

Report of the Supervisory Board



Christoph Mohn

Chairman of the Supervisory Board of Bertelsmann SE & Co. KGaA

Dear shareholders,

The global economic developments in the 2022 reporting period were dominated by the war in Ukraine, a sharp increase in inflation and the aftermath of the pandemic. Against this background, growth was uneven in markets relevant to Bertelsmann. European TV advertising markets recorded declines in Germany and France as well as growth in the Netherlands and Hungary. At the same time, streaming markets in Germany and the Netherlands continued to experience strong growth. The relevant markets for printed books declined in the English- and German-speaking regions, but developed positively in the Spanish-speaking region. While publisher sales of digital audio books grew overall, publisher sales of e-books declined. Sustained growth was recorded both in the music markets for publishing and recording rights and in the service markets in the sectors relevant to Bertelsmann. In contrast, the European printing markets for offset and gravure printing and the book printing markets in the United States declined. The education markets relevant to Bertelsmann continued to grow. In this heterogeneous market environment, the Bertelsmann Group increased its revenues to more than €20 billion and, despite high inflation, generated operating EBITDA of more than €3 billion for the third consecutive year.

This report covers the activities of the Supervisory Board of Bertelsmann SE & Co. KGaA. The activities of the Supervisory Board of Bertelsmann Management SE are not the subject of this report. The Supervisory Board of Bertelsmann SE & Co. KGaA supervises the management of the business by the Executive Board of Bertelsmann Management SE and uses its extensive information and control rights for this purpose. In addition, the Supervisory Board advises the Executive Board on strategic matters and significant transactions. The Executive and Supervisory Boards work in close, trusting cooperation and are able to reconcile the demands of effective corporate governance with the need for rapid decision-making processes.

For some time, the delegation of tasks to committees of experts has been an integral component of the Supervisory Boards' work at Bertelsmann. This increases the monitoring efficiency and advisory expertise of the Supervisory Boards. These committees also prepare the topics to be addressed during the plenary meetings. The committee chairs – or, where applicable, their representatives – then report to the plenary meetings on the work performed by their committees.

The Supervisory Board has formed an Audit and Finance Committee and the Working Group of Employee and Management Representatives. The Audit and Finance Committee of the Supervisory Board of Bertelsmann SE & Co. KGaA is also involved in financial reporting and the financial reporting process, and monitors the effectiveness of the risk management system, the internal control system and the internal auditing system. Other important topics regularly discussed are compliance, information security and data protection as well as non-financial reporting. One focus of the work is, of course, the audit of the Annual Financial Statements and the Consolidated Financial Statements as well as monitoring the quality of the audit process.

The tasks of the Supervisory Board are augmented by the responsibilities of the Supervisory Board of Bertelsmann Management SE. A Personnel Committee and Program Committee have also been set up there. The Personnel Committee of Bertelsmann Management SE is likewise a Nomination Committee and, in this function, recommends to the plenary session of the Supervisory Board suitable candidates for the Supervisory Board. The Program Committee, instead of the Supervisory Board, decides on the approval of the Supervisory Board to enter into program supply deals – for example, for feature films, series or sports rights.

Advising and Monitoring the Executive Board of Bertelsmann Management SE in the 2022 Financial Year

In the reporting period, the Supervisory Board of Bertelsmann SE & Co. KGaA again diligently fulfilled the duties incumbent upon it by law and under the articles of association and bylaws. Its members regularly advised and monitored the general partner, Bertelsmann Management SE, represented by its Executive Board, in the task of managing and directing the company's operations. As part of its advisory and monitoring activities, the Supervisory Board of Bertelsmann SE & Co. KGaA was directly involved in important company decisions and transactions at an early stage, and discussed and reviewed these at length on the basis of reports from the Executive Board.

The general partner provided the Supervisory Board with regular, prompt and comprehensive written and verbal reports on all significant issues of strategy, planning, business performance, intended business policies and other fundamental management issues of importance for Bertelsmann SE & Co. KGaA. A wide range of topics and projects were presented for discussion at the meetings of the Supervisory Board during the 2022 financial year.

