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EU REGULATION ON DEFORESTATION- FREE PRODUCTS

This document provides an overview of the EU regulation on deforestation-free products, and the activities undertaken by DK to ensure compliance. This statement is based on current knowledge and understanding of the regulation, providing an overview of our current position as of June 2024. Further guidance is anticipated from the EU Commission throughout the second half of 2024. We will monitor this guidance and intend to update this statement and our activities to ensure we continue to align with the requirements.

What is the EU Regulation on Deforestation-Free Products?

Deforestation is a main driver of the current climate and biodiversity crisis. Halting deforestation and restoring ecosystems is one of the most efficient ways to reduce CO₂ levels and combat climate change. The landmark EU Regulation on Deforestation-Free Products (EUDR) aims to ensure that a key set of products traded and consumed in the EU and globally no longer contribute to deforestation.

The EUDR prohibits placing or exporting products in/from the EU market that do not comply with legality and sustainability requirements. Companies must conduct due diligence to ensure the products they source are legal and are not linked to land that has been deforested or degraded after 31 December 2020.

EUDR entered into force on 29 June 2023, and its provisions will become applicable as of 30 December 2024. EUDR replaces and expands upon the EU Timber Regulations. It is expected that EUDR will be enforced by EU customs authorities amongst other actors.

EUDR and DK

DK is the world's leading illustrated publisher and a member of the Penguin Random House division of Bertelsmann, creating cutting-edge design and stunning visual books for the whole family that explore ideas and nurture curiosity about the world we live in. With a book-loving community of over 800 colleagues in the UK, US, Germany, India, China and Spain, DK produces books in over 60 languages. We are a diverse organisation operating worldwide and are committed to ensuring all our products are responsibly and ethically sourced and manufactured. In addition, we are committed to ensuring that all our products comply with EUDR by December 30, 2024.

Our existing responsible paper and paperboard sourcing policy¹ outlines our ambition to combat deforestation by supporting and promoting responsible forest management practices.

- DK is a FSC® certified publisher (FSC-C018179) in the category of Books and Printed Material. We have held this chain of custody since 2006;
- We work only with printers that hold the FSC Chain of Custody certification;

¹ Our responsible paper and paperboard sourcing policy can be viewed here:

<https://res.cloudinary.com/dk-hub/image/upload/v1692696465/dk-core-nonprod/000-upload/g3cjbunlrmhthsfgwe3.pdf>

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- Since 1 January 2021 all of our products have been with Forest Stewardship Council® (FSC) certified materials;
- We are a founder participant of The Book Chain Project and utilise their Forestry Sourcing Tool to risk assess our paper and paperboard supply chain. The assessment includes deforestation, biodiversity, transshipment and environmental risks including water. The tool also helps us to identify pulp sources including species, country and district of origin for each pulp.

We are working to close all gaps that exist between our current processes and the requirements of EUDR - including full traceability of the geolocation for pulp sources. To support this activity, we are participating in the FSC early adoption programme for their EUDR-aligned regulatory module and blockchain technology. In addition we are working with our divisional colleagues at Penguin Random House to share knowledge and best practice as we develop our approach to compliance.

Specifically, we will:

1. Update our due diligence processes to ensure that all mandatory elements to comply with the new regulation are included;
2. Establish and implement a process to collect and report on additional data requirements for all paper transactions;
3. Create compliance statements for relevant products;
4. Keep records for at least five years from the data that relevant goods are placed onto the EU market;
5. Conduct supply chain analysis, including:
 - a. Mapping the paper and forest sources supply chain to identify country of origin;
 - b. Risk analysis of our supply chain and of specific materials;
 - c. Active engagement of our global supply chain to raise awareness of and stimulate compliance with EUDR requirements.

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