



Penguin  
Random House  
UK



# Modern Slavery Statement

MARCH 2022 — APRIL 2023

**This document builds on last year's statement and explains the steps Penguin Random House UK has taken to prevent any forms of modern slavery in our business and throughout our supply chain.**

**It is published in accordance with the Modern Slavery Act 2015 and sets out the steps we have taken during the year 2022.**

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Illustrations: Mike Ellis

# Foreword

**This is our eighth Modern Slavery statement published in accordance with the Modern Slavery Act 2015. This statement reviews the progress made in the 12 months since April 2022 and has been approved by our CEO.**

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 supports the acknowledgment and addressing of these issues openly to encourage collaborative, sustained change.

Penguin Random House UK has a zero-tolerance approach to modern slavery in all forms, and continues to be committed to respecting, protecting, and upholding the rights of workers, to ensure fair labour within our business and our supply chains, and to acting with integrity in all business dealings. This commitment is cemented in our company policies and processes and our resolve to regularly review our business practices to ensure that we can effectively prevent and remediate any negative impacts.

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 have listed some factors 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)

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

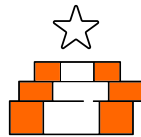
During 2022 we continued to prioritise actions which promote ethical business practices, further increasing transparency of our extended supply chain, as well as monitoring and improving our policies, working closely with our global suppliers, and collaborating with industry partners.

# Organisational structure

Penguin Random House is the world's first truly global book publishing company. In 2022, we had:



**2,000**  
Colleagues



**40m**  
print books sold  
in UK 2022



**1,500**  
titles published  
annually



**100m**  
books sold  
globally in 2022

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 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.

## Governance

Penguin Random House UK is committed to tackling and governing Modern Slavery concerns appropriately. We have a Senior Sustainability Production Manager, who reports into the Group Publishing Operations Director, and sits at the heart of production operations.

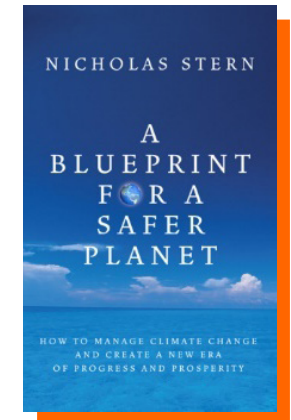
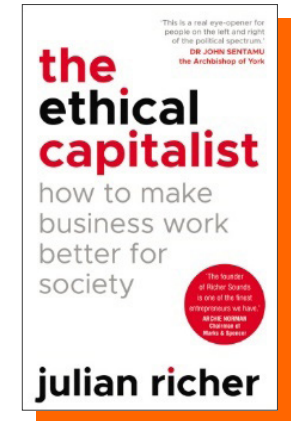
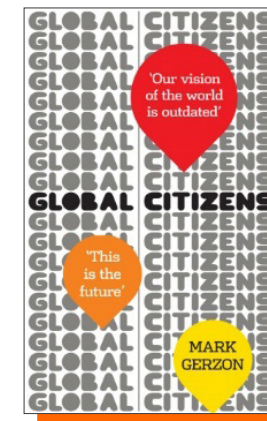
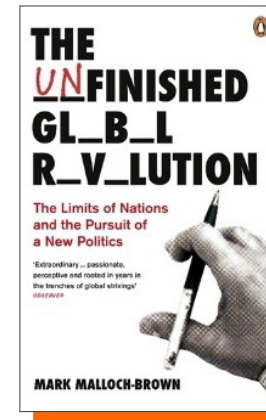
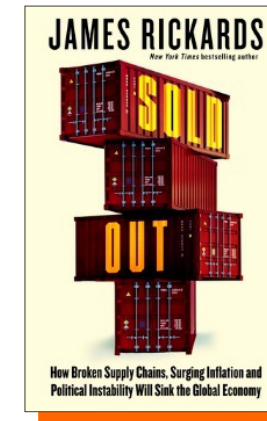
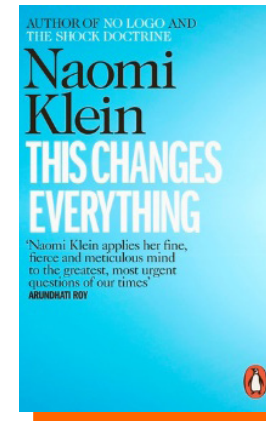
In 2022 we recruited a Sustainability Production Controller to support the Senior Sustainability Production Manager in actioning sustainable and ethical practices within our supply chain.

