



Manufacturing Supplier Compliance Policy

As a diverse organisation operating worldwide, DK is committed to ensuring all our products are responsibly and ethically sourced and manufactured with consideration to minimising environmental impact. This document outlines our Manufacturing Supplier Compliance Policy and incorporates the requirements of our licensing partners and retailers. All of our manufacturing suppliers, their subcontractors and outsourcers are required to adhere to this policy. This policy, and any supplementary policies and frameworks associated with it, outlines minimum standards that should be exceeded where possible and always in compliance with applicable national, state or local laws and regulations.

Executive Summary

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

The Compliance Policy has two areas of focus:

- Our Ethical Supply Chain (ESC) protocol provides a framework by which suppliers can demonstrate their commitment to the principles of fair labour and it also ensures that we are monitoring suppliers against set criteria, both in advance of them being selected as a supplier and regularly thereafter. Key points include:
 - Suppliers in higher risk¹ locations must participate in an annual ethical audit (every 12 months).
 - Suppliers in lower risk² locations must provide ethical audit information every 24 months.
 - All suppliers must hold FSC Chain of Custody certification.
 - All suppliers are asked to hold ISO 9001 certification.
- Our Sustainability Principles embed environmental responsibility throughout our global value chain. Key points include:
 - All suppliers are required to hold ISO 14001 or establish an environmental management system that reflects equivalent standards by the end of 2023.
 - All suppliers are asked to establish policies which address climate change and which set ambitions to demonstrably reduce their environmental impact.

The Manufacturing Supplier Compliance Policy is overseen by the Head of Operational Compliance and Sustainability. The policy and its associated due diligence processes are reviewed regularly by our Operational Leadership team to ensure they remain fit for purpose and are fully integrated with our commercial strategy.

Suppliers are asked to confirm their understanding of the requirements and their compliance with them by signing and returning this document to the Head of Operational Compliance and Sustainability: nicola.torode@uk.dk.com

¹ As identified/characterised by the Book Chain Project country risk tool.

² As identified/characterised by the Book Chain Project country risk tool.



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Ethical Supply Chain Protocol

We strongly 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 on Human Rights and the UN Global Compact (of which our parent company Bertelsmann is a signatory).

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

As part of the global Penguin Random House group, DK requires Suppliers to adhere to our group Supplier Code of Conduct, found [here](#)³, which details our stance against bribery and corruption and compliance with the law; as well as the DK fair labour framework set out below.

Verification, Monitoring and Assessment

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 Project⁴ (BCP) Labour and Environmental Risk Tool, which has been developed for use by participants 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 higher and lower risk regions, and for comparing areas of risk and determining where to focus our monitoring resources and requirements.

All new suppliers are provided with the following documentation:

- Penguin Random House [Supplier Code of Conduct](#)
- This Manufacturing Supplier Compliance policy which incorporates fair labour and sustainability principles
- DK Manufacturing Agreement
- DK's Manufacturing Subcontracting and Outsourcing Guidelines
- Print suppliers will additionally be sent the FSC Outsourcing and Trademarking' Agreement

All new suppliers are required to provide the following:

- Acknowledgement of our Penguin Random House supplier code of conduct
- Signed manufacturing agreement for counter signature by DK
- Full ethical audit report, not more than 12 months old
- Completed Ethical Supply Chain Questionnaire
- ISO 9001 certificate
- FSC chain of custody certificate
- Signed, dated and stamped FSC Outsourcing and Trademarking' Agreement
- ISO 14001 certificate or evidence of equivalent environmental management system
- Environmental questionnaire, completed via the Book Chain Project online portal

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

Once approved, suppliers will be subject to regular ongoing reviews of their ethical performance. Suppliers in higher risk⁵ locations will be required to participate in an annual ethical audit. Suppliers in lower risk locations will

³ <https://global.penguinrandomhouse.com/compliance/>

⁴ <https://bookchainproject.com/home>

⁵ As identified/characterised by the Book Chain project country risk tool from time to time.



