

Combined Non-Financial Statement 2023

Extract from the Annual Report

Outlook for Bertelsmann SE & Co. KGaA

As the parent company of the Bertelsmann Group, Bertelsmann SE & Co. KGaA receives from its subsidiaries dividend distributions and income or expenses from profit and loss transfer agreements, as well as income from services provided to its subsidiaries. Consequently, the performance of Bertelsmann SE & Co. KGaA is primarily determined by the business performance of the Bertelsmann Group (see the section “Outlook”). Bertelsmann SE & Co. KGaA expects its results for the 2024 financial year to allow a dividend payment at the same level as the dividend for the reporting year.

Dependent Company Report (Statement in Accordance with Section 312 of the German Stock Corporation Act (AktG))

The Executive Board of Bertelsmann Management SE, as general partner of Bertelsmann SE & Co. KGaA, has submitted a voluntary report to the Supervisory Board of Bertelsmann SE & Co. KGaA in accordance with sections 278 (3) and 312 (1) of the German Stock Corporation Act, in which it outlines its relationships with affiliated companies for the 2023 financial year. The Executive Board hereby declares that Bertelsmann SE & Co. KGaA received adequate consideration in return for each and every legal transaction under the circumstances known at the time the transactions were undertaken.

Combined Non-Financial Statement

The content of this section is not part of the statutory audit but has been subjected to a separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

The following information relates to Bertelsmann SE & Co. KGaA and the Bertelsmann Group (“Bertelsmann”) with its incorporated, fully consolidated subsidiaries (“subsidiaries”) in accordance with sections 315b and 315c of the German Commercial Code (HGB), in conjunction with sections 289b to 289e of the HGB. Bertelsmann operates in the core business fields of media, services and education in around 50 countries worldwide (see section “Corporate Profile”). Taking responsibility – for employees, society and the environment – is firmly anchored in Bertelsmann's corporate culture. In its corporate responsibility management, Bertelsmann pursues the goal of reconciling commercial interests with social and environmental concerns, within the Group and beyond.

In addition to the Non-Financial Statement, voluntary reporting following the principles of the United Nations Global Compact and environmental reporting referencing the standards of the Global Reporting Initiative (GRI) are published in the middle of the financial year.

Company Principles and Guidelines

The prerequisites for a corporate culture in which employees, management and shareholders work together successfully, respectfully and in a spirit of trust are common goals and shared values. These are set forth in the corporate constitution as well as in the Bertelsmann Essentials “Creativity & Entrepreneurship.” Furthermore, the Bertelsmann Code of Conduct – as a binding guideline for all employees – defines minimum standards for ethical and lawful conduct within the company and toward business partners and the public. The Bertelsmann Supplier Code of Conduct stipulates binding minimum standards for its business partners in their relationship with Bertelsmann.

Bertelsmann's actions are also informed by external guidelines. Bertelsmann is committed to the principles of the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights and the Free & Equal standards of the United Nations. As a participant in the United Nations Global Compact, Bertelsmann also supports the UN's Agenda 2030 for sustainable development. Moreover, the company is committed to the International Labor Organization core labor standards, largely follows OECD Guidelines for Multinational Enterprises, and uses as guidance the recommendations of the German Corporate Governance Code for good and responsible corporate governance.

Corporate Responsibility Management

Organization

The advisory body for the management and strategic development of corporate responsibility (CR) at Bertelsmann is the CR Council. The CR Council consists of executives from the corporate divisions and the Chief Human Resources Officer of Bertelsmann, who chairs the advisory body. The CR Council focuses on the further development of Group-wide ESG priorities in line with the corporate strategy, anchoring corporate responsibility more strongly in the corporate divisions and ESG reporting as well as the cross-divisional coordination of ESG activities. At the Group level, the CR department coordinates and supports the work of the CR Council in close cooperation with other Group functions. In line with the Bertelsmann corporate structure, the local management teams are responsible for implementing corporate responsibility through specific measures. The corporate divisions and companies have established their own resources and implemented their own structures and processes for this, in accordance with local requirements.

Topics

To identify thematic ESG priorities, Bertelsmann carries out regular relevance analyses. For this purpose, external and internal stakeholders are surveyed on pre-selected ESG topics. The external stakeholders estimate the impact of Bertelsmann's business activity on ESG topics, while the internal stakeholders assess their business relevance. This process serves to identify ESG priorities that are necessary for understanding the business development, the business performance, the position of the Group and the impact of its activity on employees, society and the environment. The ESG priorities are analyzed within the company boundaries, unless otherwise stated. Based on the relevance analysis carried out, the following eight ESG priorities were adopted by the Bertelsmann Executive Board: creative/journalistic independence & freedom of expression; content responsibility; fair working conditions; diversity, equity & inclusion; health & well-being; learning; responsibility in the supply chain; and climate change. The Bertelsmann ESG Program was extended to 2024 and continues to be in the process of implementation. Its content with relevance for the 2023 financial year is explained elsewhere in this non-financial statement. ESG topics, including their performance indicators, are increasingly important for Bertelsmann's businesses. In addition, ESG is an enabler for the corporate strategy – in addition to People, Communication and Tech & Data. ESG performance indicators have not yet been incorporated into the Group's value-oriented management system (see the section "Value-Oriented Management System"). However, Bertelsmann plans to incorporate ESG performance indicators into its value-oriented management system in the medium term.