The Sustainability Production team oversees ongoing compliance, creates strategic plans to embed and comply with the UK Modern Slavery Act and escalates any potential modern slavery concerns to appropriate group functions within the business. This includes raising any potential instances of modern slavery to our Group Legal Director, who acts as our Integrity and Compliance Officer and is responsible for overseeing corporate compliance, risk assessments and implementing supporting corporate guidelines to handle modern slavery effectively.

We also use our Social Impact Steering Committee, which is chaired by our CEO and attended by members of our senior leadership team, to help ensure Penguin Random House UK meets its human rights responsibilities across the business.

## Distribution

Our commitment to ensuring fair labour within our business operations also extends out to our distribution centres, where we do not employ anyone on a zero-hour contract. We will continue to upscale our efforts by using training and resources to upskill our workforce on how to understand and act against modern slavery.



## Facilities

To mitigate modern slavery and to support continued due diligence, our Sustainability, Safety, Health, and Environment Manager contacted all facility suppliers to ensure they were adhering to the Modern Slavery Act. Based upon the responses, we then completed a scoring matrix of all our contractors to highlight where there may be risk of modern slavery and asked the highest scorers (or risk) to provide us a Modern Slavery Statement.

We continue to ask all new, or potential, contractors if they have a Modern Slavery Statement, or Ethical Code of Conduct, during the contractor selection process, this is then factored into the purchasing decision of which contractor to place business with. Going forward, we plan to offer continued support and training to assist them in moderating modern slavery issues effectively.

## Product supply chain

We are committed to ensuring our core book and novelty products are responsibly and ethically sourced. We design our products in house, which are then manufactured by third-party suppliers. Products include physical books, audio and digital content, and our non-book products such as novelty products and children's toys.

As part of our procurement process, we review and assess all suppliers environmental and social standards before placing work with them. All suppliers go through an onboarding process before working with Penguin Random House UK.

We work 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 several different manufacturing processes. We map our suppliers based on their 'tier', so we know where to focus our priorities across different areas.

In 2022, we continued to map the tiers of our supply chain, specifically for the third-party text paper that our supply chain partners procure on our behalf. We now have a clear understanding of the mills and forest sources where our paper and pulp come from and are building relationships with these partners to ensure they comply to our own policies and standards.



# Policies

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 below, where applicable.

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

In 2022, after reviewing our policies, we introduced two new documents for suppliers to ensure compliance, they are:

- [Supplier & Environmental Policy](#)
- [Supplier Ethical Code of Conduct](#)

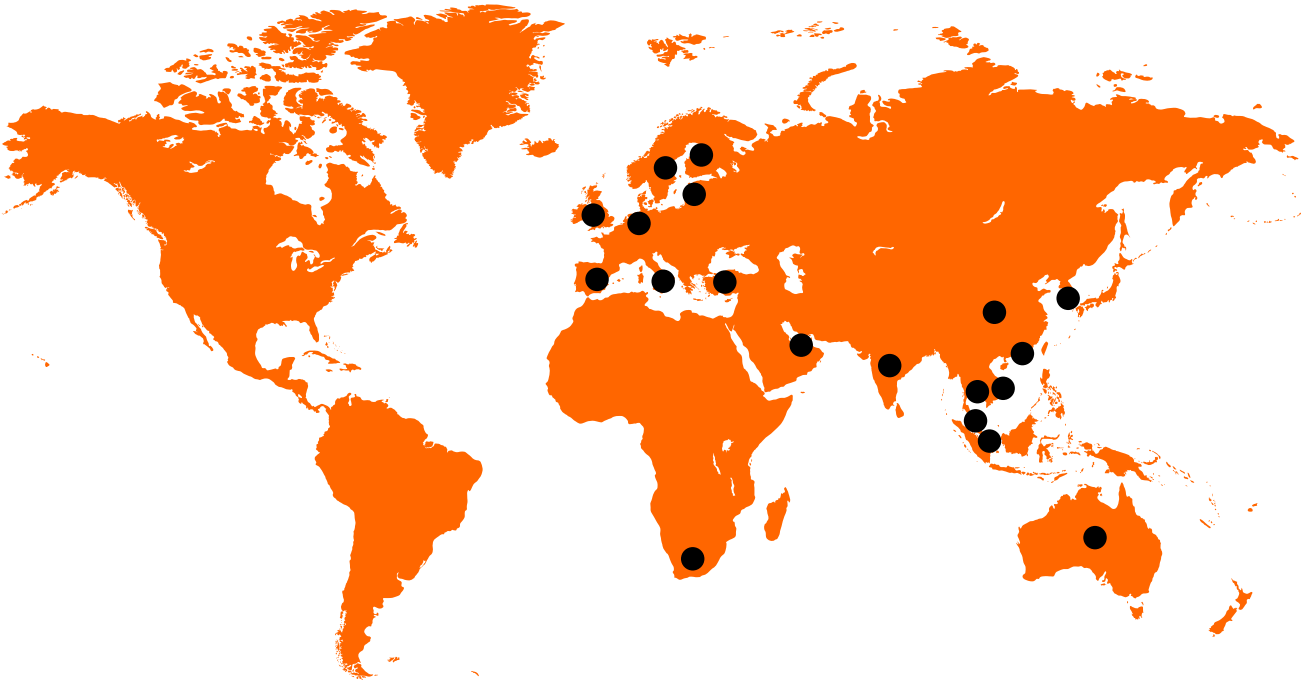
These policies sets out our commitment to ensure good working practices are embedded throughout our supply chain. And to confirm, that ultimately, our products are made ethically and responsibly with people and planet in mind.

