

# **HACHETTE BOOK GROUP**

## **VENDOR COMPLIANCE MANUAL**

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## **SECTION I: INTRODUCTION**

This Vendor Compliance Manual (“Manual”) sets forth Hachette Book Group, Inc.’s (“Hachette’s” or “our”) requirements for all vendors involved in providing manufacturing and production services to us (“Vendors” or “you”).

The requirements in this Manual will be incorporated and made part of each purchase order we issue to you (“Purchase Order”). Hachette does not accept any terms and conditions on any pre-printed Vendor purchase orders, invoices and/or documentation. If there is a conflict between the terms of this Manual and the Purchase Order, the Purchase Order controls. If there is a conflict between the Purchase Order and/or this Manual, on the one hand, and any separate written agreement we have in place with you, on the other hand, then that separate agreement will control.

This Manual is not intended to be a complete catalog of all applicable product regulations. Hachette expects Vendors to remain current on requirements that apply to products and services delivered to us. Under this Manual and our Purchase Order, it is your responsibility as the Vendor to ensure that all products and services supplied to us comply with all applicable national, federal, state, and local statutes, rules, and regulations (collectively “Laws”). Your acceptance and fulfillment of Purchase Orders will constitute confirmation of your agreement to comply with the terms of the Purchase Order and this Manual.

Please monitor <https://www.hachettebookgroup.biz/about-HBG/corporate-social-responsibility/> periodically to review updates to this Manual. Thank you for doing business with Hachette.

## **SECTION II: REQUIREMENTS FOR ALL PRODUCTS**

### **1. RECORDKEEPING**

Vendors must provide manufacturer's records, bills of materials, test reports, Children’s Products Certificates (CPCs) and other documentation requested by Hachette within a reasonable time but no longer than 3 business days from the request. Vendors must maintain all such records for at least 5 years from the date of production/completion of services.

### **2. RECALLS AND CORRECTIVE ACTION**

From time to time Hachette may need to submit certain product information with the U.S. Consumer Product Safety Commission (CPSC) or other foreign regulatory organizations and, in rare instances, recall a product for safety reasons or take other corrective actions. You will cooperate with all of Hachette’s efforts in connection with its obligations to the regulatory organizations, including, but not limited to, conducting a product recall or undertaking other similar corrective actions, including making all requested records and information promptly available to Hachette for this purpose.

### **3. INSPECTIONS**

Hachette, its licensors, clients and/or accounts, must be able to inspect Vendor’s facilities (or Vendor’s agent’s subcontractor’s facilities) upon reasonable advance notice, during normal business hours. Vendors must cooperate fully with Hachette in arranging and facilitating any such inspections.

### **4. PRODUCT LABELLING AND TRACKING INFORMATION**

All products must display at least the following information, unless otherwise specified by Hachette:

- Hachette’s address (based on location of the Hachette imprint);
- Country of origin (“Printed in...” or “Manufactured in...”);
- Print line, using numerical values to isolate a specific printing of a title; and
- Plant specific numerical or alpha numeric Vendor code, assigned by Hachette.

All product packaging and labelling, and any changes thereto, must be approved in writing by Hachette.

## **5. COMPLIANCE**

Unless otherwise specified by Hachette, Vendors must deliver products and labelling that comply with applicable Laws of the United States, Canada, European Community, Australia and New Zealand.

If you supply products to us that fail to comply with applicable Laws, this Manual, and/or the Purchase Order, in addition to Hachette’s other rights and remedies, you will be responsible for: (i) re-manufacturing compliant products at no additional cost; and (ii) reimbursing Hachette for any additional costs associated with the non-compliance such as freight, destruction of non-compliant products, fines, penalties, fees, damages and/or reasonable attorneys’ fees. Hachette reserves the right to cancel Purchase Orders, withhold payment and/or reject shipments of non-compliant products.

