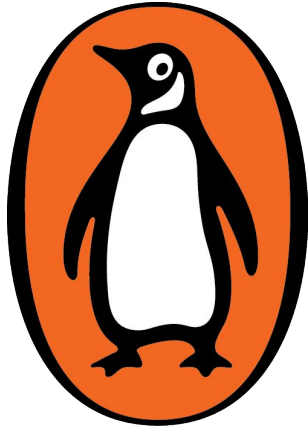


Penguin
Random House
UK

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 2017 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 2017 we focused on further understanding and identifying areas of risk to ensure that we have an effective strategy in place to respond to such risk areas.

OUR BUSINESS

Penguin Random House is the world's first truly global book publishing company. In 2017 we had an estimated:



2,000

colleagues in the UK.



50

editorially independent publishing imprints.



23

Man Booker Prize winning authors.



45%

of Sunday Times best sellers.



We publish a wide range of authors and books from Philip Pullman to Dan Brown, Arundhati Roy to EL James, Jamie Oliver to Zadie Smith and a whole host of children's favourites including Roald Dahl, Zoella, Malorie Blackman and Peppa Pig. We connect the world with the stories, ideas and writing that matter.

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.

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.



140+

operational suppliers.



23

countries where our suppliers operate.



122

countries that goods were delivered to.

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.

All manufacturing suppliers are required to comply with our Manufacturing Labour Policy and are asked to sign a Manufacturing Agreement confirming this. The Manufacturing Agreement includes specific obligations on suppliers to comply with the Modern Slavery Act.

In 2017 we rolled out the Penguin Random House Supplier Code of Conduct. All business partners (including agents, manufacturing suppliers and service providers amongst others) are expected to implement and comply with the code. The full code can be found at: https://global.penguinrandomhouse.com/compliance/PRH_Supplier_Code_of_Conduct.html

The code sets out mandatory minimum requirements and includes stipulations regarding the prevention of Modern Slavery.

In 2017 we became full members of the Ethical Toy Program (www.ethicaltoyprogram.org. ETP), providing us with a range of resources that help us to manage ethical risks at the factories we source from. Importantly, membership provides us with improved access to and transparency of real time audit findings, allowing us to act quickly should non-compliances be identified. The ETP certification includes detailed criteria to ensure that no forced, child, involuntary or prison labor is used, no recruitment fees are charged, and all overtime is voluntary. It provides capability building and training programs, factory education and peer to peer learning which drive continual improvements at factory level. In addition membership provides us access to the ETP's expert special investigation team, working on-the-ground to solve problems and engaging factory management.



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.

In 2017 we adopted 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.

In addition in 2017 we worked with an independent business consultant to review our complete supply chain to assess supplier categories and service providers that may have a higher risk of modern slavery. We will use this work to inform our risk analysis and compliance approach going forward.



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.

When we receive an audit report we perform an internal fair labour assessment categorising non-compliances by severity which we then use to inform our own responsive action plan. We expect suppliers to resolve non-compliances within a timeframe agreed with the audit body, and 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.

When a new high risk 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, in addition to audit reports and finance checks allows, us to develop a more reliable assessment of the supplier's management systems and the culture of the organisation. Thirty one site visits took place in 2017.

To understand how effective our policy and approach is in combating Modern Slavery and human trafficking within our supply chain, we monitored the number of non-compliances, or observations that imply or demonstrate potential for Modern Slavery throughout 2017. We performed 180 Fair Labour Assessments on 153 suppliers. We identified only 1 incident of a potential Modern Slavery indicator. The incident was investigated and proved groundless.

TRAINING

The Modern Slavery statement is shared with every employee via our internal intranet systems.

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.

INTEGRATING STANDARDS WITHIN OUR BUSINESS

We have integrated our Manufacturing Labour Policy and our new 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 suppliers.

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



Tom Weldon
CEO Penguin Random House UK
April 2018