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Report on the LkSG (Supply Chain Due Diligence Act)

Reporting period from 01.01.2023 to 31.12.2023

Name of the organisation: Arvato SE

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A. Strategy & anchoring

A1. Monitoring of risk management & responsibility of the management

What responsibilities were defined for monitoring risk management during the reporting period?

Our Compliance & Governance department reports to the Integrity & Compliance department of the parent company Bertelsmann. The Bertelsmann Executive Board has established a compliance organisation with an Integrity & Compliance programme 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 of the Supervisory Board. The CCC is chaired by the Head of Corporate Legal, who is also Bertelsmann's Human Rights Officer. The Human Rights Officer pursuant to Section 4 (3) sentence 1 LkSG monitors the implementation of the human rights strategy.

A. Strategy & anchoring

A1. Monitoring of risk management & responsibility of the management

Has the management established a reporting process that ensures that it is regularly - at least once a year - informed about the work of the person responsible for monitoring risk management?

It is confirmed that the management has established a reporting process that ensures that it is informed regularly - at least once a year - about the work of the person responsible for monitoring risk management within the meaning of Section 4 (3) LkSG.

- Confirmed

Describe the process that ensures reporting to management at least once a year or regularly with regard to risk management.

The Corporate Compliance Committee, which is chaired by the Human Rights Officer at Bertelsmann, submits a compliance report to the Bertelsmann Executive Board and the Audit and Finance Committee of the Supervisory Board at least once a year. In addition, the Compliance & Governance department reports to the Arvato Executive Board at least once a year.

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

Is there a policy statement that has been prepared or updated on the basis of the risk analysis carried out during the reporting period?

The policy statement has been uploaded

https://arvato.com/de/ueber-uns/compliance

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

Has the policy statement for the reporting period been communicated?

It is confirmed that the policy statement has been communicated to employees, the works council if applicable, the public and the direct suppliers where a risk was identified in the risk analysis.

- Confirmed

Please describe how the policy statement was communicated to the relevant target groups.

The declaration of principles was published on the company website in German and English. The policy statement was also made available to all employees internally.

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

What elements does the policy statement contain?

- Establishment of a risk management system
- Annual risk analysis
- Establishment of preventive measures in the company's own business area, with direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Corrective measures in own business area, at direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Provision of a complaints procedure in the company's own business area, with suppliers and review of its effectiveness
- Documentation and reporting obligations
- Description of human rights-related and environmental expectations of own employees and suppliers

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

Description of possible updates during the reporting period and the reasons for them.

The policy statement was drawn up for the first time after the law came into force.

A. Strategy & Anchoring

A3. Anchoring the human rights strategy within your own organisation

In which relevant departments/business processes was the anchoring of the human rights strategy ensured during the reporting period?

- Personnel/HR
- Environmental management
- Occupational safety & occupational health management
- Purchasing/Procurement
- Supplier management
- CSR/Sustainability
- Legal/Compliance
- Revision
- Economic Committee

Describe how responsibility for implementing the strategy is distributed within the various departments/business processes.

The Compliance & Governance department is responsible for implementing the human rights strategy in the organisation and works closely with Bertelsmann's Integrity & Compliance (I&C) department to coordinate a uniform approach across the Group.

Describe how the strategy is integrated into operational processes and procedures.

The policy statement on the human rights strategy at Arvato has been made available internally to all employees. A training course on the LkSG and other helpful documents are available to all employees on the Bertelsmann intranet (BENET). With regard to supplier relationships, the Group-wide Bertelsmann standards on the environment and human rights are already taken into account by the responsible purchasing departments when selecting suppliers.
The purchasing departments are sensitised to relevant risks and risk mitigation measures are implemented on a risk-based basis. Compliance with Bertelsmann's minimum human rights and environmental standards is an integral part of all of Arvato's business relationships.

Describe which resources and expertise are provided for implementation.