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be required to provide an ethical audit every 24 months. Where an audit is necessary, our preference is for the ICTI Ethical Toy Program audit.

Where DK's spend with a manufacturing supplier 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. Note that the SEDEX SMETA 2 pillar audit is not sufficient for our due diligence requirements.
- All audits 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.
- Audits must be conducted by a reputable, APSCA qualified, independent auditor.
- *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. Note that the SEDEX SMETA 2 pillar audit is not sufficient for our due diligence requirements.
- All audits must be either unannounced or semi-announced. Announced audits will not be accepted.
- Audits must be conducted by a well known reputable, APSCA qualified, independent auditor.

When we receive audit reports which show non-compliances:

- We will assess the non-compliances, categorise them by severity (minor, major, critical and zero tolerance)) 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 to address major and critical non-compliances within the allotted time frame, we will cease our relationship with the supplier in question. Where Zero Tolerance issues are identified and substantiated, we will cease our relationship with the supplier in question.

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 or evidence of equivalent environmental management system.



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DK Fair Labour Principles

1. Employment Is Freely Chosen

- 1.1. Workers whether permanent, temporary, agency or international migrants, have the right to enter employment voluntarily and freely, without threat or menace of penalty.
- 1.2. There shall be no private or state-led forced labour, whether bonded, indentured or compulsory labour, or involuntary prison labour, or trafficking of persons for the purposes of forced labour.
- 1.3. Workers shall not be forced to work as a means of political coercion or as punishment for expressing political or religious views or holding caste or ethnicity.
- 1.4. Suppliers will not require workers to pay recruitment costs or fees, or to lodge financial deposits or their identity papers with their employer to secure or retain employment
 - 1.4.1. Recruitment fees include:
 - 1.4.1.1. Payments for recruitment services offered by labour recruiters;
 - 1.4.1.2. Payments made in the case of recruitment of workers for third parties;
 - 1.4.1.3. Payments made in case of direct recruitment by the employer;
 - 1.4.1.4. Related costs of recruitment, referral and placement within or across national borders, such as but not limited to: medical costs, insurance costs, cost for skills and qualification tests, costs for training and orientation, equipment costs, travel and lodging costs and administrative costs.
 - 1.4.2. If requested by the worker, employers may provide secure storage for identity papers, however workers must be free to access them at any time upon request.
- 1.5. Workers have the freedom to terminate employment by means of reasonable notice (in accordance with national law or collective agreement) at any time, without penalty. Employers shall not use means to restrict workers' ability to terminate employment.
- 1.6. Coercion shall not be used to physically confine or imprison workers to the workplace or related premises or dormitories. Mandatory residence in employer-operated residences should not be made a condition of employment.
- 1.7. Where private or state recruitment agencies are used, the employer shall ensure:
 - 1.7.1. Workers are entering employment voluntary and freely, and are not at risk of forced labour or trafficking for the purposes of forced labour
 - 1.7.2. Fees or costs related to recruitment are not borne by workers either directly or indirectly.
 - 1.7.3. Agents and sub-agents are subjected to due diligence checks to ensure they are not requiring workers to pay any form of recruitment fee. If any fees are found to have been paid by workers, suppliers should immediately reimburse affected workers.
 - 1.7.4. Suppliers will have a clear written agreement with any labour provider to ensure that all clauses in these Fair Labour Principles are applied to all workers that are employed via those labour providers.

2. Freedom of Association and The Right to Collective Bargaining Are Respected

- 2.1. Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. They also have the right to choose not to join a trade union.
- 2.2. The employer shall adopt an open attitude towards the activities of trade unions, their organisational activities, and recruitment of members.
- 2.3. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4. If the right to freedom of association and collective bargaining is restricted under law, the employer does not hinder the development of parallel means for independent and free association and bargaining within the law.