Risks

A number of risks are associated with the ESG priorities relevant for Bertelsmann. These risks can arise from the company's own business activities or from its business relationships, and can affect the company, its stakeholders and the corporate environment.

For the non-financial matters defined in the German Commercial Code (HGB) – employee and social matters, respect for human rights, anti-corruption and bribery matters, and environmental matters – no major risks that were very likely to have serious negative effects, either individually or collectively, were identifiable as part of the 2023 reporting. For more information on the relevant risks, please see the section "Risks and Opportunities."

Employee Matters

Motivated employees are the most important resource for creativity and entrepreneurship and thus for Bertelsmann's success. This corporate identity – anchored in the corporate constitution and the Bertelsmann Essentials – is the basis for the Executive Board guidelines on HR work. Supplementary provisions are specified in the Bertelsmann Code of Conduct.

The Chief Human Resources Officer (CHRO) of Bertelsmann is responsible for employee matters. The main Group-wide focus of his work includes setting the strategic HR agenda, aligning top management and talent development with the Group's strategic growth priorities, the design of the "Workforce Transformation" by means of the targeted learning opportunities of Bertelsmann University, the expansion of "Digital HR," and continually developing corporate responsibility, ESG reporting and the corporate culture.

The CHRO heads the HR Committee, which is the corporate committee responsible for international HR work at Bertelsmann. Its members are the heads of HR at the corporate divisions, who report to the CHRO, as well as head managers of the corporate HR department.

Fair Working Conditions

Strategy implementation and operational responsibility are for the most part delegated to the corporate divisions and companies, in accordance with the subsidiarity principle. With that in mind, Bertelsmann sees it as its responsibility to ensure fair working conditions and a healthy, safe working environment for employees. The Supplier Code of Conduct contains standards for Bertelsmann's business partners stipulating that they adhere to the statutory regulations on creating fair working conditions and define a framework that allows their employees to speak up freely and without fear of retaliation.

At Bertelsmann, remuneration issues are an integral part of fair working conditions. The compensation system is designed to ensure that remuneration is driven by market, function and performance considerations, taking into account business-specific characteristics. Numerous domestic and foreign subsidiaries have operational/divisional success and profit-sharing models adapted to local requirements. In 2023, a total of €63 million was distributed as part of such success and profit-sharing schemes globally for the previous year.

Continual dialogue between employees and company management at Bertelsmann represents another element for fair working conditions. Employees are involved in the development and improvement of working conditions through HR interview tools (including performance and development dialogue, agreements on objectives, team talk), as well as the employee surveys that are conducted regularly. Although Bertelsmann, as a media company, is free to determine its political direction as defined in the German "Works Constitutions Act" (Tendenzschutz) and therefore is not subject to statutory co-determination in the Supervisory Board, the company nevertheless makes five positions on the Supervisory Board of Bertelsmann SE & Co. KGaA available to employees on a voluntary basis. In 2023, three seats are held by members of works councils of German Group companies, one seat is held by a representative of the international employees, and one seat is held by the Chair of the International Management Representative Committee of Bertelsmann. In addition, managers, general workforce, employees with disabilities and trainees all have various dialogue formats and platforms for exchanging ideas, advancing topics and voicing their concerns. The Bertelsmann Group Dialogue Conference is an event where the CEO, CHRO of Bertelsmann and members of the Corporate Works Council from the corporate divisions in Germany can exchange ideas.

Other elements of the topic "Fair Working Conditions" – such as respecting human rights; diversity, equity & inclusion; health & well-being; and learning – are discussed elsewhere in this non-financial statement.

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

In 2023, the most important measures included the Bertelsmann Employee Survey and the adoption of a policy on human rights and fair working conditions.

Diversity, Equity & Inclusion (DEI)

Diversity in the workforce is a prerequisite for creativity, innovation and Bertelsmann's long-term business success. This conviction is conveyed in the Bertelsmann Essentials and in the Bertelsmann DEI policy. In that policy, the Bertelsmann Executive Board emphasizes its goal of further increasing diversity of staff at all levels and in every respect, and of creating conditions that foster the appreciation and inclusion of employees and ensure equal opportunities.

The DEI strategy and the DEI-relevant aspects of the Bertelsmann ESG Program are implemented by the CR department with support from a Group-wide working group and from other bodies in the corporate divisions. The focus in 2023 was on promoting equal opportunities and an inclusive working environment along the following dimensions of diversity: gender, disability, sexual orientation and gender identity. Some corporate divisions also set their own additional priorities.

On December 31, 2023, the genders were almost evenly distributed across the entire staff, with 53 percent women (previous year: 54 percent) and 47 percent men (previous year: 46 percent). The Group Management Committee was comprised of 19 members (previous year: 20), of which six were women (previous year: seven). The proportion of female executives remained stable with the previous year at 35 percent in top management and 36 percent in senior management (see table). In 2023, the focus was on revising the target group definition for top management and senior management. This revised target group serves as the basis for reporting from 2024 onward. In the talent pools, the targeted proportion of women of 40 percent for the top management pool and 50 percent for the senior management and career development pools, respectively, was met for the 2023/2024 talent pool cohorts. The Executive Board and the Supervisory Board are notified annually of progress.