The LkSG risk management system set up by Arvato is based on a regular LkSG risk analysis. The Compliance & Governance department is responsible for conducting the LkSG risk analysis in cooperation with the Bertelsmann Integrity & Compliance department (I&C). As part of this analysis, the human rights and environmental risks at

Arvato and its direct suppliers. This risk analysis is implemented using a software solution that systematically records all of Arvato's relevant suppliers. These suppliers are evaluated and prioritised in terms of human rights and environmental risks using defined criteria and internationally recognised indexes. The users in the Group companies were trained in the use of the software using a concept developed internally by the Integrity & Compliance department (I&C). I&C is available to answer users' questions.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Was a regular (annual) risk analysis carried out during the reporting period to identify, weight and prioritise human rights and environmental risks?

- Yes, for your own business area
- Yes, for direct suppliers

Describe the period in which the annual risk analysis was carried out.

The annual risk analysis was carried out for the period from 1 January 2023 to 31 December 2023.

Describe the risk analysis procedure.

The risk analysis process is divided into several steps. Firstly, the company's own business area was analysed. Based on the type and scope of business activities and, in particular, the number of employees, a prioritisation was carried out as part of a relevance analysis. In a second step, the locations of the companies are used to determine whether they are exposed to country-specific human rights risks. The companies are then classified by sector to determine whether they are exposed to sector-specific or product-specific human rights risks. This assessment incorporates data from software licensed by Arvato for the assessment of human rights-related risks, as well as data from publicly accessible sources such as the CSR Risk Check provided by the Federal Governments' support programme. The individual companies are also assessed by employees who are generally involved in operations with regard to risks relevant to human rights. Another important factor in assessing the human rights-related risks in the companies is whether violations or negative impacts against or on human rights have already occurred or whether there are or have been indications of violations. This data is checked for plausibility and evaluated on closer inspection.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Were event-driven risk analyses also carried out during the reporting period?

- No

Give reasons for your answer.

No circumstances arose during the reporting period that would have necessitated an event-driven risk analysis.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(s) in your own business area?

- Disregard for occupational health and safety and work-related health hazards
- Disregard for freedom of association - freedom of association & right to collective bargaining
- Prohibition of withholding an appropriate wage

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(s) for direct suppliers?

- Disregard for occupational health and safety and work-related health hazards
- Disregard for freedom of association - freedom of association & right to collective bargaining
- Prohibition of withholding an appropriate wage

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Were the risks identified in the reporting period weighted and, if applicable, prioritised and, if so, on the basis of which appropriateness criteria?

- Yes, based on the expected severity of the injury in terms of degree, number of people affected and irreversibility
- Yes, on the basis of your own influence
- Yes, based on the probability of occurrence
- Yes, based on the nature and scope of own business activities
- Yes, based on the type of contribution to causation

Describe in more detail how the weighting and prioritisation process was carried out and what considerations were made.

With the help of an IT-supported software solution, risks are weighted and prioritised based on the following criteria: Type and scope of the supplier's business activities, the company's own ability to exert influence, the severity of the risk, the probability of the risk occurring and the company's own contribution to causing the risk. The ability to influence the supplier is primarily determined on the basis of the ratio between the company's own order volume and the supplier's total turnover. The severity of the risk is measured according to the degree, the number of parties affected and the irreversibility of the consequences. For example, a violation of child labour is weighted more heavily than a one-off violation of the right to strike. The criterion of the type and scope of the supplier's business activities primarily takes into account the supplier's susceptibility to industry and product group risks. The probability of occurrence of the risk is measured in particular on the basis of the occurrence of negative reports about the supplier and on the basis of information provided by the supplier itself, such as proof that preventive measures have been taken. The contribution to causation is determined by a categorisation made by the user himself as to whether or not such a risk exists, e.g. due to unilateral contractual requirements on the supplier.

B. Risk analysis and preventive measures

B2. Preventive measures in own business area

Which risks were prioritised in your own business area during the reporting period?

- None

If no risks have been selected, give reasons for your answer.

The risks identified in the risk analysis are effectively reduced by measures already implemented in the company. The remaining net risk is therefore so low that no prioritisation was necessary.