3. Working Conditions Are Safe and Hygienic

- 3.1. A safe and hygienic working environment shall be provided, relative to any specific hazards inherent in the work being undertaken. Adequate steps shall be taken to prevent accidents and



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- injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2. Where required, workers shall receive regular and recorded health and safety training relevant to their work, and such training shall be repeated for new or reassigned workers.
 - 3.3. Access to clean toilet facilities, potable water and to hygienic facilities for food storage shall be provided.
 - 3.4. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
4. **Child Labour Shall Not Be Used**
- 4.1. There shall be no recruitment of child labour.
 - 4.2. If any incidence of child labour is identified in the supply chain of the supplier, the employer shall make DK formally aware and participate in a programme to transfer any children involved in child labour into quality education until they are no longer children.
 - 4.3. Children and young persons under 18 shall not be employed at night or in hazardous conditions.
 - 4.4. In this policy, "child" means anyone under 15 years of age, unless national or local law stipulates a higher mandatory school leaving or minimum working age, in which case the higher age shall apply; "Child labour" means any work by a child or young person, unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C138).
5. **Minimum Wages Are Paid**
- 5.1. Wages and benefits paid for a standard working week meet, at a minimum, national legal standards, or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income. 'Basic' needs include food and housing expenses.
 - 5.2. Before entering employment, all workers shall be provided with written and understandable information about the basis and calculation of their wages and any deductions to be made from them. Further, each time they are paid, workers are given written particulars of their wages for the pay period concerned.
 - 5.3. Wages shall be paid directly in full to the worker and should be paid in legal tender on at least a monthly basis. Payment in the form of vouchers, coupons, promissory notes, or other "in-kind" goods or services are prohibited, unless authorised by an evidenced collective agreement.
 - 5.4. Suppliers will provide mandated benefits to all workers as required by local law and terms of employment including annual leave, sick and maternity leave, social security and child care. Suppliers will accurately calculate employment taxes and social costs and pay those taxes and costs to the appropriate authority in a timely manner.
 - 5.5. Deductions from wages as a disciplinary measure, or to pay off incurred or inherited debt, shall not be permitted, nor any other deductions without the expressed permission in writing of the worker concerned, unless required by law. All disciplinary measures should be recorded. Deductions must be fair and reasonable, meaning that they do not compromise the employee's ability to ensure a decent living income for themselves and their family or bring their total remuneration below the minimum wage level.
6. **Working Hours Are Not Excessive**
- 6.1. Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Suppliers will keep an accurate and reliable system to record working hours, overtime and leave.
 - 6.2. Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.⁶
 - 6.3. All overtime shall be voluntary. Workers should not be forced to work overtime under the threat of penalty or dismissal.

⁶ International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced.



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- 6.4. Overtime shall be used responsibly, considering the following: the extent, frequency and hours worked by individual workers as well as the whole workforce. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
- 6.5. The total hours worked in any seven-day period shall not exceed 60 hours, except where covered by clause 6.6 below.
- 6.6. Working hours may exceed 60 hours in any seven-day period only in exceptional circumstances where all the following conditions are met:
 - 6.6.1. This is allowed by national law.
 - 6.6.2. This is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce.
 - 6.6.3. appropriate safeguards are taken to protect the workers' health and safety; and the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents, or emergencies.
- 6.7. Workers should receive at least one day off in every 7 consecutive days.
- 6.8. Workers should receive meal breaks of at least 30 minutes every day.
- 6.9. Workers should be provided with at least 10 consecutive hours rest in a predefined 24-hour cycle.
- 6.10. Workers will receive the paid holiday to which they are contractually entitled without detriment.
7. **No Discrimination Is Practiced**
 - 7.1. There is no discrimination in recruitment, wages, access to training, promotion, termination, or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation or on any other basis unrelated to the ability to do the job.
 - 7.2. Suppliers will not subject workers or potential recruits to mandatory health tests such as (but not limited to) for HIV/Aids or pregnancy that have no relevance to the job function and / or are not required by national laws or regulations.
8. **Regular Employment Is Provided**
 - 8.1. Workers should be employed under a formal and lawfully recognised contract appropriate for their working arrangements. Regular work will be offered based on the parameters defined in said contracts.
 - 8.1.1. Contracts will be provided in the worker's native language.
 - 8.1.2. As far as possible, work performed must be based on a recognised employment relationship established through national law and practice.
 - 8.2. The employer should not attempt to avoid the normal obligations of employer to workers under labour or social security laws and regulations by replacing the regular employment relationship with arrangements such as: labour-only contracting, subcontracting, home-working, apprenticeship schemes with no real intent to impart skills or provide regular employment, or excessive use of fixed-term contracts of employment.
9. **No Harsh or Inhumane Treatment Is Allowed**
 - 9.1. Physical abuse or discipline, verbal abuse, the threat of physical abuse, sexual or other harassment and other forms of intimidation are not permitted and not practised.
 - 9.2. Disciplinary measures should not include sanctions that result in an obligation to work.
10. **Unauthorised Subcontracting Is Not Permitted**
 - 10.1. Subcontracting is only permitted in accordance with the terms of any agreement between us and our supplier.



