



Penguin
Random House
UK

Modern Slavery Statement

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 ending December 31st 2018 to prevent Modern Slavery in our business and supply chain.

INTRODUCTION

The UK Modern Slavery Act 2015 requires companies to explain on an annual basis how they address the issue of modern slavery and human trafficking in their global supply chains.

This legislation aims to encourage positive action within companies' business practices and to deliver greater transparency. Modern Slavery is a broad term used to cover a number of offences including forced labour, child labour, domestic servitude, human trafficking and workplace abuse. A number of factors may indicate that an individual is being held in servitude or subjected to forced or compulsory labour.

These may include violence or threats of violence, and nonviolent coercion such as threats to expose the worker to authorities, withholding documents, restriction of movement, debt bondage or the withholding of wages.

Penguin Random House UK has a zero tolerance approach to Modern Slavery in all forms and is committed to ensuring fair labour within our business and our supply chain. During 2018 we reviewed our end to end Supply Chain assessment and monitoring process to ensure that we have an effective strategy in place for identifying and responding to areas of risk.

OUR BUSINESS

We exist to connect the world with the words that matter, through books that spark thoughts, dreams, conversations and learning.

We are part of Penguin Random House, the world's leading trade publisher.

We champion the world's most brilliant voices, bringing them to life in compelling and dynamic ways for audiences everywhere.

Our books shape the broader cultural life of our society and inform the national conversation. Our brands - from Ladybird to Penguin - accompany people of all ages on their journey of discovery of the greatest stories, the smartest thinking and the best ideas.

The principles of fair labour are embedded within our organisation and that of our parent company Bertelsmann.

We believe that all workers have a right to fair labour conditions and a safe environment as set out in the International Labour Organisation Conventions, the Universal Declaration of Human Rights and the UN Global Compact.

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

Our manufacturing labour policy sets out our commitment to ensure that all our products are made without infringement of human rights or local laws, and to ensure good working practices are embedded throughout our supply chain.

The Penguin Random House [Supplier Code of Conduct](#), introduced in 2017, sets out mandatory minimum requirements for our partners in their business relationship with Penguin Random House and includes stipulations regarding the prevention of Modern Slavery. All business partners (including agents, manufacturing suppliers and service providers amongst others) are expected to implement and comply with the code. In addition all manufacturing suppliers are required to comply with our [Manufacturing Labour Policy](#) which includes specific obligations on suppliers to uphold workers rights and mitigate risks of Modern Slavery.

Penguin Random House UK has recognised the ICTI Ethical Toy Programme (IETP - www.ethicaltoyprogram.org) since 2008, and have been full members since 2017. The IETP provides us with a range of tools and resources that help us to manage ethical risks at the factories we source from.

Importantly, membership provides us with improved access to real time 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 recruitment fees are charged, and all overtime is voluntary. It provides capability building and training programs, 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 are a diverse organisation operating worldwide and are actively committed to ensuring that all our products are responsibly and ethically sourced.

We procure services from a wide variety of providers which encompass the manufacturing, storage and distribution of our publishing, audio and digital content and our non-book products such as tote bags, mugs and children's toys.



60+

operational suppliers (i.e. paper mills manufacturers, freight and repro).



18

countries where our suppliers operate.



37

countries that goods were delivered to.

AUDITING, ASSESSMENT & COMPLIANCE

Suppliers based in high-risk locations are required annually to share a full ethical audit report for review and to maintain transparency and integrity throughout this process. We recognise and accept audits from the Ethical Toy Program, SEDEX and BSCI frameworks.

We then perform an internal fair labour assessment which categorises any non-compliances by severity, informing our own responsive action plan. We expect suppliers to resolve non-compliances within a timeframe agreed with the audit body. Suppliers are expected to show continuous improvement. Where a supplier is unable to fully implement a corrective action plan on major non-compliances within the allotted time frame we will cease our relationship with that supplier.

In 2018 we introduced a new Ethical Supply Chain questionnaire for suppliers in lower-risk countries that would not usually be required to participate in an audit. This allows us to collate and review data on the suppliers' approach to Modern Slavery compliance.

When a new supplier is provisionally approved we endeavour to visit that supplier in person. This is a key part of our assessment, providing a level of consistency which allows us to develop a more reliable understanding of the supplier's management systems and the culture of the organisation, in addition to audit reports and finance checks.

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. In 2018 we performed 165 Fair Labour Assessments on 89 suppliers. We identified no Modern Slavery indicators in 2018.



RISK MONITORING & DUE DILIGENCE

Within our supply chain we monitor and assess risk by location, spend and product group using internationally recognised risk indices.

We do this in line with industry standards and consider specific requirements from our customers and licensed partners.

We use The Book Chain Project's Country Risk Tool which assesses geographic risk based on key corruption, governance, environmental and human rights indices - providing a high or low risk categorisation.

During 2018 we reviewed our end-to-end due diligence process with a view to strengthening the checks and measures we have in place. As a result we have upgraded the metrics recorded in our internal Fair Labour Assessments, introduced comprehensive supplier visit checklists for higher and lower risk countries and clarified our procedures for the internal handling of non-compliances.

INTEGRATING STANDARDS WITHIN OUR BUSINESS

Penguin Random House UK requires high ethical and legal standards of both its employees and business partners.

In line with this, in the second half of 2018 PRH UK reorganised its Integrity and Compliance function and programme and appointed the Group Legal Director as our Integrity and Compliance Officer with responsibility for overseeing compliance risk assessments and implementation of relevant corporate guidelines.

We have integrated our Manufacturing Labour Policy and Supplier Code of Conduct with our purchasing strategy to ensure we check and approve all suppliers prior to manufacture, and include ongoing compliance in service level reviews. We use a central operational database to ensure that work cannot be placed with suppliers who have not been approved.

Our production teams continue to meet regularly with the procurement team to ensure that ethical criteria are addressed as soon as possible as part of a working relationship with new and existing suppliers, in order to create a culture where upholding ethical principles is seen as central to our relationship with all our suppliers.



TRAINING

Every year our updated Modern Slavery statement is shared with every employee via our internal intranet.

All staff are required to participate in Code of Conduct training on joining the business as part of their induction. This helps them to understand our ethical stance and how it should be applied in our daily business activities. This training 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.

Introductory Ethical Supply Chain training takes place as part of the induction process for all new colleagues working within our production teams.

This statement is approved by the Board of Penguin Random House UK.

A handwritten signature in blue ink that reads "Tom Weldon".

Tom Weldon
CEO Penguin Random House UK
April 2019