

Supplier Code of Conduct

The Bertelsmann Code of Conduct for Business Partners



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BMG



arvato group



Bertelsmann Marketing Services



Bertelsmann Education Group



BI Bertelsmann Investments



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1 Preamble

1.1 Introduction

Economic success and social responsibility are inseparable. Responsible and ethical conduct toward employees, business partners, society and the environment are integral parts of Bertelsmann's value system; this includes Bertelsmann's affiliated companies. For us, complying with the law in our business activities is a matter of principle.

The Bertelsmann Supplier Code of Conduct is based on the principles of internationally recognized standards of responsible corporate governance. These include, for example, the Universal Declaration of Human Rights, the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, the UN Free & Equal Standards, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Covenant of December 19, 1966 on Civil and Political Rights and on Economic, Social and Cultural Rights, and the Core Labour Standards of the International Labour Organization (ILO).

This commitment must also be expressed in the relationships we maintain with business partners.

To this end, the Bertelsmann Supplier Code of Conduct defines binding minimum requirements for our business partners in their business relationship with Bertelsmann. The continuity and further development of successful business relationships largely depend on a shared commitment to integrity and responsible entrepreneurship.

We therefore expect our business partners to observe and implement the standards of the Bertelsmann Supplier Code of Conduct.

We wish to thank all our business partners who join us in promoting responsible and ethical behavior in commerce.

1.2 Scope of the Supplier Code of Conduct

For the purposes of this Supplier Code of Conduct, business partners who we expect to comply with our standards set forth herein are all third parties acting for, on behalf of, or together with Bertelsmann. These include suppliers, vendors, consultants, agents, subcontractors, minority shareholders, sales representatives, and freelancers.

2 Integrity

2.1 Compliance with applicable laws

Our business partners comply with applicable laws at the local, national, and international levels.

- For us, compliance with all applicable laws and regulations is a matter of principle. We also expect this from our business partners. This is the only way to ensure a trust-based and long-term business relationship.
- All business partners are aware of the fundamental laws, regulations and guidelines that are relevant for their respective activities for, together with, or on behalf of Bertelsmann.
- In individual countries, business sectors or markets, stricter regulations may exist than those described in this Supplier Code of Conduct. In such cases, the stricter rules shall apply.
- Our business partners follow up on all reports of violations of applicable laws. Violations will be stopped and appropriate action taken.

2.2 Compliance with foreign trade law

Our business partners comply with foreign trade regulations.

National and international laws regulate the import, export, or domestic trade of goods, technologies, or services, the handling of certain products as well as capital and payment transactions. Appropriate measures must be taken to ensure that transactions with third parties do not violate applicable economic embargoes or regulations on trade, import and export controls, or to combat the financing of terrorism.

2.3 Protection against corruption and bribery

Our business partners condemn any form of corruption and bribery.

- Any form of bribery and corruption, whether by public officials or in business dealings, is prohibited for our business partners.
- Our business partners make contributions, as invitations or in connection with advertising measures, donations and sponsoring, only to the extent permitted by law.
- Our business partners have systems in place to prevent, detect, investigate, and respond to allegations or incidents of corruption and bribery.

2.4 Protection of company assets

Our business partners condemn any form of fraud and other conduct that is damaging to the assets of Bertelsmann and third parties.

Any form of fraud or other offences that are damaging to assets (e.g., embezzlement, theft, misappropriation, tax evasion or money laundering) is prohibited, regardless of whether Bertelsmann's corporate assets or the assets of third parties are damaged as a result.

2.5 Fair competition

Our business partners comply with applicable antitrust and competition laws.

- Our business partners are committed to fair and unimpaired competition as the fundamental principle of a free economy. They refrain from restrictive agreements with competitors, suppliers, distributors or trading companies and customers as well as from practices that restrict competition.
- These include, for example, price-fixing agreements with competitors, sharing customers or sales territories between competitors, anti-competitive boycotts, and the unlawful exchange of competition-sensitive information with competitors as well as other unfair competition methods.
- Our business partners have systems in place to prevent, detect, investigate, and respond to allegations or incidents of or relating to restrictive practices.

2.6 Protection of intellectual property

Our business partners respect and protect intellectual property of all kinds.

- Intellectual property is defined as all products of intellectual work, regardless of their commercial value. These include, but are not limited to, literary and journalistic works, music, films, television programs, graphic works, as well as software and their components. Intellectual property is protected by law (e.g., by copyright, trademark, or design or patent laws) as trade secrets or expertise.