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- 10.2. Where subcontracting is permitted, DK's Manufacturing Subcontracting and Outsourcing Guidelines must be adhered to⁷. Subcontractors proposed to be used within our supply chain must be declared and approved by us in writing before any orders are placed with them.
 - 10.3. Any licensor or other business partner of DK may have additional requirements with respect to sub-contracting for specific products, and the supplier will comply with such additional requirements where DK has notified the supplier of them.
 - 10.4. All declared and approved subcontractors must comply with this Compliance Policy and with the PRH Supplier Code of Conduct and must hold the FSC Chain of Custody certification.
11. **Migrant Workers**
- 11.1. For any migrant workers employed overseas, our suppliers have a duty to inform them of the basic terms of their employment and issue them with a contract in their native language before they travel. The contract must not be changed in any form on arrival at their destination of employment unless these changes are made to meet local law and provide equal or better terms.
 - 11.2. Suppliers will ensure that migrant workers have the legal eligibility to work in the countries, regions and for the employers/clients they are deployed to, and in the job role they are hired for.
 - 11.3. Suppliers will ensure equality of opportunity and treatment in respect of employment and occupation, social security, trade union and cultural rights, and individual and collective freedoms for migrant workers
 - 11.4. Manufacturing suppliers must ensure that the recruitment process for overseas migrant workers employed through brokers/agents or employed by the factory complies with legal requirements (in both the origination and destination country) and is free from human trafficking activities, and complies with clause 1.4.
 - 11.5. The charging of recruitment related fees to foreign migrant workers, either directly or indirectly, is prohibited as set out in clause 1.4 above. Suppliers will not recover recruitment costs from workers, such as foreign worker levies, even where this is allowed by local laws.
12. **Worker Grievance Mechanisms**
- 12.1. Suppliers will provide an anonymous complaint mechanism for workers including indirectly employed workers to report workplace grievances.
 - 12.2. Suppliers will ensure any workplace grievances raised by workers remain confidential, that workers' rights to raise grievances are protected and that no ill effects will arise because of whistleblowing to the employee in question.
13. **Data Privacy**
- 13.1. Suppliers will ensure that they comply with national laws and regulations as well as the principles of confidentiality, necessity and proportionality regarding the collection, processing and storage of workers' personal data.
14. **Training**
- 14.1. Suppliers will provide relevant information, instruction, and regular training for all workers, to ensure health and safety onsite and to raise awareness of potential risks, including training in the safe use of machinery and equipment.
 - 14.2. Suppliers will communicate emergency and evacuation procedures to workers in a language that the workers understand.

⁷ [Manufacturing Subcontracting and Outsourcing Guidelines](#)



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Sustainability Principles for Suppliers

Sustainability is core to the DK business. It is important that we work with suppliers that share our approach and who are committed to making a positive impact through increased awareness and action on environmental issues.