Supervisory Board Plenary Meeting

In the plenary meetings, the Supervisory Board of Bertelsmann SE & Co. KGaA regularly heard reports from the Executive Board on the current business and financial position of the Group and of the individual divisions. They also heard reports on Group planning and material business transactions, particularly major planned investments and divestments. The Supervisory Board Chairman, who at the same time is the Chairman of the Supervisory Board of Bertelsmann Management SE, reported regularly and comprehensively to the plenary session of the Supervisory Board concerning the topics and the progress of the discussions of the Supervisory Board of Bertelsmann Management SE and in its committees. The Supervisory Board was kept regularly informed of the status of the implementation of the Group's strategy by the Executive Board. To the extent stipulated by law and the articles of association and bylaws, the necessary decisions were made during the plenary meeting. In 2022, the meetings of the Supervisory Board and its committees were held in person or in person with the option to participate by video. In the 2022 financial year, the Supervisory Board held four regular meetings and also met with the Executive Board for a strategy retreat.

The first meeting of the Supervisory Board, on January 26, 2022, focused on discussing the Group budget prepared by the Executive Board for 2022 and on the report of the current business situation and financial position. Subsequently, the Supervisory Board was updated on the implementation of the Group strategy, including the ongoing investment and divestment measures.

At the next meeting on March 25, 2022, the Executive Board reported in particular on the current business situation and the status of strategy implementation. The main focus of the meeting was on addressing the Annual and Consolidated Financial Statements for 2021 and the Combined Management Report. At the recommendation of the Audit and Finance Committee and after discussion with the auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, the Supervisory Board approved the Annual and Consolidated Financial Statements for the 2021 financial year and the Combined Management Report of Bertelsmann SE & Co. KGaA. The proposal of the general partner for the appropriation of net income was also approved. In addition, the Supervisory Board followed the recommendation of the Audit and Finance Committee for the auditor for the 2022 financial year and for the auditor of the Interim Report, and approved its corresponding proposal to the Annual General Meeting. Furthermore, the Supervisory Board resolved on its report for the Annual General Meeting and approved the Corporate Governance Report that it prepared together with the Executive Board for the 2021 financial year. In addition to the current financial results, including the major risks to the Group, the Supervisory Board also focused on the topic of sustainability and the company's sustainability strategy.

In the two-day meeting on July 5 and 6, 2022, the Supervisory Board was briefed again about the current business situation, the development of the Group's businesses and the status of strategy implementation. In addition, the Supervisory Board focused on exemplary growth businesses of the Group.

In the last Supervisory Board meeting of the financial year on October 28, 2022, the Supervisory Board again dealt with the Group's business situation and financial position and with internal Supervisory Board matters. In addition, the Executive Board gave the Supervisory Board a report on the outlook for the overall 2022 financial year.

The Supervisory Board meeting on October 28, 2022 also included the annual Strategic Planning Dialog between the Executive Board and the Supervisory Board, which had already begun the previous day, October 27, 2022. The Supervisory Board was first updated on the status of strategy implementation. Bertelsmann made noticeable progress in the portfolio transformation in 2022; the quality of the business portfolio improved further, and the financial position is very good. Implementation of the Boost plans was advanced in the individual divisions. The Group's growth ambitions remain unchanged despite a deteriorated macroeconomic environment. Bertelsmann's strategic focus is on a fast-growing, digital, international and diversified Group portfolio. New businesses in which Bertelsmann invests are required to have strong long-term growth prospects, global reach, sustainable business models, high market-entry barriers and scalability. The strategic priorities are to create national media champions, expand global content businesses, grow through global services, expand the education business and develop the investment portfolio. This further development of the strategy aims to meet new challenges such as growing competition from global tech platforms. The Group aims to grow in existing and new lines of business through organic initiatives and acquisitions. In addition to the three earnings pillars of entertainment, book publishing and services, the music and education businesses and new businesses in the investment portfolio are to be expanded as growth areas. A further reduction in capacity is expected in the printing business. Bertelsmann's corporate strategy and planning also include due consideration of ecological and social goals. Based on the insights gained during the strategy retreat, the Supervisory Board believes that the Group is continuing to make good progress.

Supervisory Board Audit and Finance Committee

The Supervisory Board of Bertelsmann SE & Co. KGaA formed the Audit and Finance Committee to perform its tasks within its sphere of responsibility efficiently. The Audit and Finance Committee has four members; the Chair of the Supervisory Board does not lead this committee. The Chair of the Audit and Finance Committee is Bodo Uebber. Both the Chair of the Audit and Finance Committee and at least one additional committee member are independent as defined by the Code and have special knowledge and experience in the areas of financial reporting and of auditing. All members of the Audit and Finance Committee are familiar with the sectors in which Bertelsmann SE & Co. KGaA operates.