B. Risk analysis and preventive measures

B2. Preventive measures in own business area

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks in your own business area?

- Carrying out training courses in relevant business areas
- Implementation of risk-based control measures

Carrying out training courses in relevant business areas

Describe the measures implemented and, in particular, specify the scope (e.g. number, coverage/area of application).

Bertelsmann sensitises its employees to the requirements of the LkSG through various communication channels, e.g. articles on the intranet. For the Bertelsmann companies, additional training courses have been held to raise awareness of human rights and environmental risks at suppliers, which are to be taken into account when reviewing business partners. The training documents are available on the intranet (BENET).

Describe the extent to which training to prevent and minimise the priority risks is appropriate and effective.

see above.

Implementation of risk-based control measures

Describe the measures implemented and, in particular, specify the scope (e.g. number, coverage/area of application).

As part of the risk analysis, the risk-based control measures were recorded, reviewed and documented accordingly.

Describe the extent to which the measures to prevent and minimise the priority risks are appropriate and effective.

see above.

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

Which risks were prioritised for direct suppliers during the reporting period?

- None

If no risks have been selected, give reasons for your answer.

The risks identified in the risk analysis are effectively reduced by measures already implemented in the company. The remaining net risk is therefore so low that no prioritisation was necessary.

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks at direct suppliers?

- Integration of expectations into the supplier selection process
- Obtaining contractual assurance for compliance and realisation of expectations along the supply chain
- Training and further education to enforce the contractual assurance

Other categories:

selected:

- Integration of expectations into the supplier selection process
- Obtaining contractual assurance for compliance and realisation of expectations along the supply chain
- Training and further education to enforce the contractual assurance

Describe the extent to which the measures to prevent and minimise the priority risks are appropriate and effective.

Training: For the Bertelsmann companies, and thus also for Arvato, training courses have been held to raise awareness of human rights and environmental risks among suppliers, which are to be taken into account in business partner reviews.

Supplier Code of Conduct: Arvato agrees in writing with its suppliers to comply with human rights and environmental standards. These standards are agreed with the business partners in the form of a supplier code, the Bertelsmann Supplier Code of Conduct.

procurement strategies and purchasing practices: In addition, the relevant purchasing departments take Arvato's environmental and human rights standards into account when selecting business partners. The purchasing departments are sensitised to relevant risks and risk mitigation measures are implemented on a risk-based basis. In the case of suppliers who, after weighing up and taking into account the defined assessment criteria, still have an increased risk potential, further preventive measures are taken, such as obtaining information from external data sources (adverse media screenings), self-disclosures and information on our own risky supplier relationships, training or audits.

Health is another component of the Bertelsmann Supplier Code of Conduct,

Occupational safety and well-being. The required safety standards for the provision and maintenance of the workplace, the workplace and the work equipment must be observed and suitable protective measures must be taken. Employees must be adequately trained and instructed in protective measures. Excessive physical and mental fatigue of employees is prevented by taking appropriate measures with regard to working hours and rest breaks.

B. Risk analysis and preventive measures

B5. Communication of the results

Were the results of the risk analysis(es) for the reporting period communicated internally to relevant decision-makers?

It is confirmed that the results of the risk analysis(es) for the reporting period were communicated internally to the relevant decision-makers, such as the Executive Board, the management or the purchasing department, in accordance with Section 5 (3) LkSG.

- Confirmed

B. Risk analysis and preventive measures

B6. Changes to the risk disposition

What changes have occurred with regard to priority risks compared to the previous reporting period?

The year 2023 is the first reporting year, which is why a comparison with the previous reporting period will only be possible in 2024.

C. Identification of violations and corrective measures

C1. Identification of violations and corrective measures in own business area

Were any violations identified in your own business area during the reporting period?

- No

Describe which procedures can be used to detect violations in your own business area.

Arvato has established a risk management system that is based on a regular risk analysis. As part of this analysis, the human rights and environmental risks at Arvato and at Arvato's direct suppliers are identified and evaluated. This risk analysis is supported by a software solution that systematically records all of Arvato's relevant suppliers. These suppliers are evaluated and prioritised in terms of human rights and environmental risks using defined criteria and internationally recognised indexes. The tool uses various measures to identify violations in its own business unit.

