

# Penguin Random House Supplier Code of Conduct

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## **1 PREAMBLE**

### **1.1 Introduction**

Economic success and good corporate citizenship are inseparable objectives of our company. As such, responsible and ethical behavior toward employees, business partners, society and the environment are integral parts of our company's value system, including its affiliated companies. Complying with the law and legislation in our business activities is a matter of course for us.

The Penguin Random House Supplier Code of Conduct is based on the principles of internationally recognized standards for responsible corporate governance. These include, for example, the United Nations (UN) Global Compact, the Guidelines for multinational enterprises published by the Organization for Economic Co-operation and Development (OECD) and the labor and social standards of the International Labour Organization (ILO).

This commitment must also be reflected in the relationships we maintain with business partners.

That is why the Penguin Random House Supplier Code of Conduct sets forth the mandatory minimum requirements for our business partners in their business relationship with Penguin Random House. The continuity and further development of successful business relationships depend to a large extent on a shared commitment to integrity and social responsibility.

We therefore expect from our business partners that they implement and comply with the Penguin Random House Supplier Code of Conduct.

We thank all business partners who share our commitment to responsible and ethical conduct in business.

### **1.2 Application of the Supplier Code of Conduct**

Business partners for the purposes of this Supplier Code of Conduct, who we expect to comply with the standards set down herein, shall include all third parties who act for, on behalf of, or together with Penguin Random House. These include, among others, suppliers, vendors, consultants, agents, sub-contractors, sales representatives and freelance collaborators with the exception of authors, certain licensors, and customers (regardless of the business model).

## **2 INTEGRITY**

### **2.1 Compliance with the law**

Our business partners shall adhere to applicable law at the local, national and international level.

> The observance of all applicable laws and regulations is a matter of course for us. We also expect this from our business partners. This is the only way in which a trusting and long-term business relationship can be ensured.

> All business partners shall be familiar with the laws, regulations and guidelines that are relevant to their respective activities for, together with or on behalf of Penguin Random House.

> In specific countries, business areas or markets, stricter rules than those described in this Supplier Code of Conduct may be in place. In such cases, the stricter rules are to be applied.

## **2.2 Compliance with foreign trade law**

Our business partners shall comply with foreign trade regulations.

> National and international laws regulate the import, export and domestic trade of goods, technologies or services, the handling of specific products, and capital movements and payments. Adequate procedures must be used to ensure that transactions with third parties do not violate current economic embargoes or regulations of trade, import and export control or regulations for the prevention of terrorism financing.

## **2.3 Protection against corruption and bribery**

Our business partners shall condemn any form of corruption and bribery.

> For our business partners, any form of active or passive corruption is prohibited, irrespective of whether it concerns public officials or occurs in other business dealings.

> Our business partners shall only grant benefits (e.g. invitations or gifts connected with publicity measures, donations or sponsorships) to the extent permitted by law.

## **2.4 Protection of assets and property**

Our business partners shall condemn any form of fraud and other fraudulent behavior toward Penguin Random House and third parties.

> Every form of fraud (e.g. fraud, embezzlement, theft, misappropriation, tax evasion or money laundering) is prohibited, regardless of whether company assets or third-party assets are affected.

## **2.5 Fair competition**

Our business partners shall observe the applicable antitrust and competition law.

> Our business partners are committed to fair and unrestricted competition as a core element of a free economy. They refrain from entering into restrictive agreements with competitors, suppliers, distributors, retailers and customers as well as from restrictive market practices. This includes, but is not limited to, agreements with competitors about prices, agreements about market allocation by customers or regions with competitors, boycotts, as well as the unlawful exchange of competitively sensitive information with competitors.

## **2.6 Protection of intellectual property**

Our business partners shall respect and protect any type of intellectual property.

> Intellectual property covers any works of intellectual creation irrespective of its commercial value. This includes, but is not limited to, literary works, music, films, TV programs, visual works and software that are protected under relevant laws (e.g. copyright, trademark, design or patent) as trade secret or as know-how.

> Intellectual property infringements include, but are not limited to, the performance, distribution or display of copyrighted material without permission and the creation and distribution of unauthorized copies of intellectual property, both in physical or digital form.

> As a book publishing company, the protection of intellectual property is of particular importance for Penguin Random House and is therefore also expected from our business partners.