In particular, and in accordance with its mandate for the reporting year, the Audit and Finance Committee discussed issues of corporate financing, the financial position of the Group, financial planning, fiscal policy and individual negative deviations of the performance of Group businesses from budgeted performance. The Committee also extensively addressed the financial reporting and financial reporting processes and monitored the effectiveness and functional capability of the risk management system, the internal control system and the internal auditing system. It also requested regular reports from the Head of Corporate Audit and Consulting. Furthermore, the Committee addressed issues relating to integrity and compliance, in particular the effectiveness and proper functioning of the compliance management system. In this connection, the Committee heard reports on significant compliance-related events in the Group. The Audit and Finance Committee determined to its satisfaction that Bertelsmann has an adequate and effective internal control system and risk management system with regard to the scope and risk situation of the company.

In addition, the Audit and Finance Committee reviewed the implementation of the EU's General Data Protection Regulation (GDPR) at Bertelsmann. During this part of the meeting, the Audit and Finance Committee was briefed on the further development of the data protection strategy, the status of its implementation and the further development of data protection requirements. An issue regularly addressed in the meetings of the Audit and Finance Committee was the situation and ongoing development of the Group's cybersecurity and IT security structure. The expansion of cybersecurity continues to be one of the top priorities in the Group. Thus, the multi-year Basic Infrastructure Measures (BIM) initiative was also at the core of the activities for further developing and improving the security level in the existing IT infrastructures. This program was successfully completed in the financial year, resulting in sustainable structural improvements. The Audit and Finance Committee was also informed about the increasing digitalization in Group accounting and auditing processes. An additional issue for the Audit and Finance Committee in the reporting period was non-financial reporting and its further development due to new regulatory requirements, such as the EU Taxonomy Regulation. The corresponding implementation processes are closely monitored by the Committee.

As required by law, the Committee focused on the auditing of the Annual Financial Statements and the Consolidated Financial Statements (see also the section "Audit of the Annual and Consolidated Financial Statements" below). The Audit and Finance Committee had already discussed the focal points of the 2021 audit with the auditor during the 2021 financial year and then finalized them in a Committee meeting at the end of August 2021. The key audit matters from the auditor's report were likewise discussed with the auditor in advance during the Committee meeting held at the end of January 2022. The Chair of the Audit and Finance Committee regularly discussed with the auditor the provisional findings from the audit of the Annual and Consolidated Financial Statements for the 2021 financial year; all members of the Audit and Finance Committee then also discussed these findings with the auditor in a video conference that took place on March 9, 2022. The financial review meeting of the Audit and Finance Committee was held on March 25, 2022. The meeting was attended by the auditor,

who was available to address the Committee members' questions while the Annual Financial Statements documents and audit reports were discussed in detail. The findings of the auditor were reviewed in an internal audit of the Annual and Consolidated Financial Statements. The non-financial reporting of the Executive Board was also reviewed within the framework of the Combined Non-Financial Statement as a separate part of the Combined Management Report and by means of the Executive Board's statement at the end of its voluntary report to Bertelsmann SE & Co. KGaA concerning the relationships to affiliated companies. In the financial review meeting of the Supervisory Board, the Audit and Finance Committee reported comprehensively to the plenary session concerning the audit of the Annual and Consolidated Financial Statements and the audit reports and related reviews; the Committee also proposed the corresponding resolutions.

The Committee monitored the quality of the audit on the basis of an annual report by the auditor and using specifically developed qualitative and quantitative audit quality indicators. Another element was a detailed statement from the Executive Board member responsible for Finance. In this role, the Audit and Finance Committee also addressed in-depth the independence of the auditor and the additional services performed by the auditor. There was no indication of grounds for bias or a risk to independence. By intensively monitoring the preparation and performance of the audit and by dealing on an ongoing and intensive basis with the process of auditing and other accounting-related topics, the Audit and Finance Committee has made an important contribution to ensuring the integrity of the accounting process at Bertelsmann. The Audit and Finance Committee of Bertelsmann SE & Co. KGaA held four regular meetings during the 2022 reporting period, two of which were held in hybrid form. In addition, the Committee held one extraordinary video conference in the reporting period in preparation for the financial review meeting. The Chair of the Audit and Finance Committee continuously briefed the plenary session of the Supervisory Board on the work of the Committee through regular reports. The corresponding department heads were represented during the discussion of individual agenda items. In addition, the Chair of the Audit Committee held individual meetings with the responsible auditor.