Proportion of Women in Top Management and Senior Management

in percent	2023	2022
Top management ^{1,2}	35	35
Senior management ^{1,3}	36	36

1 Top management and senior management comprise those positions that are of particular importance because of their success-critical function and their strategic relevance for the Group's continued transformation and the achievement of its strategic targets. Top management positions comprise GMC positions but not Executive Board positions.

2 Basis: permanent and temporary employees as of December 31; with gender indication 2023 (100 percent), with gender indication 2022 (100 percent), limited comparability.

3 Basis: permanent and temporary employees as of December 31; with gender indication 2023 (93 percent), with gender indication 2022 (92 percent), limited comparability.

The company defined strategic objectives relating to DEI as part of the Bertelsmann ESG Program. These include the closer involvement of the Executive Board and top management into DEI engagement, the strategic further development of Diversity Management into Diversity, Equity & Inclusion Management, the professionalization of the governance structures for DEI in the corporate divisions, and awareness raising and competence development.

Against this backdrop, measures were continued in 2023 to drive the integration of DEI in prioritized phases of the Employee Life Cycle. Resources and expertise for DEI were also set up in the corporate divisions, and corresponding working groups were made a permanent element. In addition, measures to raise awareness and develop skills were implemented, including as part of the international Bertelsmann DEI month.

The Bertelsmann Action Plan for Inclusion (2019–2024) aims to improve participation for employees with disabilities in the German Bertelsmann companies and is evaluated annually.

The over-35 employee networks at Bertelsmann address DEI topics in their individual business context. The cross-divisional LGBTIQ+ employee network “be.queer” contributed to raising awareness with activities related to Pride Month. The women’s networks of the German corporate divisions intensified their cooperation. In 2023, an international exchange forum was created to promote the networks.

Health & Well-being

Bertelsmann aims to create a health-promoting working environment and conditions for avoiding occupational health risks. In 2023, the topic was confirmed by the Bertelsmann Executive Board as a Group-wide ESG priority, and Health, Safety & Well-being is now part of the CHRO’s strategic HR agenda. The CR department is responsible for developing and implementing the Health, Safety & Well-being strategy. In cooperation with an international, cross-divisional working group, the department develops the strategic framework for health-related topics.

Due to the still-ongoing coronavirus endemic, preventative and protective measures were continued. Employees were still provided with items such as free-of-charge test kits, masks and disinfectants at the workplace. In accordance with the respective national recommendations, vaccinations were offered for risk groups.

In addition to the strategic and organizational further development of the topic and the coronavirus crisis management, two other action areas were defined as part of the Bertelsmann ESG Program: the empowerment of executives to create a healthy, safe working environment and corporate culture; and the support of employees to adopt healthy working habits and lifestyle and to strengthen individual resilience.

In 2023, further advancements were made in the Group-wide coverage of external counseling services for employees (Employee Assistance Program) outside of Germany in order to provide employees worldwide with access to job-related social counseling. Furthermore, additional measures focused on the mental health of all employees. The results of the health-related section of the Employee Survey were analyzed in relation to mental health in the corporate divisions, and a range of communication measures was implemented. Both the management and the employees were addressed with a Group-wide initiative to raise awareness of mental health. In addition, training courses to promote a health-oriented leadership style were carried out in some corporate divisions, and an international “Fit for Work” initiative was conducted.

Learning

Bertelsmann aims to empower employees on all levels to adapt to the challenges of a quickly changing environment and to continuously learn with and from one another. Among other things, this is reflected in the fact that great importance is attached to an open attitude that embraces experimentation in the Bertelsmann Essentials. “Workforce Transformation” through targeted learning opportunities is part of the CHRO’s strategic HR agenda.

The Chief Learning Officer is responsible for the Group’s learning strategy, which is implemented by Bertelsmann University and in Germany by the Bertelsmann vocational college. The HR Committee regularly discusses and agrees on this and supports implementation of the learning strategy in the corporate divisions. Furthermore, the implementation is complemented by individual training initiatives in the corporate divisions. Employees around the world are thereby offered central and division-specific learning opportunities, and free access to more than 15,000 online courses by LinkedIn Learning.

The company defined strategic objectives relating to the topic of learning as part of the Bertelsmann ESG Program. These include developing a re- and upskilling approach, empowering and networking executives to facilitate the future-oriented design of the Bertelsmann transformation, expanding the offerings on business-critical competencies for employees (e.g., Tech & Data) and promoting a learning culture.