## **2.7 Data privacy and protection**

Our business partners shall observe the applicable laws and rules when personal data and information are collected, stored, processed or transferred.

> When collecting, storing, processing or transferring personal data (e.g. name, address, telephone number, date of birth, health information) relating to employees, customers or other third parties, our business partners take great care and maintain strict confidentiality, while also observing applicable laws and rules.

## **2.8 Financial integrity**

Our business partners shall conduct their business, store documents and perform financial reporting with integrity.

> Business transactions, assets and liabilities will be recorded and documented in accordance with legal requirements.

> Documents relevant to financial reporting may not knowingly include incorrect or misleading entries. Any balance sheet manipulation is prohibited.

## **2.9 Conflicts of interest**

Our business partners shall disclose potential or actual conflicts of interest and resolve these as quickly as possible.

> Business partners who are affected by a potential or actual conflict of interest in their activities in relation to Penguin Random House are obliged to disclose and resolve it promptly.

## **2.10 Confidentiality and business information**

Our business partners shall protect confidential information from unauthorized disclosure and misuse, just as they shall protect Penguin Random House's reputation when making public statements.

> Our business partners shall ensure that confidential information and data are stored carefully, that information is not forwarded or made available to unauthorized persons and is only used for the agreed business purposes.

> The discussion of confidential information in public and social media or the unauthorized disclosure of information about the company or its customers to third parties, such as the media or competitors, shall constitute a breach of confidentiality and may also constitute an antitrust violation.

## **2.11 Insider trading**

Our business partners shall comply with applicable insider trading laws.

> The law prohibits the use as well as the sharing with third parties of insider information in the trading of securities or other financial instruments.

> Insider information is specific information about any circumstances that are not publicly available and which, if made public, could significantly influence the price of securities or similar financial instruments. Examples of such circumstances include, among other things, profit increases or drops,

major contracts, plans to merge with or acquire a company, significant new products or person- nel changes in a company's leadership.

> If such information becomes known to our business partners, they will deal with it in accordance with the provisions on insider trading.

### **2.12 Information security**

Our business partners shall use information provided to them by Penguin Random House exclusively to fulfill their tasks within the scope of providing services for Penguin Random House and shall protect it from internal and external misuse.

> Sensitive information is used and processed with IT systems regularly in the course of everyday business. This requires appropriate security measures (processes, approved technologies and licensed software) in order to protect intellectual property and personal data. Ignoring appropriate security measures can lead to serious consequences, such as data loss, identity theft or copyright infringement.

> Our business partners undertake to use information provided by Penguin Random House exclusively to fulfill their contractual obligations and not for their own or personal purposes that are un- reasonable or improper, or for unethical or illegal activities.

> It is the task of our business partner to ensure that all necessary measures are taken to guarantee the security of sensible information and to protect it from internal and external misuse and threats.

## **3 EMPLOYEES**

### **3.1 Human rights**

Our business partners shall respect and support the protection of universally recognized human rights and make sure that they are not complicit in violations of human rights.

> Our business partners support the principles of the Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on business and human rights and the core labor standards of the ILO.

### **3.2 Prohibition of forced and child labor**

Our business partners shall not use or tolerate any form of forced or child labor.

> Our business partners do not tolerate any child labor in the meaning of ILO Conventions 138 and 182 and national laws. The minimum age of a child or juvenile person must not be below the age at which compulsory school education ends in the country in which the business partner is operating.

> Our business partners also do not condone forced labor, i.e. all work or service which is exacted from any person under the threat of any penalty and for which the said person has not offered himself voluntarily, modern forms of slavery and trafficking for labor.

### **3.3 Fair working conditions**

Our business partners shall adhere to the statutory regulations on fair working conditions and allow their employees to speak up freely and without fear of retaliation.

- > The statutory regulations to ensure fair working conditions, including those on payment, working times and the protection of privacy, are observed by our business partners.
- > Furthermore, our business partners recognize the rights to freedom of association and collective bargaining in accordance with valid laws and provisions.
- > Attempts to intimidate and retaliate against employees who report actual or suspected misconduct in good faith are not tolerated by our business partners. Our business partners provide their employees the opportunity to report potential compliance violations in confidence.

### **3.4 Anti-discrimination and harassment**

Our business partners shall provide a workplace environment that does not allow for discrimination.