Audit of the Annual and Consolidated Financial Statements for the 2022 Financial Year

KPMG AG Wirtschaftsprüfungsgesellschaft, based in Berlin, has been the auditor for Bertelsmann SE & Co. KGaA and the Group since the financial year 2020. The German Public Auditors responsible for signing the audit are Dr. Knut Tonne and Frank Thiele.

KPMG has audited the Annual Financial Statements and the Consolidated Financial Statements prepared by the Executive Board of Bertelsmann Management SE as well as the Combined Group Management Report of Bertelsmann SE & Co. KGaA, which is combined with the management report of the Company, including the Combined Non-Financial Statement as a separate part of the Combined Management Report for the financial year from January 1, 2022 to December 31, 2022, and issued an unqualified audit opinion in each case. The Annual Financial Statements were prepared in accordance with the German Commercial Code (HGB); the Consolidated Financial Statements of Bertelsmann SE & Co. KGaA have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union and the additional requirements of German law pursuant to section 315e (1) HGB. The auditor was mandated by the Supervisory Board's Audit and Finance Committee to audit the Annual Financial Statements and Consolidated Financial Statements in accordance with the Annual General Meeting resolution. The auditor performed the audit in observance of German accepted auditing principles established by the German Institute of Independent Auditors (IDW). The auditor was additionally instructed to audit the risk early-warning system at Bertelsmann SE & Co. KGaA, which it found to be satisfactory in terms of section 91 (2) of the German Stock Corporation Act (AktG) to identify developments that may threaten the Company's continued existence at an early stage. The provisional results of key audit matters were discussed with the auditor in a

video conference on March 8, 2023. The Annual Financial Statements documents as well as the audit reports of the auditor were submitted to all members of the Supervisory Board by the specified deadline in advance of the financial review meeting. On March 28, 2023, the auditor attended the financial review meetings of the Audit and Finance Committee and on March 29, 2023 the plenary session of the Supervisory Board, where he gave an extensive report and answered questions. He was able to confirm that, in the course of the audit, no significant weaknesses had been identified in the accounting-related internal control system. The Audit and Finance Committee discussed the Annual Financial Statements documents and audit reports in detail. The findings of the auditor of the Annual Financial Statements were carefully reviewed in an internal audit of the Annual and Consolidated Financial Statements. The Audit and Finance Committee reported comprehensively to the plenary session of the Supervisory Board concerning the audit of the Annual and Consolidated Financial Statements and the audit reports.

On March 29, 2023, the plenary session of the Supervisory Board reviewed and discussed the Annual Financial Statements, Consolidated Financial Statements and Combined Management Report in detail, taking into account the recommendations of the Audit and Finance Committee and those contained in the audit reports and following further discussion with the auditor. The Supervisory Board concurred with the audit findings. After its own final scrutiny of the Annual and Consolidated Financial Statements and the Combined Management Report, the Supervisory Board – acting in accordance with the Audit and Finance Committee’s recommendation – raised no objections. The financial statements prepared by the Bertelsmann Management SE Executive Board were thus approved. Moreover, the Supervisory Board approved the Report of the Supervisory Board for the Annual General Meeting and the Corporate Governance Report, as well as its resolution proposals concerning the agenda items for the ordinary Annual General Meeting taking place on May 8, 2023. The Supervisory Board has furthermore reviewed the Bertelsmann Management SE Executive Board proposal as to the amount of net retained profits for appropriation to shareholders, and concurs with said proposal. The amount of the dividend proposed by the Executive Board of Bertelsmann Management SE is appropriate, in the view of the Supervisory Board, in consideration of the level of net retained profits, the economic environment, the company’s economic situation and the interests of the shareholders.

Changes in the Executive Board of Bertelsmann Management SE and in the Supervisory Board, Objectives for the Composition of the Supervisory Board

The business of Bertelsmann SE & Co. KGaA is managed by its general partner, Bertelsmann Management SE, represented by its Executive Board.

The following change occurred in the Executive Board of Bertelsmann Management SE in the past financial year: Effective December 31, 2022, Mr. Markus Dohle resigned from the Executive Board of Bertelsmann Management SE on the best of terms with the Supervisory Board. The Supervisory Board sincerely thanks Mr. Dohle for his extraordinary commitment and outstanding achievements during his many years with the Bertelsmann Group.