We aim to work closely with suppliers who have established policies which address climate change and with ambitions to demonstrably reduce their environmental impact. Our supplier sustainability principles provide a framework in support of reducing the impact of our products. These are drawn from the Book Chain Project's Code of Conduct as well as from the United Nations Sustainability Goals (SDGs).

1. Environmental Management System

- 1.1. Suppliers will comply with all local environmental laws and regulations.
- 1.2. Suppliers will complete an annual supply chain environmental risk assessment to understand the potential impact of their operations on the environment and establish written policies and procedures based on this risk assessment.
- 1.3. Suppliers will have a written plan for managing environmental impacts, including targets, to facilitate continuous improvement. Suppliers are required to become ISO 14001 certified or have in place another Environmental Management Systems that is aligned and comparable to ISO 14001 by the end of 2023. The certification and / or EMS must thereafter be maintained and documentation shared regularly with DK.
- 1.4. Suppliers will measure and track their environmental impacts.
- 1.5. Suppliers will ensure at least one senior manager has responsibility for environmental management.
- 1.6. Suppliers will take practical steps to reduce their environmental impacts.
- 1.7. Suppliers will acquire, and file all permits, and waste receipts required by local and national law.
- 1.8. Suppliers will ensure that trained personnel are in place to manage environmental impacts.

2. Energy

- 2.1. Suppliers will continuously measure, record, and track the consumption of electricity, gas, fuel, and renewable energy onsite from all sources. This includes all forms of transportation as well as heating, cooling and other energy provisions.
- 2.2. Suppliers will set targets to reduce consumption of energy and be able to demonstrate their programme to achieve the reduction.
- 2.3. Suppliers will carry out projects to reduce energy consumption onsite.

3. Water

- 3.1. Suppliers will continuously measure, record, and track the consumption of water onsite. This includes water used for both domestic and industrial processes, and from all sources including municipal mains, groundwater (boreholes and wells), and surface water (rivers, lakes).
- 3.2. Suppliers will set targets to reduce their consumption of water and start a programme to achieve this reduction.
- 3.3. Suppliers will carry out projects to reduce water consumption onsite.
- 3.4. Suppliers will ensure their operations do not negatively impact access to safe water for the community.

4. Wastewater

- 4.1. Suppliers will reduce the volume and impact of wastewater. This will be achieved by replacing potentially hazardous substances used in processing and reducing the volume of wastewater that needs to be treated by separating liquids (e.g., separating storm water from process wastewater).
- 4.2. Suppliers will treat wastewater in a fully functioning effluent treatment plant (ETP) before discharging. Treatment must be completed either on-site or in a shared ETP offsite before discharge.



