareness of the Code of Conduct and about working conditions and employee satisfaction. Based on the results of the survey, action plans for further improvement are developed and implemented. The most recent worldwide employee survey was conducted in November of 2016.

Gütersloh, July 11, 2017

Signature of CEO



Executive Board
Bertelsmann

www.bertelsmann.com
integrity.bertelsmann.com

6) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-gri-index-2015-en.pdf>

7) <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/bertelsmann-gri-index-2015-en.pdf>

8) <https://www.bertelsmann.com/corporate-responsibility/#st-1>

9) Responsibility 24/7, page 14, <https://www.bertelsmann.com/media/verantwortung/downloads/englisch/cr-magazin-2015-en.pdf>