

Modern Slavery & Human Trafficking Statement

March 2019 — April 2020

This statement is published in accordance with the Modern Slavery Act 2015 and sets out the steps taken by Penguin Random House UK during the year 2019 to prevent Modern Slavery in our business operations and supply chain.



Penguin
Random House
UK

Introduction

Modern slavery can come in forms of domestic servitude, forced labour, bonded labour, slavery and human trafficking. It's a global issue affecting all economies, across different sectors, at scale.

The Modern Slavery Act (2015) requires companies to publicly demonstrate each year how they address and mitigate any forms of modern slavery within their business functions and supply chains. The legislation is an important first step to be able to acknowledge and address these issues openly, and to encourage collaborative, sustained change.

Penguin Random House UK is committed to respecting and protecting workers across our global supply chain, and understand that we have a duty to go beyond compliance to ensure fair labour standards are met and upheld. We know that modern slavery is a prevalent and systemic issue, which can be hard to detect. To understand what modern slavery looks like, we've listed some factors below which may indicate that an individual is in some form of slavery:

- **Withholding of documentation** (in the form of passports or identity cards)
- **Physical or verbal violence and threats**
- **Restriction of movement** (such as controlling accommodation, bank accounts and transport)
- **Debt bondage** (to repay a debt through free labour)
- **Withholding of wages**
- **Coercion** (using force to gain compliance)

In 2019 we continued to collaborate with publishing industry bodies, partners and initiatives to ensure we're putting in place effective measures to rectify and mitigate any forms of modern slavery, if found in our supply chain. This includes taking steps to further increase transparency of our 'Tier 2 and 3' suppliers, participating in events to remediate modern slavery, as well as submitting our 2018 Modern Slavery Statement for an independent review to understand any gaps in our processes.

About our company

Penguin Random House is the world's first truly global book publishing company. In 2019 we had an estimated:

- 2,000 colleagues in the UK
- 50 editorially independent publishing imprints
- 24 Man Booker Prize winning authors

The principles of sustained fair labour are embedded within our organisation and that of our parent company [Bertelsmann](#). We believe that all workers have a right to safe and fair working conditions as set out in the International Labour Organisation (ILO) Conventions, the Universal Declaration of Human Rights and the UN Global Compact.

Penguin Random House UK is committed to tackling and governing Modern Slavery initiatives appropriately. That's why we've appointed a new Sustainability Production Manager, to oversee ongoing compliance and create strategic plans to embed and comply with the UK Modern Slavery Act 2015. This role reports directly into the Deputy Director of Production, and sits at the heart of the day to day production operations.

Penguin Random House UK is a living wage employer. Within our directly managed operations we adhere to the principles of our Code of Conduct for permanent, contract and agency workers.

Our supply chain

Penguin Random House UK is committed to ensuring our products are responsibly and ethically sourced. Our products are designed in house, and manufactured by third-party suppliers. Products include physical books, audio and digital content, and our non-book products such as tote bags, mugs and children's toys.

Our third-party suppliers are selected based on their ethical and commercial criteria, and will go through an on-boarding process to ensure they are fit for purpose before working with Penguin Random House UK.

We are committed to working closely with our suppliers and business partners and seek to build sustainable, long-lasting relationships with them. However, product supply chains can be complex and hard to navigate due to a number of different manufacturing processes. We map our suppliers based on their 'tier' so we know where to focus priorities for different areas, as set out below.

Definition	Tier	Examples	Status
Raw Materials	4	Where materials required for the product are grown or created, including plantations, cotton fields, forests, man-made fibres, soya etc.	Partially mapped
Components	3	Where raw materials go through different processes and functions, including paper and textile mills, hardware furnishings and any extra trims	Partially mapped
Extra Processes	2	Sometimes outsourced, these processes include add-ons for books like glitter, embossing, foiling, lamination	Fully mapped
Finished product	1	Where the product is assembled and finished, with processes like glue, printing packaging, foiling, lamination, drying, binding etc.	Fully mapped

We use our policies and standards to further embed and communicate our ethical trade and sustainability programme. They help set out and define our commitment to sourcing responsibly, without violating workers' fundamental human rights.

All business partners (including agents, manufacturing suppliers and service providers amongst others) are expected to implement and comply with our policies as below, where applicable:

- [Penguin Random House Supplier Code of Conduct](#)
- Manufacturing Code of Conduct
- Manufacturing Subcontracting and Outsourcing Guidelines

We work with over 70 suppliers, based in over 15 countries worldwide as displayed on the map below:



Our due diligence

Monitoring risk

Within our supply chain we continually monitor and measure supplier risk. This is so we can identify if a supplier is a 'priority' for us to work closely with. We review suppliers based on the following six areas:

- Implementation of worker rights at factory level
- Location of a supplier / factory
- Supplier spend with Penguin Random House UK
- Product type (printing, binding, components, paper, technology etc.)
- Overall visibility of supplier's sourcing methods
- Supplier's sustainability standards

Once we have identified a priority supplier and their risk areas, we put in place an improvement plan which aims to ensure suppliers go beyond compliance and implement our standards and policies. Through the above areas we have identified 40 suppliers as a priority for us to work with to help improve their ethical and sustainable standards. We are committed to working with our suppliers, ensuring they receive ongoing support from us on their journey to make better, more responsible sourcing choices.

To ensure a collective approach, our risk areas are aligned with industry standards. For example, all suppliers are required to sign up to [the Book Chain Project](#), which collects and analyses data from suppliers of over 28 book and journal publishers, bringing supplier data together in one place for complete transparency. This also means we can compare and communicate our own standards with other publishers to ensure a collective voice when working to improve supplier practices.