## **6. HAZARDOUS CHEMICALS**

Vendors may not include any “hazardous substance” in Hachette products containing radioactive, PBT (persistent, bioaccumulative, toxic), vPvB (very persistent, very bioaccumulative), CMR (carcinogenic, mutagenic or reprotoxic) or SVHC (substances of very high concern) substances, preparations or compounds, or Bisphenol A (BPA), or any of the other known hazardous substances contained in one of the lists below:

- i. Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”): <http://echa.europa.eu/addressing-chemicals-of-concern/restrictions/substances-restricted-under-reachurl>
- ii. California Proposition 65: <http://oehha.ca.gov/proposition-65/proposition-65-list>
- iii. Washington Children’s Safe Product Act: <http://www.ecy.wa.gov/programs/hwtr/RTT/cspa/chcc.html>
- iv. Vermont’s Toxic-Free Families Act on Toxic Chemicals: <http://healthvermont.gov/enviro/chemical/cdp.aspx>
- v. Maine’s Toxic Chemicals in Children’s Product Law: <http://www.maine.gov/dep/safechem/>

In certain cases, as permitted by Law, the presence of a hazardous substance must be reported in an appropriate document and/or on the product’s packaging (e.g. tobacco, alcohol, air care fragrance, adhesive, etc.). If a product cannot be manufactured without the use of a hazardous substance, then Vendor must notify Hachette in advance of manufacture so that Hachette has time to change Vendors, product design, and/or product specifications.

## **SECTION III: ADDITIONAL REQUIREMENTS FOR CHILDREN’S PRODUCTS, MINI-KITS, “BOOKS-PLUS”, ART KITS, AND ANY OTHER NON-STANDARD PRODUCTS**

### **1. DESIGN HAZARD RISK ASSESSMENTS**

Hachette may require Vendors to conduct a design hazard risk assessment prior to manufacturing products. The design hazard risk assessment must outline all applicable Laws, third party testing, and labelling requirements. It should also call out any potential use of hazardous substances (as described in Section II(6)), so that Hachette can implement appropriate design changes.

Design hazard risk assessments must be conducted by a third party lab (see Section III(4) below) and should be repeated if there is any material change in the design or manufacturing process of the product. Vendors must notify Hachette immediately in writing upon receipt of a re-order if such a change has occurred and may be required by Hachette to supply a new design hazard risk assessment prior to manufacturing the re-order.

**2. SPECIFIC REQUIREMENTS FOR CHILDREN’S PRODUCTS:** Children’s products are defined differently and regulated differently in each country, and if conflicting Laws apply, they should be manufactured to comply with the most rigorous of the applicable Laws. If a product is considered, for example, both a children’s product and an art product, it must comply with Laws applicable to both children’s products and art supplies.

A. United States: Vendors must comply with the U.S. Consumer Product Safety Improvement Act (“CPSIA”), as applicable.

- i. “Children’s products” are defined as those products designed or intended primarily for children 12 years of age or younger.
- ii. CPSIA includes the following requirements which may be applicable to Hachette’s products:
  - Mandatory third party testing for children’s products and certification requirements;
  - Tracking labels;
  - Warning label requirements;
  - Compliance with ASTM F-963; and
  - Restrictions on the amount of lead-in-substrates, lead in paint, and phthalates.
- iii. Ordinary paper and ink books, bound with conventional materials, (“Ordinary Paper and Ink Books”) will not require third party product testing. Hachette will, however, require annual safety testing results for components used in the manufacture of such products (e.g. inks, water based laminates, glues etc.) to confirm overall compliance with CPSIA lead and phthalate limits.
- iv. All other Children’s products (e.g. products other than Ordinary Paper and Ink Books that have inherent play value, are toys, kits, and/or audio books) will require third party testing of the product as a whole, and each printing must be accompanied by a corresponding Children’s Product Certificate (or “CPC”) (see Section III(3) below).

B. Europe: Vendors must comply with the EC Toy Safety Directive, as applicable.

- i. The Toy Safety Directive 2009/48/EC refers to toys as products that are used or intended for use in play by children up to the age of 14 years.
- ii. All board books, books plus, and books with “play value” must be accompanied by the following documentation from Vendors:
  1. Design hazard risk assessment
  2. Bill of Materials
  3. Declaration of Conformity

4. REACH Certificate
5. ISO/Certificate of Quality Systems
6. Compliant safety report from third party lab

### **3. CHILDREN'S PRODUCT CERTIFICATE ("CPC")**

Hachette requires Vendors (foreign and domestic) to provide a CPC, as required under CPSIA, certifying that the applicable children's products complies with all applicable United States product safety Laws, enforced by the United States Product Safety Commission. CPCs are not required for the Ordinary Paper and Ink Books described in Section III(2)(A)(iii).

CPC's must contain at least the following information:

- Date of CPC;
- Identification of the product covered by CPC (name of product and ISBN);
- Citation to each CPSC product safety regulation to which the product is being certified;
- Identification of party certifying compliance of the product;
- Date (month and year) and place where product was manufactured;
- Date, place and name of third party lab where product or representative sample was tested for safety regulations cited above; and
- Contact information for the individual maintaining records of test results.

