



Penguin  
Random  
House

## Manufacturing Labour Policy

September 2020

*At DK, we are global pioneers in the publishing world. With over 46 years of publishing excellence, we sell in 63 languages to every corner of the globe and continue to grow, reaching new readers everyday. We are part of the Penguin Random House family and have offices in London, New York, Toronto, Indianapolis, Delhi, Melbourne, Munich, Madrid, Beijing, and Jiangmen.*

*We believe in the power of discovery. We create books for everyone that explore ideas and nurture curiosity about the world we live in. Our book loving DK community is empowered to publish the topics that matter to readers everywhere.*

As a diverse organisation operating worldwide, we are committed to ensuring all our products are responsibly and ethically sourced and manufactured. This document outlines the manufacturing labour policy for DK and incorporates the requirements of our licensing partners and retailers. All of our manufacturing suppliers are required to adhere to this policy.

---

### EXECUTIVE SUMMARY

All manufacturing suppliers must adhere to DK's Manufacturing Labour Policy and the Penguin Random House Supplier Code of Conduct.

Our established Ethical Supply Chain (ESC) process ensures that we are monitoring suppliers against a set criteria, both in advance of them being selected as a supplier and regularly thereafter.

- Suppliers in higher risk locations must participate in an annual ethical audit (every 12 months).
- Suppliers in lower risk locations must provide ESC information every 24 months.
- All suppliers must hold FSC Chain of Custody.
- All suppliers are asked to hold ISO 9001
- All suppliers are asked to hold ISO 14001.

The ESC process is overseen by the Head of Ethical Supply Chain. The process is reviewed regularly by our Operational Leadership team to ensure it remains fit for purpose and is integrated with our commercial strategy.

---

### FAIR WORKING CONDITIONS AND A SAFE ENVIRONMENT

We believe that all manufacturing workers have a right to fair labour conditions and a safe environment as set out in the International Labour Organisation Conventions, the Universal Declaration on Human Rights and the UN Global Compact (of which our parent company Bertelsmann is a signatory).

Our goal is to ensure that all our products are made without infringement to human rights or local laws, and to ensure that good working practices are embedded throughout our value chain. Our long established ethical supply chain protocol provides us with a clear framework for taking iterative steps to ensure the protection of human rights in this context.

### VERIFICATION, MONITORING AND ASSESSMENT

One Embassy Gardens, 8 Viaduct Gardens, London SW11 7BW

T +44 (0) 20 7139 2000

dk.com

dkimages.com

Dorling Kindersley Limited | Registered in England Number 01177822 | Registered Office: One Embassy Gardens, 8 Viaduct Gardens, London SW11 7BW



All potential new manufacturing suppliers are required to complete a set of evaluations which are then subjected to internal risk assessment. Within our supply chain we monitor and assess risk by location, spend, supplier function and product group. We do this in line with industry standards and consider specific requirements from our customers and licensed partners.

Our starting point for assessing supplier risk is the Book Chain Project (BCP) Labour and Environmental Risk Tool, which has been developed for use by members of the BCP to support the assessment and segmentation of suppliers within the publishing supply chain. The tool assesses country level risk and supplier level risk for environmental, labour rights and health and safety. We use this tool as our primary resource for identifying and comparing areas of risk and determining where to focus our monitoring resources and requirements. Suppliers in locations with a score of 3 or above are considered higher risk and will be required to complete a third party audit against an approved code of conduct, that must be performed by an accredited independent body. Suppliers in a location with a score of 2.9 or below are considered lower risk and will be required to complete our Ethical Supply Chain Questionnaire and may be required to participate in a further audit or social impact assessment.

All new suppliers are provided with the following documentation:

- Penguin Random House supplier code of conduct
- This manufacturing labour policy
- Responsible paper purchasing policy
- Manufacturing agreement

All new suppliers are required to provide the following:

- Signed Penguin Random House supplier code of conduct
- Signed manufacturing agreement
- ISO 9001 certificate
- Details of FSC chain of custody
- ISO 14001 certificate
- Environmental questionnaire

Some exceptions can be made - if, for example, a supplier does not hold ISO 9001 or ISO 14001 we may still agree to work with them where they can commit to a specific timeframe for achieving these accreditations.