We only source our paper from 100% [Forest Stewardship Council](#) (FSC™) certified sustainably managed forests. However, we do understand that there is still a risk of human rights violations within the forestry sector. These violations can come in forms of forced evictions for indigenous communities or even harassment, threats or intimidation to get them to relocate. NGOs and community leaders can also suffer similar consequences from opposing companies trying to obtain more land. With information from the Book Chain's Forestry Tool and with support from industry partners, we plan to look deeper into this part of our supply chain to better understand and address these issues.

Audits

Our priority suppliers, as part of our ethical trade and sustainability programme, are required annually to share a full ethical audit report for review and to maintain transparency and integrity throughout this process.

For relevant priority suppliers, in high-risk locations, we ask them to engage with the [ICTI Ethical Toy Program](#) (IETP). The IETP provides us with a range of tools and resources that help us to manage any ethical risks at the factories we source from. Importantly, membership provides us with improved access and transparency of audit findings, allowing us to act quickly should non-compliances be identified.

IETP certification includes detailed criteria for manufacturers to ensure that no forced, child, involuntary or prison labour is used, no deceptive recruitment fees are charged, and all overtime is voluntary. It provides capability building and training programmes, factory education, peer to peer learning, worker wellbeing programmes and a worker helpline which supports workers and drives continual improvements at the factory level. In addition, membership provides us access to IETP's expert special investigation team, working on-the-ground to solve problems and engaging factory management.

We also recognise and accept audits from SEDEX and BSCI that are requested during the on-boarding of a new supplier or through the use of the Book Chain Project.

Actions taken to remediate or reduce risk

Internal assessments

When reviewing an ethical audit, we perform an internal fair labour assessment which categorises any non-compliances by severity, informing our own action plan. We expect suppliers to resolve non-compliances within a timeframe agreed with the audit body. Where a supplier is unable to fully implement a corrective action plan on critical non-compliances within the allotted time frame, and is unwilling to work with us, we will cease our relationship with that supplier. However, it is always our first priority to work and strengthen all of our suppliers' standards where they are willing and able to work with us.

When a new supplier has been on-boarded we aim to visit that supplier and their factories in person. This not only helps form a closer relationship, but also gives us more transparency and trust within our supply chain. These visits are often followed up by our third-party auditors who will liaise with us and our suppliers to help improve our supplier standards and reduce labour and environmental risks where we find them.

Compliance

During 2019 we took steps to further improve transparency of second-tier suppliers within our supply chain. We also created and rolled out our manufacturing subcontracting and outsourcing guidelines to provide an overview of the process for notification and approval of subcontractors and/or outsourcers employed by our first-tier manufacturers.

To understand how effective our policy and approach is in combating Modern Slavery and human trafficking within our supply chain, we continue to monitor the number of non-compliances, or observations that imply or demonstrate potential for Modern Slavery.

Training

All staff are required to participate in Code of Conduct training on joining the business, as part of their induction. Our Code of Conduct sets out our commitment to the highest standards of integrity, ethics and social responsibility and helps colleagues understand our ethical stance and how it should be applied in our daily business activities. This training also provides information on our confidential whistleblowing policy. Staff are expected to report any concerns, including those related to human rights violations, to the Ethics and Compliance team who will investigate all allegations and take appropriate action.

Compulsory Ethical Supply Chain training takes place as part of the induction process for all new colleagues working within our production teams. This training specifically covers Modern Slavery risks and the steps that we take as part of our due diligence process to mitigate and eliminate such risk. 100% of new starters to the production team took part in this training during 2019. In addition, every year the updated Modern Slavery Statement is shared with every employee via our internal intranet.

Collaboration and stakeholder engagement

The Book Chain Project: As founding members of The Book Chain Project, which collects and analyses data from suppliers of over 28 book and journal publishers, we regularly attend workshops to collectively address and understand the systemic issues and root causes of modern slavery. The Book Chain Project also provide modern slavery webinars to raise awareness of high-risk areas within publishing.

The Ethical Toy Programme: ICTI Ethical Toy Program (IETP) helps to manage and mitigate ethical risks in our supply chain. IETP annually audits our factories, based on the International Labour Organisation Conventions (ILO), to identify any human rights violations. IETP then works with those factories, providing corrective action plans, worker training sessions and development programmes to help remediate any non-compliances found. We have been members of the ICTI platform since 2017 and have been involved in a number of initiatives that support fair labour conditions for workers.

Forest Stewardship Council: FSC™ certification is a good tool to ensure respect for relevant human rights in the forestry and forest industry sector. It focuses on labour rights at all levels, and at the forest management level it has specific requirements regarding customary, community, and Indigenous Peoples' rights. We are certification holders and 100% of our paper is FSC™ certified.

Our continued commitments

We remain committed to tackling the root causes of modern slavery by empowering workers and protecting vulnerable groups and addressing business impact. After assessing our overall risk, our priorities for the year ahead are:

- To continue to monitor, assess and work with our suppliers in high-risk countries, ensuring suppliers are moving beyond compliance and embedding more sustainable and ethical sourcing practices
- Collaborate with partners, industry peers, NGOs and others to collectively address and understand the systemic issues of labour abuses which drive instances of modern slavery in our sector
- Continue to map our supply chain, including our business operations, to work with suppliers and partners to ensure complete transparency
- Ensure training on the topic of Modern Slavery is rolled out to all relevant Penguin Random House UK teams.



Tom Weldon

CEO Penguin Random House UK

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