Various measures were implemented in 2023 in this context. To identify and close qualification gaps, regular reporting on success-critical Tech & Data roles was continued and supplemented with a needs assessment for determining the necessary skills in the area of artificial intelligence. In addition to the digital program series “BeReady,” for example, the strategy programs “Managing Strategy for Action” were held at Harvard Business School and “Leading Transformation and Disruption” at Stanford University to empower and network Bertelsmann’s top executives. As part of the new three-year Bertelsmann Tech & Data Scholarship initiative with more than 50,000 scholarships, the first round of both the Udacity technology stipend program “Next Generation Tech Booster” for external candidates as well as the “Employee Scholarship” program with Udacity, Coursera and Harvard Online for Bertelsmann employees were completed. Both programs have entered their second round. The digital peer-to-peer learning format “Your Campus” and the learning format “Your Growth Booster” aimed at strengthening learning skills took place in order to promote a learning culture.

Social Matters

Creative/Journalistic Independence & Freedom of Expression

Free and critical thinking as well as exchange of varying opinions are prerequisites for creativity. Bertelsmann stands for editorial and journalistic independence in its content businesses, as well as for freedom of the press and artistic license. These basic principles of the content businesses are set forth in the Bertelsmann Code of Conduct. The company publishes a wide variety of opinions and positions. Bertelsmann aims to ensure this creative/journalistic independence in two directions. Inside the company, it means that the company does not attempt to influence the decisions of artists, authors, editors and program managers, or to restrict their freedom. To the outside, this means that both content managers and company managers comply with existing laws regarding the separation of editorial content and commercial advertising and do not capitulate to political or economic influence in their coverage. In accordance with the Bertelsmann “Editor-in-Chief Principle,” editorial decisions are the sole responsibility of the content managers.

Representatives from Bertelsmann’s corporate content divisions – RTL Group, Penguin Random House and BMG – collaborate in the context of the “Freedom of the Press” cross-divisional working group to discuss issues relating to this topic and to share information, current challenges and best practices.

The company defined strategic objectives relating to creative/journalistic independence as part of the Bertelsmann ESG Program. These include guaranteeing the safety and health of journalists, continuously developing high-quality news reporting output and creating an environment that supports creative/journalistic independence and that reflects the diversity of perspectives and the differences of people and their opinions, ideas and stories.

In 2023, RTL Group’s channels continued their extensive coverage of the war in Ukraine, which was associated with great efforts in regard to protecting reporters on site in Ukraine and in Russia. Against the backdrop of the war in Israel and the Gaza Strip, wide-ranging programming changes and special reports on the situation on the ground were rapidly initiated. In 2023, the “Freedom of the Press” working group dealt with the topic of “cancel culture” and with the influence of artificial intelligence on journalism and the freedom of the press.

Content Responsibility

Content responsibility at Bertelsmann means reflecting on the repercussions of content creation and distribution, to protect the rights and interests of media users, customers and third parties as far as possible. Overriding principles and guidelines of media ethics are set by national and international laws governing the press, broadcasting and multimedia. These are complemented by voluntary commitments to external guidelines such as the ethics codes of national press councils and within the company by the Bertelsmann Code of Conduct. In accordance with these principles and guidelines, Bertelsmann's editorial staff are committed to, among other things, "respecting privacy and the accurate and responsible treatment of information, opinion and images." As a result, the company expects careful research, high-quality reporting and transparency in case of errors – because thorough journalistic work is more important than ever in the face of online disinformation ("fake news") and artificial intelligence. Cross-divisional verification teams provide their expertise in discerning between authentic and manipulated photos and videos, or those taken out of context.

Furthermore, the issue of content responsibility is anchored in various ways in the corporate divisions, companies and editorial departments. In accordance with the "Editor-in-Chief Principle," the responsibility for media content lies solely with the managers in the editorial teams and creative departments.

The company shoulders a special responsibility when creating and distributing content for children and teenagers, who experience their living environment as digital natives. In the area of youth media protection, content is monitored in accordance with different restrictions for each medium and region to see if it could adversely affect the development of children or teenagers. If there are indications of such, various restrictions come into force, such as broadcasting time restrictions or content and/or product labels. Through voluntary labeling systems, Bertelsmann corporate divisions and companies sometimes go beyond the existing EU and national regulations, particularly in the area of audiovisual media. In addition, Bertelsmann companies are active in child and youth media protection organizations.

The company defined strategic objectives relating to the topic of content responsibility as part of the Bertelsmann ESG Program. These include, for example, expanding coverage of socio-political topics, ensuring complete youth media protection in the streaming business and digital provision, and developing journalistic guidelines for publishing content. In addition, cross-industry partnerships with artists involving social topics were expanded.

In 2023, numerous special programs and new formats in the magazine programs of RTL Deutschland significantly expanded on the topic of "life support." Included among these were health consultation programs and business reporting aimed at female target groups. In its second "Diversity Week," RTL Deutschland focused its content on the topic of inclusion. RTL Deutschland dedicated yet another topic week to the subject of "Let's Do It! – Sustainable Shopping" across all media channels. There was also extensive reporting on sporting events for disabled athletes in Germany and France: As a partner to the Special Olympics Media Alliance, RTL Deutschland reported on the world's largest inclusive sporting event in Berlin. In France, Groupe M6 participated in the nationwide initiative "Jouons Ensemble" ("Let's play together") of the French media authority Arcom. Another measure involved the revision of the existing "Journalistic Guidelines" – the in-house guiding framework for editorial staff – with relation to new requirements in areas such as cross-media production, social media activities by journalists and artificial intelligence. Furthermore, UFA accompanied the two-month Arctic expedition for the documentary "Arcwatch – Hoffnung im Eis" ("Arcwatch – Hope in the Ice"), which is the sequel to the award-winning documentary "Expedition Arktis" ("Arctic Drift") and deals with the effects of climate change in the Arctic.