Once approved, suppliers will be subject to regular ongoing reviews of their ethical performance. Suppliers in higher risk locations will be required to participate in an annual ethical audit. Suppliers in lower risk locations will be required to provide updated Ethical Supply Chain information every 24 months, this may include a full ethical audit. Where an audit is necessary, our preference is for the ICTI Ethical Toy Program audit; further details are provided below.

Suppliers in both Higher and Lower Risk regions must also provide copies of updated certification on renewal:

- ISO 9001 certificate
- FSC Chain of Custody
- ISO 14001 certificate

When we receive audit reports which show non-compliances:

- We will assess the non-compliances, categorise them by severity and create an action plan
- Suppliers are expected to resolve any non-compliances found by the audit within the time frame agreed with the audit body
- We will provide support on how to follow-up on any non-compliance
- We expect suppliers to show continuous improvement

Where suppliers are unable to fully implement a corrective action plan on major non-compliances within the allotted time frame, we will cease our relationship with the supplier in question.

## PENGUIN RANDOM HOUSE SUPPLIER CODE OF CONDUCT



The global Penguin Random House Supplier Code of Conduct has been created to clarify the mandatory minimum requirements for our business partners in their business relationship with our company. It is based on the principles of internationally recognised standards for responsible corporate governance. We ask that all of our business partners read, implement and acknowledge compliance to the Penguin Random House supplier code of conduct.

The code of conduct can be found here:

<https://global.penguinrandomhouse.com/penguin-random-house-supplier-code-of-conduct/>

#### OUR PREFERRED AUDIT FRAMEWORK: ICTI ETHICAL TOY PROGRAM (IETP)

DK has recognised the IETP ([www.ethicaltoyprogram.org](http://www.ethicaltoyprogram.org)) since 2008, and has been a full brand member since 2017. IETP provides us with a range of tools and resources that help us to manage ethical risks at the factories we source from. 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 programmes, factory education, peer to peer learning, worker wellbeing programmes and a worker helpline which supports workers and drives continual improvements at factory level.

Where supplier spend is US\$ 1 Million plus per annum:

- IETP audit is a mandatory requirement (if supported in that global region).
- Suppliers based in regions where IETP is not yet fully supported should participate in the SEDEX 4 pillar audit. The audit must either be unannounced or semi-announced. Announced audits will not be accepted.
- In addition, suppliers based in regions where IETP is not fully supported will be required to participate in the IETP Social Assessment as a mandatory requirement. This assessment is required in addition to the SEDEX SMETA 4 pillar audit.
- *See Appendix A for a list of countries where IETP provides full audit and worker support.*

Where supplier spend is less than US\$ 1 Million per annum:

- Our preference is for the IETP audit (if supported in that global region).
- We will accept a SEDEX SMETA 4 pillar audit or a BSCI audit. Audits must be either unannounced or semi-announced. Announced audits will not be accepted. Audits must be conducted by a well known reputable independent auditor.
- Note that the SEDEX SMETA 2 pillar audit is not sufficient for our due diligence requirements.

#### SUPPLIER SITE VISITS

As part of our ongoing supply chain monitoring we endeavour, where possible, to perform site visits of the manufacturing plant. Site visits form a key part of our assessment, which, in addition to audit reports and finance checks, allows us to develop a more in depth assessment of the supplier's management systems and the culture of the organisation. We are committed to continually 'spot checking' existing suppliers through random site visits.