The following changes occurred in the Supervisory Board of Bertelsmann SE & Co. KGaA during the financial year and the reporting period, respectively: At an extraordinary general meeting of Bertelsmann SE & Co. KGaA on November 23, 2021, Dominik Asam, CFO of Airbus SE (CFO of SAP SE from March 7, 2023), was elected as a new member of the Supervisory Board effective January 1, 2022. Ms. Christiane Sussieck resigned as a member of the Supervisory Board with effect from the end of September 30, 2022, and Mr. Kai Brettmann resigned from the Supervisory Board with effect from October 20, 2022. At an extraordinary general meeting of the company on October 20, 2022, Ms. Ilka Stricker and Mr. Jens Maier were elected as additional members of the Supervisory Board as employee representatives.

At an extraordinary general meeting of Bertelsmann SE & Co. KGaA on March 20, 2023, Nitsa Kalispera, Executive Vice President BMG, was elected as employee representative as a new member of the Supervisory Board effective March 23, 2023. At present, all ten members of the Supervisory Board of Bertelsmann Management SE are also members of the currently 15-strong Supervisory Board of Bertelsmann SE & Co. KGaA.

The appropriate size of the Supervisory Boards and the experience and professional expertise of their members, who are drawn from a broad range of industries and areas of activity, are key factors in the effectiveness and independence of the work carried out by the Supervisory Board. With the exception of Supervisory Board members who are also members of the Mohn family (Dr. Brigitte Mohn, Christoph Mohn, Liz Mohn) and the employee representatives on the Supervisory Board (Günter Göbel, Nitsa Kalispera, Jens Maier, Ilka Stricker) or the representative of the Bertelsmann Management Representative Committee (Núria Cabutí), the Supervisory Board considers all other members of the Supervisory Board (Dominik Asam, Prof. Dr. Werner Bauer, Bernd Leukert, Gigi Levy-Weiss, Henrik Poulsen, Hans Dieter Pötsch, Bodo Uebber) to be independent as defined in the German Corporate Governance Code. Accordingly, the Supervisory Board has an appropriate number of independent members among the shareholders. All Supervisory Board members attended at least half of the Supervisory Board meetings convened. No potential conflicts of interest arose on the Supervisory Board. The "Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector Act" does not apply to the Supervisory Board of Bertelsmann SE & Co. KGaA as it is an unlisted company. However, the Supervisory Board does support the aim of the act. From a strategic point of view, the Supervisory Board also aims to properly fulfill its monitoring and consulting function by ensuring diversity among its members. The Supervisory Board will not at this time, however, set any target quota for women on the Supervisory Board. It firmly believes that suitable measures have been taken within the company in the areas of succession planning, management development and the selection processes to ensure the equal participation of men and women on an ongoing basis. In the Supervisory Board, the aim is to ensure that the existing proportion of women will not be reduced when new members are appointed. Ideally, the backgrounds of new members will show links to Bertelsmann's growth regions and markets (see also the "Diversity in Practice" section in the Corporate Governance Report on page 177 f.) The Supervisory Board recognizes the intention of the Government Commission on the German Corporate Governance Code in its call for a specification of targets for an age limit and a standard limit for length of service on the Supervisory Board. In view of Bertelsmann's particular shareholder structure and the age limit regulations already contained in the company's articles of association, the Supervisory Board does not feel it is necessary or appropriate to introduce further or more extensive specifications on age limit and length of service at Bertelsmann.

The members of the Supervisory Board undertake the training measures required for their duties in principle on their own initiative and receive appropriate support from the company in this regard. For example, Bertelsmann supports members of the Supervisory Board in attending specific seminars as needed and covers the associated costs. Members of the Supervisory Board appointed for the first time are also introduced to specific topics relevant to the Bertelsmann Group in detail as part of a comprehensive onboarding process. Internal information events on specific topics are offered as needed for targeted training. In addition, Supervisory Board members are regularly briefed about the regulatory environment relevant to their Supervisory Board activities and other legal developments affecting them.

From the perspective of the Bertelsmann Group, the 2022 financial year can be described as highly successful despite the geopolitical challenges and high rates of inflation in core countries. The basis for this success was the employees and the entrepreneurial management performance of the Executive Board and executives. With their high level of personal commitment and sense of responsibility, all of them played a decisive role in ensuring that Bertelsmann is able to look back on a successful 2022 financial year.

The Supervisory Board wishes to express its special thanks and appreciation for this to all employees, all executives and the members of the Executive Board.

Gütersloh, March 29, 2023

A handwritten signature in black ink, appearing to read 'C. Mohn', written in a cursive style.

Christoph Mohn
Chairman of the Supervisory Board