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- 4.3. Suppliers will measure, record and track wastewater volume and quality by collecting samples from the final discharge points.
- 4.4. Suppliers will ensure that wastewater leaving the site meets the [IFC Effluent Guidelines](#) for Printing and all applicable local and national laws.
- 4.5. If discharging to a central ETP, suppliers will have valid permits to do so, and test reports that show compliance with the central ETP's requirements. Both permits and reports must be kept on file.
5. Hazardous Substances
 - 5.1. Suppliers will continuously measure, record, and track the use of hazardous substances.
 - 5.2. Suppliers will keep an inventory of hazardous substances used, handled, transported, and stored onsite, including their quantities and where they have been bought from.
 - 5.3. Suppliers will have Material Safety Data Sheets available in the local language for all hazardous substances used onsite.
 - 5.4. Suppliers will ensure there are measures to prevent the exposure of workers to hazardous substances via inhalation or dermal contact, and measures to prevent the contamination of the environment. These will include:
 - 5.4.1.1. Training for workers who handle hazardous chemicals on how to do so safely.
 - 5.4.1.2. Personal protective equipment (PPE) for workers.
 - 5.4.1.3. Clear labelling of all hazardous chemical containers.
 - 5.5. Suppliers will ensure that hazardous chemicals are securely stored in areas with spill prevention/secondary containment controls.
 - 5.6. Suppliers will communicate emergency procedures to workers in the workers' main language and will follow these procedures in the event of a spill or release.
 - 5.7. Suppliers will make sure that all chemicals used in the manufacturing of our products comply with all relevant Restricted Substances Lists (including that issued by the Book Chain project) and applicable global legislation in their most recent version.
 - 5.8. Suppliers will take steps to reduce the use of hazardous substances and, where possible, replace them with safer alternatives e.g., water-based adhesives and inks instead of solvent-based.
6. Air Emissions
 - 6.1. Suppliers will continuously measure, record and track emissions generated by any onsite combustion.
 - 6.2. Suppliers will keep records of annual solvent consumption.
 - 6.3. Suppliers will continuously measure, record and track process emissions and ensure emissions of volatile organic compounds (VOCs), particulates, nitrogen oxides (NOx) and Isocyanates meet the [Air Emissions Levels for the Printing Industry](#).
 - 6.4. Suppliers will conduct periodic air quality testing to capture air quality on the factory floor. The results of these tests must be filed and kept.
 - 6.5. Suppliers will minimise, and where appropriate, treat all emissions to air before they are released if they have the potential to adversely affect human health and/or the environment.
 - 6.6. Suppliers will develop a solvent management plan. This plan should set targets to reduce emissions to air and state options for achieving these targets.
 - 6.7. Suppliers will select materials or processes with no or low demand for VOC containing products.
 - 6.8. Suppliers will avoid or minimise VOC losses through process modifications and solvent vapour recovers.
 - 6.9. Suppliers will implement secondary controls to address residual emissions if necessary.
 - 6.10. Suppliers will keep a list of all air emissions points within the factory and which substances are emitted at each point.
 - 6.11. Suppliers will install air extraction devices in areas of the factory where fumes or particulates (including dust) are generated and can be inhaled by workers.



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7. Raw Materials

- 7.1. Suppliers will maximise efficiency of non-renewable material use to avoid unnecessary consumption of resources.
- 7.2. Suppliers will use renewable, sustainable and responsibly-sourced materials wherever possible.
- 7.3. Suppliers will keep abreast of developments in sustainable materials, making recommendations for the use of sustainable alternatives whenever viable.
- 7.4. Suppliers will trace raw materials, including paper sources and chemicals, back to the mill or factory where they were produced. Suppliers will be able to provide the brand name of the paper, chemical or other raw material that the mill or factory uses and will ensure that this is recorded accurately on the Chemicals and Materials tool within the Book Chain Project in support of improved supply chain transparency.
- 7.5. Suppliers will ensure that all raw materials used are compliant with both local law and relevant global requirements.

8. Solid Waste

- 8.1. Suppliers will continuously measure, record, and track the types and amount of solid waste produced by the factory for all solid waste streams. This includes paper and board, plastics, metal, glass, wood, chemicals, plates, inks, toner cartridges, lacquers, glues, adhesives, general (domestic), sewage sludge if there is onsite wastewater treatment, and any other hazardous waste.
- 8.2. Suppliers will have systems in place to ensure the safe handling, movement, storage, recycling, reuse, or disposal of waste.
- 8.3. Suppliers will set targets to reduce solid waste production and start a programme to achieve the reduction.
- 8.4. Suppliers will attempt to reduce, reuse and recycle for each waste stream (hazardous and non-hazardous).
- 8.5. Suppliers will track the disposal route for each waste stream.
- 8.6. Suppliers will ensure safe and legal disposal of hazardous waste using licensed waste contractors only.