- Surveys using checklists/questionnaires on the protected legal positions
- Media monitoring of your own business unit
- Complaints mechanism
- Collection of other findings (from audits, visits, inspections, whistleblowing, etc.)

In a second step, it is checked whether the incidents actually occurred (violations identified). If violations are actually identified, the appropriate remedial measures are then determined, taking into account the statutory appropriateness criteria.

C. Identification of violations and corrective measures

C2. Identification of violations and corrective actions at direct suppliers

Were any violations identified at direct suppliers during the reporting period?

- No

Describe the procedures that can be used to detect violations at direct suppliers.

Arvato has established a risk management system that is based on a regular risk analysis. As part of this analysis, the human rights and environmental risks at Arvato and at Arvato's direct suppliers are identified and evaluated. This risk analysis is supported by a software solution that systematically records all of Arvato's relevant suppliers. The tool uses various measures to identify violations in its own business unit.

- Media monitoring
- Public complaints mechanism
- Collection of other findings (from audits, visits, inspections, whistleblowing, etc.)

In a second step, it is checked whether the incidents actually occurred (violations identified). If violations are actually identified, the appropriate remedial measures are then determined, taking into account the statutory appropriateness criteria.

C. Identification of violations and corrective measures

C3. Identification of violations and corrective actions for indirect suppliers

Were any violations identified at indirect suppliers during the reporting period?

- No

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

In what form was a complaints procedure offered for the reporting period?

- In-house complaints procedure

Describe the company's own process and/or the process in which your company participates.

Bertelsmann has set up comprehensive communication channels that can be used by all Group companies, including Arvato. These can be used to report human rights or environmental violations and complaints by potentially affected employees and third parties. "Speak Up" is Bertelsmann's own electronic whistleblowing system, which is available in many different languages. Speak Up can be used both by telephone and online and allows for confidential and, if desired, anonymous dialogue with the Bertelsmann Integrity & Compliance department. Every complaint triggers an evaluation and action process, which ends with the reported violation being terminated or an identified risk being minimised. Information and complaints submitted are taken into account as part of the risk analysis. In addition to the "Speak-Up", Bertelsmann has appointed two external ombudspersons who can be contacted in various languages. The ombudspersons treat communication with the whistleblowers confidentially and only disclose facts and the identity of the whistleblowers to the company with the express consent of the whistleblowers. Compliance concerns can also be addressed directly with contact persons on site. The Integrity & Compliance department (integrity@bertelsmann.de) can also be contacted by email. A personal meeting with a specialist from the Bertelsmann Integrity & Compliance department or the local Group company is also possible on request.

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

Which potentially involved parties have access to the complaints procedure?

- Own employees
- Communities in the vicinity of own locations
- Employees at suppliers
- External stakeholders such as NGOs, trade unions, etc

How is access to the complaints procedure ensured for the various groups of potentially involved parties?

- Publicly accessible rules of procedure in text form
- Information on accessibility
- Information on responsibility
- Information on the process
- All information is clear and understandable
- All information is publicly accessible

Publicly accessible rules of procedure in text form **Optional:**

Describe.

-

Information on accessibility **Optional:**

Describe.

-

Information on responsibility

Optional: Describe.

-

Information on the process

Optional: Describe.

-

All information is clear and understandable

Optional: Describe.

-

All information is publicly accessible **Optional: Describe.**

-

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

Were the rules of procedure for the reporting period publicly available?

File has been uploaded

The Rules of Procedure:

https://www.bertelsmann.de/media/unternehmen/grundwerte/compliance/speak-up-leitfaden-en.pdf

D. Complaints procedure

D2. Requirements for the complaints procedure

Indicate the person(s) responsible for the procedure and their function(s).

The Bertelsmann Integrity & Compliance department is responsible for providing the speak-up channels, receiving the reports and coordinating investigations or other follow-up measures.

