

THE BERTELSMANN PAPER POLICY

Preamble

Bertelsmann AG sees protecting the environment as part of its corporate responsibility. In Fall 2004, the Executive Board adopted guidelines for a responsible treatment of natural resources, as part of an environmental policy for all of Bertelsmann.

As a complement and supplement to this Environmental Statement, the present Bertelsmann Paper Policy specifies the standpoint of Bertelsmann AG, its divisions and companies on the procurement and use of paper.

This Paper Policy is subject to an ongoing process of review and improvement.

Our Scope of Responsibility

Bertelsmann and its divisions and companies use a wide range of papers in their production of books, magazines, catalogs and other printed matter, in providing print services, and in office communications.

The procurement and use of paper are areas where our business activity has a particular impact on the environment. Even in this age of increasing digitization, paper remains the most important natural resource for the international media company Bertelsmann. We seek to handle this resource responsibly, efficiently and considerately.

Our goal is to deal with our respective responsibilities at the various positions we occupy in the paper chain, in the best possible way. On the one hand – through our book and magazine publishers and the book clubs – we function as buyers of paper. In this capacity, we can directly influence the upstream value chain with the aim of achieving an ecological and economic balance in decisions involving paper. On the other hand, we serve as a provider of printing services, which processes the paper ordered by its customers. In this role, we concentrate on providing individualized, expert and responsible consulting to our customers.

Responsibility in a Decentralized Company

In line with our decentralized corporate philosophy, decisions about handling paper, like all other operational processes, are solely the responsibility of the divisions and companies. They will continue to autonomously decide on the procurement and use of their paper – depending on the business objectives, type and quality of product, and other conditions in each case. This effectively rules out a shared procurement policy for the entire group.

Decentralism and differing procurement parameters and objectives aside, Bertelsmann and its divisions and companies together champion a treatment of the resource “paper” that reflects the principle of sustainability. For this reason, we have agreed to a number of objectives that we all of us seek to represent both in our businesses and in the marketplace.

Until further notice, these objectives should be seen as binding for Germany and as a guideline for other markets:

Sourcing of Resources for Printing and Office Papers

Wood is a renewable resource. Bertelsmann, its divisions and companies emphatically support efforts to ensure that no wood from primary forests or other forests in need of protection is used in producing the papers procured or used by Bertelsmann.

We support all efforts that contribute to greater transparency in the paper value chain, and are in an ongoing dialog with our suppliers to this end.

By having several of our companies Chain of Custody certified, we also help to ensure that our customers have the transparency about the paper value chain needed for their buying decisions.

We plan to increasingly use paper that is demonstrably from cyclical, sustainable, responsible forestry with reputable certification. Above and beyond this, we speak out for a greater availability and use of certified papers in the marketplace, in dialog with our customers, suppliers and service providers.

Pulp and Paper Production

We support environmentally friendly pulp and paper production that meets high ecological standards. All of Bertelsmann's printed products are printed exclusively on paper whose pulp content is bleached either entirely without chlorine (TCF – totally chlorine free) or elementally without chlorine (ECF – elementally chlorine free).

We prefer to work with suppliers who control the environmental impact of paper production by using environmental management systems like ISO 14001 or EMAS.

Even today, the papers we use have a high proportion of recycled content, depending on what they are used for. Our goal is to further increase this share, to the extent that the bottom line makes sense, from an ecological and economic point of view – and is technologically feasible. Beyond sustainability, there are other considerations when making a paper decision, including factors like durability, tear resistance and absorbency.

Paper Use

We apply sustainability criteria in our production processes, by taking care to use paper efficiently, recycle waste paper, and keep our manufacturing process energy-efficient.

In internal office communications, we seek to use recycled paper wherever possible, and see to it that paper is used sparingly. Any waste paper generated is – as far as possible – separated from the other waste and recycled.

Stakeholder Dialog

Bertelsmann AG sees itself as a partner to society. We therefore commit ourselves to cultivating an open and constructive dialog with our customers, business partners and other stakeholders. We seek to work constructively with environmental and conservation organizations, and welcome their efforts to protect forests.

Our goal is to realize environmentally responsible and sustainable solutions that meet our stakeholders' expectations while also safeguarding the competitiveness of our companies and divisions.

As of 2005