9. Noise

- 9.1. Suppliers will conduct periodic noise level testing and where appropriate, employ noise prevention and control strategies and provide appropriate PPE for workers.
- 9.2. Suppliers will ensure they meet the Noise Level Guidelines stipulated by the IFC

10. Responsible Paper and Paperboard Sourcing

- 10.1. FSC Chain of Custody Accreditation: All manufacturing suppliers that procure and utilise paper, paperboard or wood for use in DK products will hold and maintain the FSC Chain of Custody accreditation and keep this up to date.
 - 10.1.1. All manufacturing suppliers that produce printed products will be expected to enter into and adhere to the terms of the DK FSC Outsourcing Agreement which outlines the procedures for the handling of materials and product labelling.
 - 10.1.2. Suppliers will include correct FSC references on all invoices and delivery notes.
 - 10.1.3. All quotations, purchase orders, invoices and despatch notes must include accurate FSC paper and paperboard references.
- 10.2. All papers and paperboards used in DK Products must be FSC certified. Non FSC certified materials will not be accepted.
- 10.3. We require printers and paper suppliers to avoid the use of controversial fibre and pulp sources.
 - 10.3.1. Suppliers will disclose the full brand name and paper mill details on request.
 - 10.3.2. Suppliers are asked to maintain and / or ensure access to fibre composition records to ensure accurate traceability of pulp and forestry sources.
 - 10.3.3. Suppliers will actively support endeavours by Book Chain Project's Forestry Sourcing tool to disclose and grade paper and paperboard brands



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- 10.3.4. DK will conduct period fibre analysis sample testing checks to verify that these requirements are consistently met.
- 10.4. The supplier must only use paper and paperboard materials that are listed on the purchase order when manufacturing our products. Suppliers may not substitute any materials without DK's prior knowledge and written consent.
- 10.5. Cartons should be manufactured only from sustainable paperboard materials and should preferably be FSC certified by the end of 2023. In the meanwhile, should FSC certified materials not be available, carton materials must as a minimum utilise materials graded 3* or above in the Book Chain Project Forestry Sourcing tool. The supplier must share details of all carton materials with the publisher within 7 working days of request.
- 10.6. The supplier will commit to using only certified paper based packing tape to seal all cartons by the end of 2023.
- 10.7. DK retains the right to veto use of certain paper and board brands. An up to date list of these materials is available on request. As of the date of this policy, materials from the following Mill Groups are not accepted: APRIL, APP, RESOLUTE.

SIGNATURE

I have read the DK Supplier Compliance Policy and confirm as an authorised representative on behalf of [Supplier Name] that we have understood the requirements of the policy and comply with them.

Position	
Signature	
Printed name	
Date	



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Appendix A: ICTI Ethical Toy Programme Locations

ICTI Audit and Certification is available at many locations - currently locations include:

- China (worker helpline also available in this location)
- India
- Indonesia
- Japan
- Korea
- Laos
- Malaysia
- Mexico
- Myanmar
- Sri Lanka
- Taiwan
- Thailand
- Vietnam (worker helpline also available in this location)
- Turkey
- U.S.A.
- United Arab Emirates
- Haiti
- Tunisia

ICTI can now conduct audits anywhere they are required. If an audit programme is not already established at a location, ICTI can take requests for audits in any country and will then work with local audit partners to establish capacity and estimated man day/travel costs. Factories may apply direct to ICTI to establish audit requirements, timeframes and costs.

ICTI approved auditors (as of January 2023) are as follows:

- SGS
- SCSA
- Intertek
- TUV-Rheinland
- QIMA

Appendix B: Glossary and References

Book Chain Project (BCP) Supplier Code of Conduct (CoC)

BCP is a collaboration of leading publishers that have been working together to drive social and environmental responsibility in our product supply chain. BCP provides a publishing industry CoC for labour and environmental standards. It states the publishers' commitments to their suppliers and what they expect from their suppliers in return. The CoC 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 CoC. DK supports the BCP CoC. The code can be found here:

<https://bookchainproject.com/resource>

Child or children

Defined as a person or persons yet to reach their 15th birthday, or any higher age specified in national or local law for completing mandatory schooling, or beginning full time work. In strictly limited circumstances, where national and local law sets a minimum working age of 14 years ILO Convention 138, relating to developing country expectations, can support this lower minimum age definition.