Respect for Human Rights

Bertelsmann is committed to respecting and protecting human rights within the company and in its supply chains. This stance is anchored in the Code of Conduct as well as in the Bertelsmann Declaration of Principles and is expressed through the voluntary commitment to external guidelines, e.g., the UN Guiding Principles on Business and Human Rights as well as the Free & Equal standards of the United Nations or the OECD Guidelines for Multinational Enterprises. The goal is to minimize the risk of human rights violations and discrimination to the greatest possible extent.

To ensure compliance, the Bertelsmann Executive Board established an Integrity & Compliance program and appointed a Corporate Compliance Committee (CCC). The CCC submits an annual Compliance Report to the Bertelsmann Executive Board and the Audit and Finance Committee. The CCC chair is the head of the corporate legal department and also carries out the role of the Bertelsmann Human Rights Officer. The Integrity & Compliance (I&C) department is responsible for implementing the topic of compliance, and is subordinated to the CCC in the organization. I&C supports the CCC in fulfilling its tasks and makes suggestions for necessary improvements to the I&C program. It is the task of I&C to inform employees about the key legal provisions and internal company guidelines, including those concerning respect for human rights. I&C coordinates the collaboration with RTL Group, Afya and Alliant (as well as Majorel up until the date of deconsolidation), each of which has separate compliance organizations.

Bertelsmann is committed to fulfilling the human-rights due diligence obligations within its supply chains. Business partners are required to respect human rights, as expressly stipulated by the Supplier Code of Conduct. This includes, for example, a ban on coercive and child labor, the reaffirmation of the right to freedom of association and the right to engage in collective bargaining, and a ban on discrimination and intimidation. A new supply chain screening tool was introduced in 2023. Bertelsmann uses this tool to analyze its suppliers in regard to human rights and environmental risks based on criteria required by law (e.g., countries, industries and potential impact of Bertelsmann on suppliers). As soon as a risk is identified, measures are taken to minimize the risk or to remedy any violations that have already occurred. Training on supply chain due diligence takes place and orientation assistance is provided.

When it comes to business partners, the Supplier Code of Conduct also stipulates that Bertelsmann does not tolerate discrimination because of any characteristic specified under applicable anti-discrimination law or company policy. Actual and/or suspected infringements of these principles can be reported by Bertelsmann employees and third parties by using channels of the existing compliance management system. Every indication of a potential compliance violation is handled based on a defined procedure in line with the Executive Board's guideline for dealing with compliance violations. Given sufficient evidence, an investigation is initiated with the aim of fully clarifying each case. If Bertelsmann learns of actual and/or suspected human rights violations at suppliers, the company enters into dialogue with the responsible actors and requests appropriate remedial action.

Compulsory Code of Conduct training for all employees reinforces the fundamental understanding of human rights, raises awareness of anti-discrimination and informs employees of their rights and duties. In order to refresh the existing knowledge, all employees having previously completed Code of Conduct training were also assigned compulsory refresher training in 2023. Additionally, contact persons for the German "General Equal Treatment Act" (AGG) are available at sites in Germany. Employees were informed of their rights concerning this matter. In 2023, both Bertelsmann and individual subsidiaries issued own statements in accordance with the UK Modern Slavery Act condemning all forms of modern slavery, coercive and child labor, and exploitation and discrimination, and that present measures to prevent these human rights violations. The company also published the new Supplier Code of Conduct to fulfil human-rights due diligence obligations in supply chains and the new Declaration of Principles on the observance of human rights.

Anti-Corruption and Bribery Matters

Bertelsmann actively combats corruption. As a participant in the United Nations Global Compact, the company is committed to taking a stance against all types of corruption, among other things. A major priority of the Bertelsmann Executive Board is to effectively counteract corruption within the organization. The goal is to minimize the risk of corruption to the greatest possible extent.

The I&C department, reporting to the Corporate Compliance Committee, continuously develops the Group's corruption prevention measures.

Both the Bertelsmann Code of Conduct and the Anti-Corruption and Integrity Executive Board Guideline expressly prohibit all forms of corruption and bribery. This prohibition also applies to all third parties that work for, with or on behalf of Bertelsmann, as stipulated in the Supplier Code of Conduct. Along with instructions for dealing with officials, and guidelines for the granting or accepting of gifts in the context of business relations, the Anti-Corruption and Integrity Executive Board Guideline prescribes appropriate due diligence processes in commissioning third parties. A due diligence review is carried out for each individual risk profile through a corresponding risk classification. The general business partner risk and the supply chain risk are assessed annually as part of the Bertelsmann Compliance Risk Analysis. The Anti-Corruption and Integrity Executive Board Guideline also describes the channels for reporting suspected violations, seeking additional advice as well as other prevention and control measures. The Executive Board Guideline for dealing with indications of compliance violations anchors an obligation to report, for example, violations of the prohibition of corruption to the Bertelsmann Corporate Center in the event that there are objective indications.

