

## **MODERN SLAVERY STATEMENT**

### **INTRODUCTION**

This statement is made pursuant to the Commonwealth *Modern Slavery Act 2018* and constitutes Macmillan's Modern Slavery statement for the financial year ending 30 June 2024. For the purposes of this statement, Macmillan refers to reporting entities Pan Macmillan Australia Pty Ltd and Macmillan Publishers Australia Pty Ltd.

Pan Macmillan Australia Pty Ltd carries on business publishing books, in which the services of typesetting, printing, distribution, freight, shipping, IT and other office equipment suppliers, professional services and office facility services are utilised in the operations and supply chains. At present, Macmillan Publishers Australia Pty Ltd has no operational supply chain risks in Australia.

### **ADDRESSING RISKS OF MODERN SLAVERY PRACTICES**

The Macmillan Code of Conduct reflects our commitment to acting ethically and with integrity in all our business relationships.

During the assessment process we analysed our risks of modern slavery and identified the following. Our lowest risk is local operations of typesetting and distribution, as this is handled by staff directly engaged by us in Australia. We have developed close working relationships with these companies over many years and we have a large degree of oversight. Macmillan staff periodically visit these suppliers and conduct onsite reviews of working conditions, supplier workflow and staff interactions.

Our highest risk is offshore printing in South East Asia. We have reviewed the Modern Slavery policies of these offshore companies and confirm they are compliant with Modern Slavery legislation. These offshore companies are also compliant with local laws and regulations prohibiting Modern Slavery.

Our opposition to Modern Slavery is reaffirmed in the Macmillan Code of Ethics for Business Partners. It provides that our vendors, suppliers, agents and other business partners must conduct business ethically, honestly and with integrity. The Code requires all workers are to be treated with dignity and respect and prohibits any form of slavery, servitude, forced or compulsory labour, bonded labour or human trafficking or violence or coercion against labourers. Compliance with applicable minimum age and child labour laws is also specifically required.

Macmillan participates in professional and other organisations that require detailed commitments from suppliers with respect to health and safety, labour standards, wages, discrimination and the environment. Such organisations include The Book Chain Project in the UK, a collaboration of leading publishers who have worked together since 2003 to drive social and environmental responsibility in product supply chains. Additionally, we expect all our product suppliers to commit to working towards the standards set out in the Book Chain Project Supplier Code of Conduct and the Ethical Trading Initiative base code, integrated in the SMETA Measurement Criteria.

In 2022 we conducted a contract review process and further amended certain contracts to bolster modern slavery clauses. These provisions are now included in all relevant contracts.

We are also members of SEDEX, a data platform for supply chain assessment and management. SEDEX regularly conducts audits of Macmillan's suppliers using the Sedex Members Ethical Trade

Audit (SMETA) Measurement Criteria. These audits report on the processes used to manage labour standards at supplier sites, examining what controls are in place to ensure employment is freely chosen and safe workplace conditions.

## **DUE DILIGENCE PROCESSES**

As part of our commitment to identifying and mitigating the risk of Modern Slavery in our supply chains, Macmillan have a group-wide Supplier Information Management tool to enable us to assess our supply partners in respect of Modern Slavery and other risks. In implementing this review process, Macmillan has informed various staff in finance and procurement areas about the risks that Macmillan seeks to identify and mitigate. This new due diligence process also provides us an opportunity to remind suppliers of our values and ethical standards. Once the tool is fully implemented, new suppliers will only be appointed after a risk assessment has been performed. Before entering into a business relationship with a vendor, relationship managers will complete the Compliance New Vendor Form. Macmillan Ethics and Compliance then upload this to GAN, our vendor due diligence system, for review. GAN screens each supplier for any adverse media coverage, sanctions and politically exposed persons. Each vendor will then be evaluated by the Ethics & Compliance team. Separately, we have developed and implemented an observation checklist for business staff to use on supplier visits to review onsite conditions periodically. The reviews of onsite conditions are supplementary to the audits conducted by SEDEX.

## **SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS**

Our Code of Ethics for Business Partners forms part of our contract with all suppliers and they are required to confirm that no part of their business operations contradicts this policy. As we onboard suppliers to our Supplier Information Management tool, each is provided a link to the Code of Ethics and required to affirm compliance to the Code or an equivalent set of principles.