2.7 Data protection

Our business partners comply with applicable laws and regulations when personal data and information are collected, stored, processed, or transferred.

When collecting, storing, processing, or transmitting personal data (e.g., name, address, telephone number, date of birth, health information) of employees, customers, or other third parties, our business partners take the utmost care and observe strict confidentiality as well as compliance with applicable laws and regulations.

- Protected intellectual property infringements include, for example, the performance, distribution, or exhibition of copyrighted works without appropriate permission and the unauthorized reproduction or distribution of copies of intellectual property, whether in physical or digital form.
- Protecting intellectual property is essential to Bertelsmann's business policy as a media company and we therefore also expect it of our business partners.

2.8 Financial integrity

Our business partners conduct their business, record-keeping, and financial reporting in an orderly and transparent manner.

- Business transactions, assets and liabilities are recorded and documented according to legal requirements.
- To ensure proper documentation and record retention, accuracy and completeness are essential in all of the business partner's business operations.
- No false or misleading entries may be made on documents that are relevant for financial accounting. Any form of balance sheet manipulation is prohibited.
- Our business partners comply with all applicable tax regulations, e.g., the UK Corporate Criminal Offence (CCO) of Failing to Prevent the Facilitation of Tax Evasion, and fulfill their tax obligations correspondingly.

2.9 Conflicts of interest

Our business partners disclose potential or actual conflicts of interest and resolve them as quickly as possible.

Business partners who are affected by a potential or actual conflict of interest in their activities relating to Bertelsmann are required to disclose and resolve it immediately.

2.10 Confidentiality and communication

Our business partners protect confidential information from unauthorized disclosure and misuse and protect Bertelsmann's reputation in public statements.

- Confidential information is non-public information intended only for a restricted group of persons and not for internal processing or external publication.
- Our business partners ensure that confidential information and data are carefully stored, not forwarded or made accessible to unauthorized persons, and used exclusively for the agreed business purposes.
- Discussing confidential information in public, via social media, or disclosing information about the company or its customers to third parties without authorization constitutes a breach of confidentiality obligations and may, for example, constitute antitrust violations.

2.11 Insider trading

Our business partners comply with insider trading laws.

- Using insider information when trading in securities or other tradable financial instruments and disclosing insider information to third parties for such purposes is prohibited by law.
- Insider information is information about circumstances that are not known publicly and which, if they became known publicly, could significantly influence the price of securities or similar financial instruments or their market. Examples of such circumstances may include, but are not limited to, profit increases and decreases, large orders, plans to merge or acquire a company, significant new product developments, or changes in management personnel.

2.12 Information security & use and security of IT systems

Our business partners use information provided to them by Bertelsmann solely to fulfill their duties in connection with providing services to Bertelsmann and protect the information from internal and external misuse.

Data is processed and IT systems are used on a regular basis in day-to-day business. This requires appropriate safeguards (passwords, processes, approved technologies, and licensed software) to protect intellectual property and personal data. Our business partners take all necessary measures to protect the information and IT systems. Failure to comply with necessary security measures can have serious consequences, such as data loss, theft of personal data, or copyright infringement.

3 Human rights

3.1 General principles on human rights

Our business partners respect and support the protection of universally recognized human rights and ensure that they are not complicit in human rights abuses.

- Our business partners are committed to the principles of the UN Global Compact's Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Free & Equal Standards, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Covenant of December 19, 1966 on Civil and Political Rights and on Economic, Social and Cultural Rights, and the Core Labour Standards of the International Labour Organization (ILO).
- Our business partners do not tolerate any behavior that may compromise these principles.

3.2 Prohibition of forced labor and slavery

- Our business partners do not tolerate forced labor as set forth by ILO Convention No. 29, i.e., in principle any work that is required of a person under threat of punishment and for which they have not volunteered is prohibited.
- Our business partners do not tolerate any form of slavery or practices similar to slavery, serfdom, or other forms of domination or oppression, e.g., through extreme economic or sexual exploitation and humiliation in the environment of the place of work.

3.3 Prohibition of child labor

- Any form of child labor is prohibited among our business partners.
- Our business partners do not tolerate child labor as defined by ILO Convention 138 and applicable national laws.
- Accordingly, in principle, no children may be employed who are still of compulsory school age according to the law of the place of employment, whereby this age may not be less than 15.
- Our business partners do not tolerate the worst forms of child labor below the employment age of 18 as defined by ILO Convention 182 and applicable national laws.
- Accordingly, children under the employment age of 18 may not be employed in any of the worst forms of child labor. This includes any work which, by its nature or the circumstances under which it is performed, is likely to be harmful to the health, safety or morals of children.