The introduction of the new online compliance training on "Protection Against Corruption," which is compulsory for a selected circle of nominated employees, is among the most important measures of 2023. The aim of this training is to provide an overview of applicable laws and internal guidelines for protection against corruption. Employees are informed about their responsibilities, rights and obligations and receive pointers on how violations of applicable regulations can be avoided. Groupe M6, Afya and Alliant have their own training programs.

Environmental Matters

Bertelsmann aspires to become climate-neutral by 2030. The company's environmental management is based on the climate strategy "Bertelsmann Climate Neutral 2030" and the Bertelsmann ESG Program. In addition, guidelines such as for energy and paper procurement, constitute the framework for environmental and climate protection.

The "Bertelsmann Climate Neutral 2030" climate strategy prioritizes measures to avoid and reduce emissions – ahead of offsetting remaining emissions. The Group aims to significantly reduce greenhouse gas emissions generated at its own sites due to business travels by its employees and in the manufacture of its products by 2030, and to offset all remaining emissions. The Group's target of cutting recorded greenhouse gas emissions by 50 percent compared to 2018 was validated by the Science Based Targets initiative (SBTi) and is in line with the 1.5-degree target of the Paris Climate Agreement in accordance with SBTi.

On the basis of the climate strategy, own targets for corporate divisions of Bertelsmann were derived, and relevant measures were identified. The achievement of these division-specific targets is discussed as part of annual strategy meetings between the Executive Board and divisional heads. The "be green" working group with representatives from the corporate divisions provides a platform for cross-divisional coordination and the exchange on environmental topics.

In 2023, the focus of the collaboration was on implementing the strategic objectives of the Bertelsmann ESG Program. This included, in particular, the implementation of measures to achieve the target for sourcing 100 percent of purchased electricity from renewable sources, further expanding photovoltaic systems, developing a new comprehensive Bertelsmann Environmental Policy and further developing the Group-wide environmental reporting.

As part of the annual environmental data survey conducted at the Group sites globally, data are collected regarding energy and materials consumption, the procurement of materials and purchased services as well as mobility and IT equipment of employees. These data are used to quantify greenhouse gas emissions using the Group-wide green.screen IT platform and to present these emissions in specific environmental footprint reports at site, divisional and company level. These environmental key figures help those responsible on various levels of the Group to evaluate opportunities and risks and to report to business partners. They are also used as an information basis for ESG ratings.

For the first time in the 2023 financial year, purchased electricity was sourced almost exclusively from renewable sources. The share of green electricity in the electricity procurement by all reported sites with an electricity consumption of more than 100 megawatt hours was 99 percent (previous year: 76 percent). The ongoing conversion to renewable energies using certificates of origin at the company's own sites and the declining trend of gravure printing made a significant contribution to lower greenhouse gas (GHG) emissions (Scope 1 and 2 combined, measured in carbon dioxide equivalents CO₂e). The total of the direct (Scope 1) and energy-related indirect (Scope 2) greenhouse gas emissions amounted to 165,900 tons of CO₂e in 2023. Bertelsmann's CO₂ emissions totaled 8.2 tons of CO₂e per €1 million revenue (Scope 1 and 2, previous year: 12.9 tons CO₂e per €1 million revenue).

Environmental Key Figures

	2023	2022
Green electricity share in percent (for reported sites with an electricity consumption of more than 100 megawatt hours)	99	76
GHG emissions in tons of CO ₂ e Scope 1 and 2 (combined)	165,900	261,800
GHG emissions in tons of CO ₂ e Scope 1 and 2 (combined) per € 1 million revenue	8.2	12.9

EU Taxonomy

With EU regulation 2020/852 (hereinafter "EU Taxonomy"), the EU Commission describes what qualifies as an "environmentally sustainable activity" and the criteria for classifying an economic activity as environmentally sustainable. For the environmental objectives 1 "Climate Change Mitigation" and 2 "Climate Change Adaptation," the EU Taxonomy reporting includes information on the proportion of Taxonomy-eligible and Taxonomy-aligned economic activities in revenues, investments (CapEx) and operating expenses (OpEx). For 2023, compulsory reporting includes for the first time the proportion of Taxonomy-eligible revenues, investments and operating expenses in relation to the other environmental objectives (3 "Sustainable Use and Protection of Water and Marine Resources," 4 "Transition to a Circular Economy," 5 "Pollution Prevention and Control," and 6 "Protection and Restoration of Biodiversity and Ecosystems").

Economic activities are deemed Taxonomy-eligible when they are listed in the EU Taxonomy. They are deemed Taxonomy-aligned when they (a) make a substantial contribution to implementing one or more environmental objectives, (b) do no significant harm (DNSH) to any of the other environmental objectives as well as (c) are being conducted in compliance with the minimum safeguards for labor and human rights.