All suppliers are asked to sign this document and are required to comply with these policies.

| Tier | Process  | Status  |
|------|--|---|
| 1    | Finished Product. Where the product or book is assembled and finished.   | Fully mapped  |
| 2    | Extra Processes. Where processes can’t be completed by a finished product supplier, so these are outsourced to nearby factories with those capabilities.                           | Partially mapped, we have mapped all existing suppliers and are now reviewing new suppliers onboarded in 2022 |
| 3    | Components. Used by suppliers to make finished products and includes processing raw materials to produce components such as paper or textile mills, ink, and varnish manufacturers | Partially mapped, we have mapped core printers’ ink, glue, and paperboard suppliers                           |
| 4    | Raw Materials. Where the raw materials used for components are grown or created such as forests and plantations, man-made fibres, or substances etc.                               | Partially mapped, we have mapped all pulp and forest sources of our paper and text papers.                    |

# Our Supply Chain Partners

- 75+ operational suppliers (i.e., paper mills, printer’s component suppliers, freight, and repro).
- 19 countries where our direct suppliers operate.



## Location of our direct suppliers (tier 1):

- United Kingdom
- Italy
- Spain
- Turkey
- Sweden
- Finland
- Latvia
- China
- India
- South Africa
- United Arab Emirates
- Germany
- Hong Kong
- Australia
- Malaysia
- South Korea
- Thailand
- Vietnam
- Singapore



# Our due diligence

## Monitoring risk within our supply chain

### Printers and Manufactures

Within our supply chain, we continually monitor and measure supplier risk; this is for our own products as well as those for third parties such as licensees. This is so we can identify if a supplier is a 'priority' for us to work closely with, we review them based on the following six areas:

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

Once we have identified a supplier's environmental and ethical risk areas, we put in place an improvement plan that aims to ensure suppliers go beyond compliance and implement our standards and policies.

In 2023, we are developing and rolling out a Tailored Action Plan to our priority suppliers. This document will focus on improving the ethical and sustainable standards of fifteen of our suppliers, to ensure that the supplier is working towards best practice standards. We will continue to work closely with all our suppliers on their journey to make better, more responsible sourcing choices.

We recognise that our own buying practices can have a direct impact on a supplier's ability to meet and maintain ethical standards for labour and working conditions. That's why our production team work closely with our suppliers to ensure our products are delivered responsibly without impacting workers' human rights.

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.

## Paper Mills and Forests

We only source our paper from 100% [Forest Stewardship Council](#) (FSC) certified sustainably managed forests. However, we do understand that there are risks of human rights violations within the forestry sector. These violations come in forms of forced evictions for indigenous communities, harassment, threats, or intimidation to get them to relocate. NGOs and civic leaders can also suffer similar outcomes from companies trying to obtain more land.

We purchase the majority of our mono paper directly from paper mills and have a close working relationship with these suppliers. These mills all have robust, verified, and well-managed procedures to handle their forests and pulping processes ethically and sustainably. Where we don't purchase paper directly, we still require the printer to source 100% FSC certified paper from another verified, sustainable source.

To ensure complete transparency, all paper brands we source are uploaded into The Book Chain Projects forestry platform; this allows us to trace our paper brands forestry sources and tree species to ensure they are not a risk for modern slavery or social issues.

We use 58 paper mills based across 20 countries, who source around 200 species of trees. We can see that there is a labour rights risk for two of the countries in which our paper mills are based – China and South Africa. In 2023 we will be conducting a biodiversity, deforestation, and human rights assessment of all the tree species used in production of our books to further understand where we can action change. In 2022, we moved away from several papers with a high environmental impact or social compliance issues, we will continue to review our list for 2023.