It is confirmed that the criteria contained in Section 8 (3) LkSG are met for the responsible parties, i.e. that they offer a guarantee of impartial action, are independent and not bound by instructions and are obliged to maintain confidentiality

- Confirmed

D. Complaints procedure

D2. Requirements for the complaints procedure

It is confirmed that precautions were taken during the reporting period to protect those potentially involved from being disadvantaged or penalised as a result of a complaint.

- Confirmed

Describe what precautions have been taken, in particular how the complaints procedure ensures the confidentiality of the identity of whistleblowers.

The Speakup system allows a confidential and, if desired, anonymous dialogue with the Bertelsmann Integrity & Compliance department. The identity and personal data of a reporting person are only shared with other persons according to a strict "need-to-know" principle. Relevant data protection regulations and consent requirements are observed and the information is only shared to the extent necessary for the initial investigation of the allegations and, if necessary, an investigation and follow-up measures. Persons who are involved in the clarification of compliance information or subsequent measures are subject to a strict confidentiality obligation with regard to the facts and personal data they become aware of in this context, including vis-à-vis employees of the Bertelsmann Group. Identity and personal data will only be disclosed outside the group of persons responsible for receiving reports or the group of persons entrusted with the investigation in necessary and legally permissible cases.

Describe what precautions have been taken, in particular what other measures are in place to protect whistleblowers.

As set forth in the Code of Conduct, Arvato will not tolerate intimidation or retaliation against anyone who in good faith reports actual or suspected misconduct. Persons subject to disciplinary action and other persons in a position to take adverse action against whistleblowers shall be instructed, as appropriate, that retaliation against whistleblowers is strictly prohibited.
If there is a suspicion that a reporting person has been retaliated against or that they have been penalised in any way for making a complaint, they are encouraged to report this through one of Bertelsmann's reporting channels. Compliance concerns involving intimidation or retaliation for making a compliance report will also be investigated. All reports of possible violations are processed within the framework of defined confidential processes, investigated and, if substantiated, reported as a compliance violation.
penalised.

D. Complaints procedure

D3. Implementation of the complaints procedure

Did you receive any information about the complaints procedure during the reporting period?

- No

E. Review of risk management

Is there a process in place to review the appropriateness and effectiveness of risk management across the board?

In which of the following areas of risk management is the appropriateness and effectiveness checked?

- Resources & Expertise
- Preventive measures
- Remedial measures
- Complaints procedure

Describe how this audit is carried out for the respective area and what results it has led to, in particular with regard to the prioritised risks.

The internal control system monitors the effectiveness and appropriateness of the measures established in the companies on a risk-based basis. The effectiveness of the internal control system is regularly reviewed by the internal audit department. In addition, the effectiveness of the measures is reviewed and ensured by I&C and the persons responsible in the companies. This includes, in particular, ensuring that resources and
expertise required to m e e t the challenges described. In
A regular status update is documented with regard to measures already implemented and the risk development, so that the effectiveness of these measures can be assessed by the individual persons responsible in
The effectiveness of the complaints procedure is assessed with regard to its functionality and accessibility.
checked. Functionality is ensured through test runs by I&C. Appropriate accessibility
for potentially affected persons is evaluated to determine whether language and resource-related challenges
is counteracted.

E. Review of risk management

Are there processes or measures in place to ensure that the interests of your employees, the employees within your supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of your company or by the economic activities of a company in your supply chains are adequately taken into account in the establishment and implementation of risk management?

In which areas of risk management do processes or measures exist to take into account the interests of those potentially affected?

- Resources & Expertise
- Preventive measures
- Remedial measures
- Complaints procedure

Describe the processes and measures for the respective area of risk management.

The internal control system monitors the effectiveness and appropriateness of the measures established in the companies on a risk-based basis. The effectiveness of the internal control system is regularly reviewed by the internal audit department. In addition, the effectiveness of the measures is reviewed and ensured by I&C and the persons responsible in the companies. This includes, in particular, ensuring that resources and
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