- > Our business partners do not tolerate discrimination against employees or applicants for employment because of race, national or ethnic origin, gender, pregnancy, marital or parental status, age, disability, religion or belief, sexual orientation or any other characteristic specified under applicable anti-discrimination law or company policy.
- > Our business partners maintain a respectful and dignified relationship with their employees, free from harassment, bullying or intimidation.

### **3.5 Health and safety**

Our business partners shall protect the health and safety of their employees in the workplace.

- > Our business partners provide a healthy and safe working environment for their employees by observing the laws and rules on health and safety in the workplace.

## **4 ENVIRONMENT**

### **4.1 Responsible use of natural resources**

Environment and climate protection as well as the responsible use of natural resources are important parts of our business partners' responsibility toward the environment and society.

- > Our business partners observe the applicable regulations regarding environmental protection, in particular, regarding operational and product-related environmental protection.
- > We expect from our business partners responsible sourcing and use of natural resources.

## **5 IMPLEMENTATION**

### **5.1 Observation**

Our business partners shall guarantee that the Penguin Random House Supplier Code of Conduct is implemented and observed in the contractual relationship with Penguin Random House.

- > Our business partners guarantee that the minimum standards of this Supplier Code of Conduct are complied with in the contractual relationship with Penguin Random House.
- > To this end, our business partners pass on the values and principles of the Supplier Code of Conduct to their employees who perform activities for Penguin Random House and work toward ensuring that these are observed.

## 5.2 Supply chain compliance

Our business partners shall use best efforts to ensure that their own business partners who they appoint to work for or on behalf of Penguin Random House are familiar with the minimum requirements of the Penguin Random House Supplier Code of Conduct and observe these.

> Since the minimum standards of the Penguin Random House Supplier Code of Conduct should be observed along the entire value creation chain, our business partners inform third parties who they appoint within the scope of their activities for Penguin Random House (e.g. subcontractors, consultants) of the Penguin Random House Supplier Code of Conduct. Our business partners work toward ensuring that it is observed by their third parties in the contractual relationship with Penguin Random House.

## 5.3 Violations of the Penguin Random House Supplier Code of Conduct

Violations of the Penguin Random House Supplier Code of Conduct may result in Penguin Random House taking appropriate actions.

> The Penguin Random House Supplier Code of Conduct is an integral part of all contractual agreements with Penguin Random House's business partners within the meaning of para. 1.2 of this Code.

> In cases of suspected violations of the Penguin Random House Supplier Code of Conduct, the business partner supports any examination conducted by Penguin Random House.

> In the event of violations of the Penguin Random House Supplier Code of Conduct, Penguin Random House reserves the right to respond in a manner appropriate to the severity of the violation. This includes, but is not limited to, making a request for the immediate remediation of the violation, asserting claims for damages or terminating the contract. In the event of serious violations of the Penguin Random House Supplier Code of Conduct, Penguin Random House reserves the right to terminate the contract without notice.

## 6 REPORTING VIOLATIONS

Various reporting channels are available both to our employees and our business partners for reporting compliance violations.

> Substantial compliance violations, specifically illegal business practices, can be reported via an Internet-based system, which is available in multiple languages. This allows for a confidential and specially encrypted, secure dialogue with the Penguin Random House Integrity & Compliance team.

[www.penguinrandomhouse.reportconcerns.com](http://www.penguinrandomhouse.reportconcerns.com)

> You may also contact an external ombudsperson appointed by Penguin Random House, whose role it is, as a neutral, independent contact person, to offer advice and support in order to clarify any suspected substantial compliance violation. The ombudsperson holds all communications with those seeking assistance in strict confidence and does not disclose confidential communications to Penguin Random House, including the identity of the inquirer, unless given permission to do so by the inquirer.

Ombudsperson for Europe, Africa, Asia and Australia: [ombuds@discussconcerns.com](mailto:ombuds@discussconcerns.com)

Ombudsperson for North and South America: [ombuds2@discussconcerns.com](mailto:ombuds2@discussconcerns.com)

## **7 CONTACTS**

The Penguin Random House global Integrity & Compliance team is available as contacts for business partners if they have questions or suggestions concerning the Penguin Random House Supplier Code of Conduct.

### **INTEGRITY & COMPLIANCE AT PENGUIN RANDOM HOUSE**

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