#### MODERN SLAVERY

Our Head of Ethical Supply Chain is responsible for setting and implementing policy to mitigate risks of Modern Slavery within our supply chain. DK has long integrated our Manufacturing Labour Policy and our Supplier Code of Conduct with our commercial purchasing strategy, to ensure we check and approve all suppliers prior to placing work with them. Our operational leadership team (incorporating the Chief Operating Officer, the Head of Ethical Supply Chain and the Procurement and Production Management team) ensure that this commercial strategy incorporates the clear expectation of ongoing compliance and is discussed during our regular service levels reviews with suppliers. We use a central operational database to ensure that work cannot be placed with suppliers who have not been approved, and to monitor ongoing compliance. Our Modern Slavery Statement is available to view at DK.com and is updated annually.

<https://www.dk.com/uk/information/modern-slavery-statement/>

#### BOOK CHAIN PROJECT SUPPLIER CODE OF CONDUCT

The Book Chain Project is a collaboration of leading publishers that have been working together to drive social and environmental responsibility in our product supply chain.



The Book Chain Project provides a publishing industry Code of Conduct for labour and environmental standards. It states the publishers’ commitments to their suppliers and what they expect from their suppliers in return. The Code of Conduct is based on existing internationally-recognised Codes and Laws. Suppliers that do not already have an ethical audit can ask for a SMETA audit that is audited against this Code of Conduct. DK supports the Book Chain Project Supplier Code of Conduct.

The code can be found here: <https://bookchainproject.com/resources>

### OUR ROLE AS UK EMPLOYERS

DK places high regard on the ethical and legally compliant conduct of the company and its employees, with each other and with our business partners. DK is a Living Wage employer. DK’s Equal Opportunities and Dignity at Work policies demonstrate DK’s commitment to providing equal opportunities and to avoiding discrimination. DK provides guidelines which champion better work and working lives, creating a culture that is built on mutual respect, that encourages listening and creates a safe environment for open conversations. Our aim is to foster an inclusive workplace that values difference and where everyone is treated with dignity and respect. We will maintain the same principles within our UK offices and warehouses as we do in our supply chain.

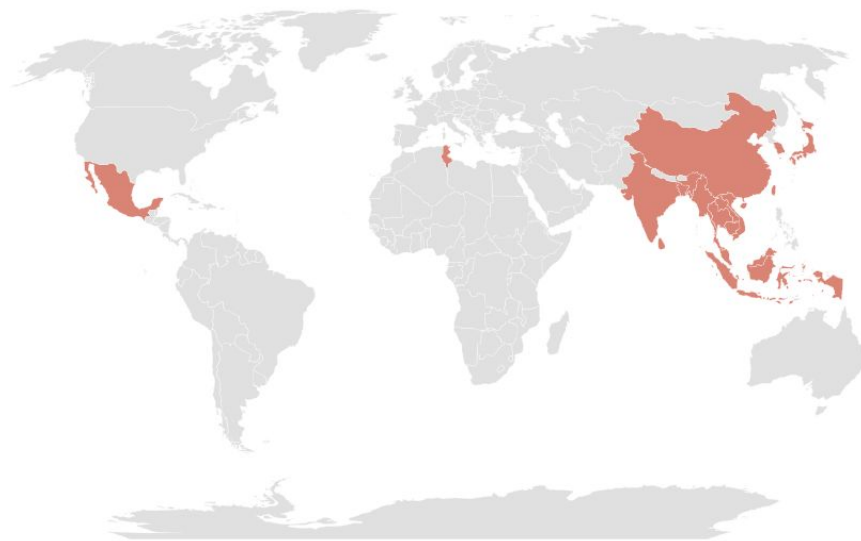
### RESPONSIBILITIES AND REVIEW

Overall responsibility for this Policy resides with DK’s Chief Operating Officer. We will regularly review this Policy and our approach to labour standards.

### APPENDIX A

As of September 2020 IETP offer full audit and worker support in the following locations (see also map below):

Continent	Countries
Africa	Tunisia
Asia	Bangladesh, Cambodia, China, India, Indonesia, Japan, Korea, Laos, Malaysia, Myanmar, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam
Europe	Spain
South America	Mexico



IETP Social Impact Assessments are available in all global locations.