Child Worker/Child Labour

A child who is not legally entitled to work, who is below the minimum age of employment or under the age of 15, if this is higher.

Debt Bondage

Describes a situation in which a worker is not permitted to leave a job due to monetary (financial) debt owed to the employer or a labour recruiter. The debt may be for the fees and expenses paid in order to obtain the job or for such expenses as fines, tools, uniforms, or living expenses. DK has a zero tolerance approach to Debt Bondage.

Forced Labour (also referred to as Involuntary Labour)

Work that is performed by a worker involuntarily, as a result of deception or coercion, or under threat of penalty. See also Modern Slavery below. DK has a zero tolerance approach to forced and involuntary labour.

ICTI Ethical Toy Program (IETP)

DK has recognised the IETP (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.



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Hazardous work

Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children or young people. This includes handling chemicals, working with heavy machinery or electrics, working in confined spaces, at height or in extreme temperatures, being exposed to dusty environments, fumes or loud noise, lifting heavy loads, working overtime or working at night.

ISO 14001

An international standard for environmental management processes. We ask that all of our suppliers are ISO 14001 certified. Other environmental management systems (EMS) are acceptable, but they must be comparable.

ISO 9001

An international standard for the quality management of businesses. It applies to the processes that create and control the products and services an organisation supplies. We ask that all our suppliers are ISO 9001 certified.

Migrant Worker

A worker who either migrated within their country of origin (internal migration) or outside of it (crossing an international border) to pursue employment.

Modern Slavery

DK has a zero tolerance approach to modern slavery in all forms including but not limited to forced and involuntary labour (see above). Our Head of Operational Compliance and Sustainability is responsible for setting and implementing policy to mitigate risks of Modern Slavery within our supply chain. Our Modern Slavery Statement is available to view at DK.com and is updated annually.

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

Outsourcer

Any third party entity that is contracted by our first tier manufacturer to produce or process any element of a product. Outsourcing normally takes place when our first tier supplier doesn't have the correct permissions, expertise or equipment to be able to fulfil that part of the process in house.

Penguin Random House Supplier Code of Conduct (PRH CoC)

The global PRH CoC 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 PRH CoC.

The CoC can be found here: <https://global.penguinrandomhouse.com/compliance/>

Prison Labour

A form of forced labour that is performed by prisoners. Under prison labour arrangements, inmates may be brought to the manufacturing facility, or the production may occur in the prison facility. In some circumstances prisoners may be paid for this work, however, because they cannot refuse to participate in the work, we consider this to be a form of forced labour.

Recruitment Fees

Refers to fees incurred during the recruitment process to secure employment, regardless of the manner, timing or location of their collection. Recruitment fees must not be collected from workers directly or indirectly (including through deductions from wages), either by an employer, its subsidiaries, labour agents or other third parties providing related services.

Responsibilities and Review

Overall responsibility for this Policy resides with DK's Chief Operating Officer supported by the Head of Operational Compliance and Sustainability. The policy and our approach are regularly reviewed and this document updated periodically.

Subcontractor

Any third party entity that is contracted by our first tier manufacturer to produce or process any element of a product. Subcontracting normally takes place when a supplier is at capacity and is unable to complete a stage of the process in house.

Supplier

A first tier manufacturer engaged to produce a product on behalf of DK.

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.

Unauthorised Subcontracting and / or Outsourcing

The assigning, delegating or otherwise transferring of any portion of a DK purchase order to a third party without DK's prior written consent.

Young Worker

A person legally entitled to work, who is 15 years old or above the minimum age of employment under local law but below the age of 18.

DK as an Employer

DK places high regard on the ethical and legally compliant conduct of the company and its workers, 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



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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.

Queries

Any questions or queries regarding our Supplier Compliance Policy should be sent to the Nicola Torode - Head of Operational Compliance and Sustainability: nicola.torode@uk.dk.com