

Report of the Supervisory Board



Christoph Mohn

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

Dear shareholders,

The world economy grew dynamically in the 2021 reporting period as a consequence of the continued recovery from the impacts of the coronavirus pandemic. As expected, growth was uneven in markets relevant to Bertelsmann. European TV advertising markets recorded significant to strong growth rates, and streaming markets in Germany and the Netherlands also continued to experience strong growth. The relevant markets for printed books and digital audio books achieved positive growth overall, but publisher sales of e-books declined. The German magazine market was characterized by stable ad revenues, while digital ad revenues grew sharply. Growth in the music markets relevant for publishing and recording rights ranged from significant to strong. The service markets – with the exception of a declining market for financial services due to regulatory changes – showed significant to strong growth overall in sectors relevant to Bertelsmann. The European printing markets for offset and gravure experienced stable development and moderate declines, respectively, while the book printing markets in the United States recorded strong growth. In addition, the educational markets that are relevant to Bertelsmann continued to show sustained growth. In this heterogeneous market environment, the Bertelsmann Group achieved strong organic revenue growth of 9% compared to the pre-crisis year 2019 and achieved operating earnings of more than €3 billion (EBITDA) for the second consecutive time, despite the ongoing pandemic situation.

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 Board's 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 of Bertelsmann SE & Co. KGaA 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. Compliance within the Group and non-financial reporting are other important topics. One focus of the work is the review of the Annual Financial Statements and Consolidated Financial Statements.

The tasks of the Supervisory Board of Bertelsmann Management SE are augmented by the tasks of the Supervisory Board. A Personnel Committee and Program Committee have also been set up. The Personnel Committee of Bertelsmann Management SE is also a Nomination Committee and, in this role, 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 2021 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 2021 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. Due to the restrictions in force as a result of the coronavirus pandemic, the meetings of the Supervisory Board and its committees were again held in 2021 as video conferences or in person with the option to participate by video. In the financial year 2021, 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 21, 2021, focused on discussing the Group budget prepared by the Executive Board for 2021 and on the report of the current business 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 26, 2021, 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 2020 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 financial year 2020 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 2021 financial year and for the semi-annual financial 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 financial year 2020. The Supervisory Board also resolved during this meeting to propose to the General Meeting the re-election of Supervisory Board members Prof. Dr.-Ing. Werner Bauer, Gigi Levy-Weiss and Christoph Mohn. Another issue involved addressing the development of advertising technology at RTL Group and the future of addressable TV.

In its meeting on July 8, 2021, the Supervisory Board was briefed again on the current business situation, the development of Group businesses and the status of strategy implementation. At the recommendation of the Nomination Committee, Mr. Dominik Asam was proposed for election to the Supervisory Board. The election took place during an extraordinary general meeting on November 23, 2021.

In the last Supervisory Board meeting of the financial year, on November 4, 2021, the Supervisory Board once again addressed the business and financial position of the Group and was updated on the status of planned investments and divestments. In addition, the Executive Board gave the Supervisory Board a report on the outlook for the overall financial year 2021. The primary focus was a report regarding the successful turnaround of book publisher Dorling Kindersley (DK), the world's largest publisher of illustrated nonfiction books and encyclopedias.

The annual Strategic Planning Dialogue of the Executive Board and the Supervisory Board took place as part of the meeting of the Supervisory Board on November 4, 2021. The Supervisory Board was first updated on the status of strategy

implementation and the progress made in the transformation of the Group portfolio since the last Strategic Planning Dialogue. Bertelsmann is still pursuing the strategic goal of becoming a faster-growing, more digital, more international and more diversified company, while also becoming less dependent on advertising. The Supervisory Board was satisfied that Bertelsmann has already made considerable progress toward this goal, both in the transformation of its Group businesses and in the corresponding improvement of its portfolio quality. Bertelsmann's strategic focus is on a fast-growing, digital, international and diversified Group portfolio. New businesses in which Bertelsmann invests should have long-term stable growth, global reach, sustainable business models, high market-entry barriers and scalability. The education business is to be developed into the third earnings pillar alongside the media and service businesses. The strategic priorities for the Group-wide growth initiatives are the creation of national media champions, expansion of global content businesses, growth through global services, expansion of the online education business and development of the investment portfolio. Further developing the strategy in this way is necessary to meet new challenges such as growing competition from the global tech platforms. The Group aims to grow in existing and new lines of business, and through organic initiatives and acquisitions. The framework for successful implementation of the strategy is formed by tech and data, upskilling, and cooperation and alliances. In addition, the HR strategy has further evolved and constitutes an additional significant element in successful implementation. Based on the insights gained during the strategy retreat, the Supervisory Board believes that the Group is making very good progress.

Supervisory Board Audit and Finance Committee

Within its sphere of responsibility, the Supervisory Board of Bertelsmann SE & Co. KGaA established the Audit and Finance Committee to perform its tasks 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. An important issue in this regard was monitoring the effectiveness of the internal auditing system, not least given the limited on-site auditing opportunities in the Group's businesses during the coronavirus pandemic. 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 at length 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 "Basic Infrastructure Measures" (BIM) Initiative is at the core of the activities for improving the security level in the existing IT infrastructures. The Audit and Finance Committee addressed the implementation requirements for Bertelsmann resulting from the German Act to Strengthen Financial Market Integrity (FISG). Because the requirements of the FISG had for the most part already been anticipated by Bertelsmann, the need for further adjustments was very limited. An additional central 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. This issue will continue to occupy a central place in the Committee's work in years to come due to its dynamic nature. In the period leading up to Majorel's successful IPO, the Audit and Finance Committee also dealt with the measures taken to prepare the business in organizational and structural terms for the capital market.

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 2020 audit

with the auditor during the financial year 2020 and then finalized them in a Committee meeting at the end of August 2020. 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 2021. 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 financial year 2020; 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 10, 2021. The financial review meeting of the Audit and Finance Committee was held on March 26, 2021. 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.

The Audit and Finance Committee of Bertelsmann SE & Co. KGaA held four regular meetings during the 2021 reporting period, of which two were conducted in person and two via video conference. Additionally, the Committee held one extraordinary video conference in the reporting period. The Chairman of the Audit and Finance Committee or his representative continuously updated 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 Financial Year 2021

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, 2021 to December 31, 2021, 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 9, 2022. 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 25, 2022, the auditor attended the financial review meetings of both the Audit and Finance Committee and 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 25, 2022, 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 9, 2022. 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. There were no personnel changes in the composition of the Executive Board of Bertelsmann Management SE during the 2021 financial year.

The following changes occurred in the Supervisory Board of Bertelsmann SE & Co. KGaA during the financial year or the reporting period: On May 6, 2021, the Annual General Meeting elected Nria Cabut as a member of the Supervisory Board effective July 1, 2021. Ms. Cabut was nominated by management representatives in the Group. An extraordinary general meeting of Bertelsmann SE & Co. KGaA on November 23, 2021, elected Dominik Asam, CFO of Airbus SE,

as a new member of the Supervisory Board effective January 1, 2022. At present, all 10 members of the Supervisory Board of Bertelsmann Management SE are also members of the currently 14-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 (Kai Brettmann, Gnter Gbel, Christiane Sussieck) or the representative of the Bertelsmann Management Representative Committee (Nria Cabut), 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 Ptsch, 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 152) 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 2021 financial year was extraordinarily successful for the Bertelsmann Group, despite the ongoing challenges due to the coronavirus pandemic. The basis for this success was the employees and the entrepreneurial management performance of the Executive Board and executives. 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 25, 2022

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

Christoph Mohn
Chairman of the Supervisory Board