The 2023 SMETA audit of our main printing supplier, 1010 Printing International Ltd., reflected that the factory had established policies and procedures to reduce the risk of forced labour, child labour, discrimination, harassment and abuse. These had been communicated to employees, and confirmed by the audit as there are strict recruitment procedures. Per these procedures, the factory verifies all workers' original identity cards and keeps photocopies in their personnel files. The youngest employee in the factory was 18 years old. Based on the document review conducted, no employees were required to lodge 'deposits' or their identity cards with the factory, nor where any original documents detained. The factory has taken steps to reduce any risk of forced or trafficked labour within its supply chain, including terminating relationships with corporations if any issue is noted.

Employees are paid above the minimum wage on a consistent schedule. The sampled employees were paid 150% and 200% of their normal wage for overtime work and no person worked on public holidays. While overtime is voluntary, an area of concern was many workers did work in excess of the statutory overtime hour limits. It was recommended that the factory adopt controls to mitigate excess overtime. The factory provides labour contracts to establish formal employment relationships, which workers receive a copy of after signature.

1010 Printing was visited by our Production Manager in March 2024. The visit confirmed the above findings and found that 1010 Printing's factory was clean, organised and air-conditioned. The factory has 700 staff, with the majority sleeping on-site, in air-conditioned dormitories. Workers took pride in their site and roles and there was no evidence of child labour or forced labour. It appeared that all local regulations and labour laws were adhered to fully.

The 2023 SMETA audit of one of Pan Macmillan's printing suppliers, Discovery Printing Co., reflected that the supplier had written policies prohibiting forced labour, child labour, discrimination, harassment and abuse. There was evidence of the factory conducting their own risk assessments and worker representation onsite through a Worker Committee. The factory provided twelve months of payrolls for review. All workers were calculated on an hourly basis, paid monthly and no worker was paid below the minimum wage. Their hours of work were not excessive, evidenced in thirteen months of attendance records, and all 275 employees were enrolled in social insurance.

The 2024 audit report reaffirmed these findings. The factory has established policy and procedures to meet human rights and labour standards required by the local law, also contained in their worker's manuals. Effective reporting systems are in place to allow confidential reporting and manage any human rights impacts that may arise. Management and workers have also received training on the policy and procedure of prohibiting forced labour, child labour, discrimination and abuse. The age of the youngest employee on site was 20, above the legal age of 16. This has been verified against employee's original ID cards.

An area of concern highlighted was an excess of monthly overtime. While employees are being fairly compensated for their overtime work, 8 out of 26 randomly selected employees exceeded 36 hours of overtime work in January 2023, with the highest having worked 42 hours of overtime. SEDEX recommended a reduction of overtime hours through reasonable production plans and increased education surrounding the risks of excessive overtime.

## **TRAINING**

Macmillan has implemented enterprise-wide induction and refresher ethics and compliance training across our group that covers aligned our code of conduct, and issues such as fraud and ethical behaviour, health and safety, discrimination, anti-bribery and anti-corruption and privacy. As part of our training governance framework we monitor and report on our mandatory training completion rates. In 2019, we had training on preventing human trafficking available for our procurement staff and others who work with vendors. In the UK, those suppliers who have joined The Book Chain are urged to take the training that organisation makes available for members.

## **WHISTLE-BLOWING**


Macmillan has in place whistleblowing procedures in order for violations of our Code of Conduct or Code of Ethics for Business Partners to be reported. Issues can be raised internally or the online reporting platform "Ethics Point" can be used with the whistle-blower's name or anonymously to report issues. Retaliation against those raising a good-faith concern is strictly prohibited.

## **PERFORMANCE INDICATORS**

We recognise that our review and assessment of our actions to identify and address our modern slavery risks in our operations and across our supply chain will be an ongoing and evolving process. Through conducting our contractual review, we have committed to including relevant anti-slavery provisions in contracting with suppliers. We will continue to monitor Modern Slavery risks, including by considering information received through our new due diligence processes, SEDEX audit processes, our Ethics Point reports and our training program.

We consulted the relevant companies we own or control in the development of this statement.

This statement was approved by the Board of Pan Macmillan Australia Pty Ltd and Macmillan Publishers Australia Pty Ltd on 10 April 2024.



Praveen Naidoo  
Managing Director

**Pan Macmillan Australia Pty Ltd**  
**Macmillan Publishers Australia Pty Ltd**

Dated.....10/04/2024..