3.4 Fair working conditions

Our business partners comply with regulations to ensure fair working conditions and allow their employees to raise issues openly and without fear of reprisals.

- Fair pay is an essential expression of fair working conditions. Fairness is not only reflected in the amount of compensation. It is equally important that the mechanisms that lead to determining a particular remuneration are non-discriminatory, transparent and comprehensible. Reasonable wages must be paid when due. In determining the wage, at least the minimum wage provisions of the applicable law shall be followed and criteria such as local cost of living shall be taken into account.
- Our business partners respect legal regulations for the protection of privacy.
- Our business partners do not tolerate intimidation and retaliation attempts against employees who report actual or suspected misconduct in good faith. Our business partners also give their employees the opportunity to report potential compliance violations confidentially.
- We expect our business partners to respect the right to freedom of expression.

3.5 Anti-discrimination and harassment

Our business partners ensure a working environment that is free of discrimination.

- Our business partners do not tolerate any discriminatory behavior towards employees or applicants on the grounds of national or social origin, race, health status, gender, pregnancy or parenthood, marital status, age, disability, religion or belief, political opinion, sexual orientation or gender identity, or any other grounds covered by a discrimination prohibition.
- Our business partners treat their employees with dignity and respect, free from discrimination, racism, anti-semitism, religious intolerance, sexism, sexual harassment, bullying, abuse of power, intimidation, threats or any other form of harassment.

3.6 Freedom of association

Our business partners respect their employees' freedom of association.

Accordingly, our business partners' employees are free to form and join unions and employee representatives. Unions and elected or appointed employee representatives may operate freely and in accordance with the law of the place of employment, including the right to strike and the right to collective bargaining.

3.7 Health, occupational safety and well-being

Our business partners ensure health and safety in the workplace.

- Our business partners ensure a healthy working environment for their employees by systematically analyzing hazards and assessing the risks. The necessary safety standards in the provision and maintenance of the workplace, workstation and work equipment are observed and appropriate protective measures are taken. Potential emergency situations are given equal consideration. Employees are adequately trained and instructed regarding protective measures. Excessive physical and mental fatigue of employees is prevented by observing appropriate measures regarding working hours and rest breaks.
- Employees must be adequately trained and instructed in protective measures.
- Our business partners instruct and monitor their own and commissioned private and public security staff to ensure that no cruel, inhuman or degrading treatment occurs and that life or limb or the right to freedom of association are not violated.

4 Protection of natural resources

The responsible use of people's natural resources is imperative and guaranteed by our business partners.

- Environmental impacts that negatively affect food production, access to drinking water or sanitation, or the health of individuals or the condition of ecosystems and biodiversity must be avoided.
- Our business partners ensure that their activities do not lead to unlawful evictions and displacements, and that people are not unlawfully deprived of their livelihood. In the case of land acquisition, international standards are adhered to and appropriate compensation is provided.
- Illegal logging and conversion of natural forests as well as illegal trade of wood products will not be tolerated by our business partners. In the event of increased risks, we expect our suppliers to carry out appropriate controls on the sources of supply.

5 Environmental and climate protection

We expect our business partners to use and procure natural resources responsibly and to take effective measures to protect the climate.

- Our business partners strive to continuously improve their operational and product-related environmental protection and have established appropriate environmental management systems.
- Our business partners reduce waste, ensure its proper treatment and disposal, and thus support the circular economy.
- Our business partners comply with applicable environmental protection regulations, in particular on operational and product-related environmental protection as well as the Minamata Convention on Mercury, the Stockholm Convention on Persistent Organic Pollutants, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.
- Our business partners are expected to be transparent about their own and upstream greenhouse gas emissions.
- Our business partners pursue their own climate protection goals and implement measures to reduce greenhouse gas emissions, such as the use of renewable energies and energy-efficient technologies.

6 Implementation

6.1 Compliance

In their contractual relationship with Bertelsmann, our business partners ensure the implementation of and compliance with the minimum standards of the Bertelsmann Supplier Code of Conduct.

- To this end, our business partners pass on the values and principles of the Bertelsmann Supplier Code of Conduct to their employees who operate for Bertelsmann and work toward their compliance.
- Our business partners are expected to take appropriate measures to identify risks and violations of the Bertelsmann Supplier Code of Conduct. They monitor compliance with these measures as part of an internal control system. Our business partners must promptly inform Bertelsmann about identified risks and violations unless they are remedied immediately.
- If a risk analysis identifies a risk at a business partner, Bertelsmann can take appropriate measures to support this business partner in complying with the principles of the Supplier Code of Conduct.