Bertelsmann is a media, services and education company that operates with a variety of business models in around 50 countries worldwide (see the section “Corporate Profile”). Bertelsmann has identified its Taxonomy-eligible economic activities on this basis. The analysis is carried out at the Group level together with the corporate divisions in order to ensure the completeness of the Taxonomy-eligible economic activities. In 2023, Bertelsmann conducted an analysis of its Taxonomy-eligible economic activities in relation to the previously mentioned other environmental objectives 3 to 6 for the first time. Furthermore, Bertelsmann analyzed the Taxonomy criteria for determining Taxonomy alignment for the first two environmental objectives.

Bertelsmann has reviewed the application of the EU Commission’s Delegated Regulation 2022/1214 (hereinafter “Complementary Climate Delegated Act”) with regard to individual economic activities in certain energy sectors. Bertelsmann operates CHP plants for generating electricity predominantly for internal purposes. The revenues, investments and operating expenses connected with these CHP plants are immaterial for Bertelsmann. Moreover, in Bertelsmann’s view, the economic activities described in Annex XII of the Complementary Climate Delegated Act are not congruent with Bertelsmann’s economic activities in connection with the CHP plants.

Taxonomy Eligibility

With regard to the environmental objective “Climate Change Mitigation”, Bertelsmann reports via the Arvato Group division’s revenues from the economic activities “8.1. Data processing, hosting and related activities” and “8.2. Data-driven solutions for reducing greenhouse gas emissions.” Regarding the environmental objective “Climate Change Adaptation”, Bertelsmann analyzed the following economic activities with respect to their Taxonomy eligibility: “8.3. Programming and broadcasting activities”, “11. Education” and “13.3. Motion picture, video and television program production, sound recording and music publishing activities.” These economic activities represent an “adapted enabling activity” as defined in the EU Taxonomy, and they relate to the corporate divisions RTL Group, BMG and Bertelsmann Education Group. According to the requirements of the Commission Notices of the EU Commission on questions of interpretation of the EU Taxonomy, a climate risk and vulnerability assessment is a prerequisite for such enabling activities in order to disclose revenues, investments and operating expenses as Taxonomy-eligible. Since a climate risk and vulnerability assessment was not carried out for these economic activities, Bertelsmann does not report Taxonomy-eligible revenues, investments and operating expenses in relation to the environmental objective “Climate Change Adaptation.” The previous year’s values were adjusted accordingly. The analysis of the listed economic activities for the environmental objectives 3 to 6 in the EU Taxonomy did not result in any additional economic activities relevant for Bertelsmann. Within the framework of the information on investments, Bertelsmann reports other economic activities that can be seen in the section “EU Taxonomy Indicators.”

Taxonomy Alignment

Bertelsmann does not report Taxonomy-aligned revenues, investments and operating expenses in relation to the environmental objectives 1 “Climate Change Mitigation” and 2 “Climate Change Adaptation” for 2023. The technical screening criteria for a substantial contribution in order to implement both environmental objectives or the DNSH criteria set out in Appendix A to Annex I or Annex II of the EU Taxonomy are not complied with for the economic activities relevant for Bertelsmann. In view of the need for cumulative compliance with the requirements of the technical screening criteria for a substantial contribution, of the DNSH criteria, and compliance with the minimum safeguards, for Taxonomy alignment, no further checks were made to determine whether other Taxonomy criteria were met.

EU Taxonomy Indicators

Reporting is based on the indicators for Taxonomy-eligible revenues, investments (CapEx) and operating expenses (OpEx) defined in Article 8 of the EU Taxonomy.

If revenues, investments or operating expenses in connection with an economic activity can be assigned to more than one environmental objective, they are allocated in full to the “Climate Change Mitigation” objective to avoid double counting. The calculation of the performance indicators for Taxonomy-eligible economic activities was carried out taking into consideration the FAQ documents published by the EU Commission and the publication “Particularities in reporting according to Article 8 of the Taxonomy Regulation” of the IDW

(Institute of Public Auditors in Germany), which address questions of interpretation relating to the EU Taxonomy.

Revenues: The basis for the revenues is the revenues reported in the consolidated financial statements in accordance with IFRS 15.

CapEx: Investments comprise additions to intangible assets (IAS 38), property, plant and equipment (IAS 16), and leases (IFRS 16). Apart from investments in music, film and broadcasting rights at RTL Group and BMG, as well as capital expenditure in intangible assets of the Bertelsmann Education Group, specifically for online education, Bertelsmann invests in modernizing and improving energy efficiency at its sites. In this context, investments were made, e.g., in photovoltaic systems. In 2023, Taxonomy-eligible investments totaled €282 million. These are in particular investments in data centers of €38 million, additions from leases for land, land rights and buildings of €194 million, acquisitions of buildings of €9 million and construction of new buildings of €16 million. In 2023, Bertelsmann does not report any Taxonomy-aligned investments. Please refer to the following sections of the Notes to the Consolidated Financial Statements for total investments:

- Note 9 “Intangible Assets”: “Additions from business combinations” as well as “Other additions” in “Other intangible assets,”
- Note 10 “Property, Plant and Equipment and Right-of-Use Assets”: “Additions from business combinations” as well as “Other additions” in “Property, plant and equipment” as well as “Additions” from changes in right-of-use assets.