## Audits and Internal Assessments

Our 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. In 2022 a total of 31 Social compliance audits were conducted through third-party auditors or through [IETP](#) certification.

Our preference is for IETP audits (see Partnerships for further details), but we will also recognise and accept audits from the SEDEX and BSCI frameworks for new suppliers during the on-boarding process.

When reviewing an ethical audit, we perform an internal Fair Labour Assessment (FLA) 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 by providing and following a corrective action plan. 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. However, it is always our priority to work and strengthen all our suppliers' standards where they are willing and able to work with us.

For 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 factory level. Importantly, membership provides us with improved access and transparency of audit findings, allowing us to act quickly should non-compliances be identified. Currently 29 of our suppliers in high-risk locations are certified on IETP.

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, and worker wellbeing programmes.

IETP certification also includes a worker helpline, which supports workers and drives continual improvements at the factory level. In 2022, IETP helped to action 35 helpline calls. This data also allows us to understand what topics we should prioritise when working with third-party suppliers. In addition, membership provides us access to IETP's expert special investigation team, working on the ground to solve problems and engaging factory management.

## Beyond Audit - Case Studies

We recognise that auditing is an important part of human rights due diligence but, in isolation, is ineffective at reducing risks to workers or motivating suppliers to improve. We actively support a number of 'beyond audit' activities, that help build capacity, promote accountability, and support better conditions.

### Case Study: IETP Family-Friendly Factory Program Support

In November 2022 we began supporting IETP's programme, in conjunction with UNICEF, to support factories to be recognised as Family-Friendly. This program was developed to advance the benefits of the Childcare Spaces program (FFS).

With our support, the factory we are working with in China will be assisted in developing their own programme and policies that are appropriate to their worker's needs. These policies can include paid parental leave, flexible working

arrangement, supportive breastfeeding policies, childcare support, and child subsidies.

In response to the needs of factory workers, IETP developed the Family-Friendly Spaces (FFS) program in 2016. The programme was initially created to reunite migrant workers with their children who lived distant from them.

After successfully supporting migrant workers and their children, the Family-Friendly Spaces programme expanded to support workers who lived locally to the factory but experience childcare issues. A lack of affordable, quality, trusted childcare was found to be the number 1 reason for workers leaving their factory.

Since 2016, they have benefitted more than 4,000 children and their programme has been recognised by UNICEF. The aim of their programme is to benefit up to 30,000 children by the end of 2025. You can read more [here](#).

### Case Study: Women's Empowerment Principles

In June 2022, IETP adopted the United Nations Women's Empowerment Principles as part of their commitment to promote gender equality and women empowerment in the workplace, marketplace, and community.

The Gender Equality pilot programme for suppliers in any industry was then launched, to promote good business, empower female workers and help companies achieve the United Nations Sustainable Development Goal no.5: Achieve gender equality and empower women and girls. Three of our manufacturing suppliers are taking part in this pilot and we anticipate this programme being rolled out more widely once the pilot has been completed in China.

# Training and collaboration

## Training

All Penguin Random House UK employees are required to participate in Code of Conduct training as part of their induction. Our Code of Conduct, which was updated in November 2021, with training provided to all colleagues in March 2022, sets out our commitment to the highest standards of integrity, ethics, and social responsibility. It helps colleagues to 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, which was also updated in 2021 to include a more user friendly speak up system. 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. We also share articles and extra resources to help colleagues further understand the issues around Modern Slavery. In addition, every year the updated Modern Slavery Statement is shared with every employee via our internal intranet.

## Collaboration

The Book Chain Project: As a founding, participating company 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 several 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.

# Continuous improvement

**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 roll out our Tailored Action Plan for our 15 priority suppliers to support them to move to best practice for ethical and environmental considerations.
  - To continue our ethical auditing programme, whilst also ensuring we are supporting factories to move 'beyond audit' through training and collaboration with other organisations and partnerships.
  - Continue to identify and spot check for risks regarding forced labour, child labour and recruitment practices (among others) in our operations and third-party supply chains.
  - Research and review our own buying practices to conclude where we can adopt better practices to support supplier ethical requirements
  - Continue to get transparency across our complete supply chain, mapping out our supply chain tiers, including our own business operations.
- Review our paper brands and tree species, ensuring we phase out any papers where there are severe environmental and ethical risks.
  - Ensure training on the topic of Modern Slavery is rolled out to all relevant Penguin Random House UK teams on an annual basis.
  - 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

*TD Weldon*

**Tom Weldon**  
CEO Penguin Random House UK  
May 2023