6.2 Right to audit

- Our business partners acknowledge and agree that Bertelsmann has the right to verify compliance with and fulfillment of the minimum standards of the Bertelsmann Supplier Code of Conduct through appropriate measures and undertake to cooperate in this regard.
- For this purpose, Bertelsmann may request a written self-assessment and information on compliance with the principles of the Bertelsmann Supplier Code of Conduct once a year.
- If a risk is identified at one of our business partners, additional on-site checks may be carried out by Bertelsmann itself or by external expert third parties. These checks shall include, in particular, the right to visit the partner's premises during normal business hours, to question employees, and to inspect relevant documents and structures, insofar as the partner's legitimate interests, in particular with regard to data protection, trade and business secrets, and confidentiality, are taken into account to an appropriate extent.

Bertelsmann must give at least five working days notice of such an inspection and the costs thereof are borne by the party initiating the inspection.

6.3 Supply chain compliance

- Bertelsmann is committed to ensuring compliance with the minimum standards of the Bertelsmann Supplier Code of Conduct throughout the value creation process in order to meet its own requirements for responsible and ethical behavior.
- In its efforts to achieve transparency in the supply chain, Bertelsmann relies on the assistance of its business partners. They support Bertelsmann to an appropriate extent, in particular by providing information.
- Our business partners take the environmental and human rights requirements of the Bertelsmann Supplier Code of Conduct into account when selecting their business partners, who, in turn, use them in their activities for Bertelsmann.
- Our business partners work to ensure that their business partners who are employed by or on behalf of Bertelsmann (e.g., subcontractors, consultants) are aware of and comply with the requirements of the Bertelsmann Supplier Code of Conduct.

6.4 Violations of the Bertelsmann Supplier Code of Conduct

- The Bertelsmann Supplier Code of Conduct is part of all contractual agreements with Bertelsmann business partners as defined in section 1.2 of this Code.
- If a violation of the Bertelsmann Supplier Code of Conduct is suspected, the business partner supports Bertelsmann in clarifying the facts.
- In the event of a violation of the Bertelsmann Supplier Code of Conduct, the business partner undertakes to immediately take appropriate measures to end or minimize the violation.
- In the event of violations of the Bertelsmann Supplier Code of Conduct, Bertelsmann also reserves the right to respond appropriately depending on the severity of the violation. This includes, in particular, but is not limited to, requesting the immediate remedy of the violation, jointly developing a concept including a schedule for remedying the matter with the business partner, temporarily suspending the business relationship during the risk minimization efforts, and asserting damages as well as terminating the contract.
- In the event of serious or repeated violations of the Bertelsmann Supplier Code of Conduct, Bertelsmann reserves the right to terminate the contract for cause.
- If Bertelsmann becomes aware of possible violations at a downstream business partner, our business partner supports Bertelsmann in analyzing the risk, anchoring preventive measures vis-à-vis the originator, and creating a concept to prevent further violations.

7 Reporting violations

Various reporting channels are available to our employees, our business partners and third parties to report violations.

Persons who report actual or suspected misconduct in good faith shall not be adversely affected as a result.

A communication system in several languages is available for reporting significant violations of the Supplier Code of Conduct, which can be reached by telephone and online. It allows a confidential, encrypted and, if desired, anonymous dialog with the Bertelsmann Integrity & Compliance department:

www.reportconcerns.com

It is also possible to contact an external ombudsperson appointed by Bertelsmann, whose role is to provide advice and support as a neutral and independent body in clarifying any suspicion of material compliance violations. The ombudsperson holds all communications with those seeking assistance in strict confidence, and does not disclose any content of the communications, or the identity of the inquirer, unless given explicit permission to do so by the inquirer.

Ombudsperson for Europe, Africa, Asia and Australia (Based in Germany)

ombuds@discussconcerns.com | Phone +49 32-211 11 23 39

Toll-free (only from Germany): 0800-664 7879

Ombudsperson for North and South America (Based in US)

ombuds2@discussconcerns.com | Phone +1 646-981-0753

Toll-free (only from the US): 877-278-0303

8 Point of contact

Bertelsmann's Integrity & Compliance department is available as a point of contact for business partners with questions and suggestions regarding the Bertelsmann Supplier Code of Conduct.

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The latest version of the Bertelsmann Supplier Code of Conduct as well as updates and further information on Integrity & Compliance at Bertelsmann can be found at integrity.bertelsmann.com