OpEx: Operating expenses within the meaning of the EU Taxonomy comprise operating repair and maintenance expenditures (including maintenance expenses for Taxonomy-eligible software) and expenses arising from short-term leases. Other expenses in connection with the daily operation of property, plant and equipment are not included in operating expenses. The expenses from operating repair and maintenance expenses and short-term leases amounted to €276 million in 2023 (OpEx denominator in accordance with EU Taxonomy). Operating expenditures for 2023 as defined by the EU Taxonomy account for an immaterial share (1.5 percent) of total operating expenses (cost of materials, royalties, licenses and personnel costs as well as other operating expenses) in the consolidated income statement. For this reason, Bertelsmann forgoes the calculation of the OpEx numerator, as the operating expenses as defined by the EU Taxonomy are not material to the company's business models. In application of the exemption option granted by the EU Commission (Second Commission Notice dated December 19, 2022), Bertelsmann therefore reports Taxonomy-eligible operating expenses of €0 million or 0 percent.

The tables in the following section provide an overview of the required EU taxonomy indicators for 2023.

EU Taxonomy Indicators

Revenues

Financial year 2023			Substantial contribution criteria								DNSH criteria ("Does Not Significantly Harm")								
Economic Activities	Code	Revenues in € millions	Proportion of revenues, 2023 in %	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) revenues, 2022	Category enabling activity	Category transitional activity
				Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y; N; N/ EL ^{1,2}	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Revenues of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0														0		
Of which enabling activities		0	0														0	E	
Of which transitional activities		0	0														0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Data processing, hosting and related activities	CCM 8.1	161	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Data-driven solutions for GHG reductions	CCM 8.2	11	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Revenues of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		172	1	1	0	0	0	0	0										
A. Revenues of Taxonomy-eligible activities (A.1+A.2)		172	1	1	0	0	0	0	0										
B. Taxonomy-non-eligible activities																			
Revenues of Taxonomy-non-eligible activities		19,997	99																
Total (A+B)		20,169	100																

1 Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

2 Taxonomy-eligibility and -alignment per environmental objective:

Environmental objectives	Proportion of Revenues/Total Revenues	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation: CCM	0%	1%
Climate Change Adaptation: CCA	0%	0%
Water and Marine Resources: WTR	0%	0%
Circular Economy: CE	0%	0%
Pollution Prevention and Control: PPC	0%	0%
Biodiversity and ecosystems: BIO	0%	0%

Investments

Financial year 2023			Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022	Category enabling activity	Category transitional activity							
Economic Activities	Code	CapEx	Proportion of CapEx, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Y/N					Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%
		in € millions	in %	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
A. Taxonomy-eligible activities																											
A.1. Environmentally sustainable activities (Taxonomy-aligned)																											
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0																								
Of which enabling activities		0	0																						E		
Of which transitional activities		0	0																							T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																											
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL																		
Transport by passenger cars and light commercial vehicles	CCM 6.5	1	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL															0			
Construction of new buildings	CCM 7.1	16	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL															3			
Renovation of existing buildings	CCM 7.2	8	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL															1			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	8	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL															0			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	3	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL															0			
Acquisition and ownership, and lease, of buildings	CCM 7.7	203	15	EL	N/EL	N/EL	N/EL	N/EL	N/EL															10			
Data processing, hosting and related activities	CCM 8.1	38	3	EL	N/EL	N/EL	N/EL	N/EL	N/EL															1			
Data-driven solutions for GHG reductions	CCM 8.2	5	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL															0			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		282	21	21	0	0	0	0	0															15			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		282	21	21	0	0	0	0	0															15			
B. Taxonomy-non-eligible activities																											
CapEx of Taxonomy-non-eligible activities		1,061	79																								
Total (A+B)		1,343	100																								

1 Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

2 Taxonomy-eligibility and -alignment per environmental objective:

Environmental objectives	CapEx Proportion/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation: CCM	0%	21%
Climate Change Adaptation: CCA	0%	0%
Water and Marine Resources: WTR	0%	0%
Circular Economy: CE	0%	0%
Pollution Prevention and Control: PPC	0%	0%
Biodiversity and ecosystems: BIO	0%	0%

Operating Expenses

Financial year 2023			Substantial contribution criteria								DNSH criteria ("Does Not Significantly Harm")								
Economic Activities	Code	OpEx	Proportion of OpEx, 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
		in € millions	in %	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y; N; N/EL ^{1,2}	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0														0		
Of which enabling activities		0	0														0	E	
Of which transitional activities		0	0														0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0	0	0	0	0	0	0								0		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		0	0	0	0	0	0	0	0								0		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		276	100																
Total (A+B)		276	100																

1 Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

2 Taxonomy-eligibility and -alignment per environmental objective:

Environmental objectives	OpEx Proportion/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation: CCM	0%	0%
Climate Change Adaptation: CCA	0%	0%
Water and Marine Resources: WTR	0%	0%
Circular Economy: CE	0%	0%
Pollution Prevention and Control: PPC	0%	0%
Biodiversity and ecosystems: BIO	0%	0%