



## MODERN SLAVERY STATEMENT

This statement is published in accordance with the Modern Slavery Act 2015 and sets out the steps taken by DK during the year ending December 31st 2017 to prevent Modern Slavery in our business and supply chain.

# INTRODUCTION

**T**he 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.

DK 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 identifying and understanding areas of risk to ensure that we have an effective strategy in place to respond to such risk areas.

# OUR BUSINESS

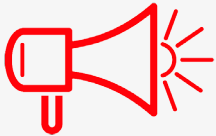
DK is a world leading illustrated reference publisher. In 2017 we had an estimated:



**41.6m**  
books printed.



**1,000**  
colleagues worldwide.



**60+**  
languages published in.



**30+**  
awards for our books and publishing programmes.

**DK** was founded in London in 1974 and is a world leading illustrated reference publisher, and part of Penguin Random House.

DK publishes highly visual non-fiction for adults and children. DK produces content for consumers in over 100 countries and in over 60 languages, with offices in the UK, India, the US, Germany, China, Canada, Spain and Australia.

DK's aim is to inspire, educate and entertain readers of all ages, and everything DK publishes embodies the unique DK design approach. DK brings unrivalled clarity to a wide range of topics with a unique combination of words and pictures, put together to spectacular effect.

DK acts as the parent company for Alpha Books, publisher of the Idiot's Guides series, and Prima Games, video gaming publishers.

The principles of fair labour are embedded in 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 (ILO) conventions, the Universal Declaration of Human Rights, and the United Nations

Global Compact. DK 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

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 manufacturing, storage and distribution of our publishing, audio and digital content, along with our non-book products.



## 140+

operational suppliers (i.e. manufacturers, freight, repro, etc.).



## 20+

countries where our suppliers operate.



## 49+

countries that goods were delivered to.

**O**ur 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 for suppliers to comply with the Modern Slavery Act.

In 2017, we rolled out the Penguin Random House Supplier Code of Conduct. All business partners (not just manufacturing suppliers) are expected to implement and comply with the code.

The code sets out mandatory minimum requirements for our business partners in their business relationship with Penguin Random

House, and includes stipulations regarding the prevention of Modern Slavery.

In 2017, we became full members of the Ethical Toy Program (ETP) ([www.ethicaltoyprogram.org](http://www.ethicaltoyprogram.org)), 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 labour is used, no recruitment fees are charged, and all overtime is voluntary. It provides capability building and training programmes, factory education, and peer to peer learning, which drive continual improvements at factory level. In addition, membership provides us with access to the ETP's expert special investigation team, working on-the-ground to solve problems and engaging factory management.



## RISK MONITORING & DUE DILIGENCE

**W**ithin 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

**S**uppliers that are 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 timeframe, 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.

In 2017, we performed 180 Fair Labour Assessments on 153 suppliers. We identified only one incident of a potential Modern Slavery indicator that has been effectively addressed and proven false.

# 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 levels 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.

## TRAINING

**The Modern Slavery Statement is shared with every employee via our internal intranet system.**

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.

In addition, all members of the Global Operations leaders team received specific Modern Slavery training in 2017.

This statement is approved by the DK Executive.



Ian Hudson  
DK CEO  
March 2018