Except as otherwise agreed by Hachette, a CPC is required at least seven days before final product is scheduled to ship to Hachette. "Generic" CPC's that are not product specific will not be accepted by Hachette.

### **4. THIRD PARTY TESTING LABS**

All design hazard risk assessments and testing required under this Section III, must be conducted by a lab accredited by the United States Consumer Product Safety Commission: <http://www.cpsc.gov/cgi-bin/labsearch/>. Hachette also requires that Vendors implement and enforce an Undue Influence Policy, as required under the CPSIA, prohibiting employees, agents, representatives, and suppliers of Vendors from exercising undue influence on a third party testing lab.

### **5. TESTING FREQUENCY**

Children's products that require third party testing under this Section III must be tested on samples representative of goods shipped, and re-tested every 12 months if there are no changes to the product. You may rely on valid testing from a previous print run within the last 12 months, when issuing a CPC.

New testing is required, however, if there is any manufacturing or product specification change, such as to the country of origin, factory, design, specifications, or component materials.

Upon receipt of a re-order, if there is a change in the manufacturing, it is the Vendor's responsibility to notify Hachette of the change in writing within 2 business days, and to confirm new testing will be conducted and an updated CPC will be supplied to Hachette prior to the new order releasing to ship.

### **6. ART KITS AND OTHER ART MATERIALS**

Art materials for consumers of all ages must comply with a number of requirements under United States and other Laws. Vendors must cooperate and work with Hachette to ensure that any art materials supplied to Hachette have (1) undergone a toxicology evaluation / chronic hazard review, and (2) are affixed with the

appropriate cautionary labeling for certain acute and chronic hazards if those substances meet the definition of “hazardous substance” under the FHSA and LHAMA (such as “conforms to ASTM D-4236”).

## **SECTION IV: VENDOR CODE OF CONDUCT**

This Section reflects the commitment of Hachette to conduct business under the highest standards of integrity and ethics. It is crucial that all of our Vendors adhere to and comply not only with the many Laws (defined in Section I) that affect any of our businesses, but also with Hachette’s principles of ethical business conduct.

Your understanding of and adherence to this Vendor Code of Conduct matters to the success of our mutual businesses and our business relationships. Promoting and maintaining the highest standards of business conduct are an important part of our corporate vision.

Our Vendor Code of Conduct highlights our expectations of the manner in which your company will conduct itself in connection with our business relationship. The Vendor Code Conduct is not intended to address every situation that may arise in the conduct of your business.

### **1. SOCIAL VALUES**

Vendor undertakes to comply strictly with the core principles outlined below and guarantees that its own employees and representatives will abide by them.

#### **A. Child and youth labor**

Vendor will not use child labor in the manufacture of products or the provision of services to Hachette and will promote the ban and work towards the elimination of the worst forms of child labor. Child labor, which is regarded as a form of exploitation, should not be confused with the employment of young people or students. The term “child” refers to boys and girls below the minimum legal working age (which varies according to the type of work and the country) and/or the age from which schooling ceases to be compulsory. In principle, the minimum age of admission to employment or work should be at least a minimum of 15 years. For “hazardous” tasks, the minimum age is set at 18 years, irrespective of the country.

#### **B. Forced and compulsory labor**

Vendor will employ only persons whose presence is voluntary and will refuse to accept any form of slavery or similar practice, forced or compulsory labor, or any use of (physical or psychological) violence, threats or corporal punishment, etc. Vendor must treat its workers with respect and dignity.

#### **C. Working time**

Vendor will not require any member of staff to work for more than 48 regular hours per week (as stipulated by the ILO). Furthermore, overtime must not exceed 12 hours per week and enforced overtime must be limited. In any event, all overtime hours must be compensated at a rate above the normal rate. Lastly, all staff members must have at least one day off in every 7-day period.

#### **D. Wages and benefits**

Vendor will provide living wages to its employees, i.e. sufficient to cover their essential needs and those of their families (where there is no legislation applicable in this respect). Vendor will contribute to all statutory social

security and welfare funds to which employers and/or employees are required by applicable laws to contribute, including medical insurance, industrial injury insurance, pension, housing and unemployment funds, and will contribute to these funds on behalf of all employees in accordance with all relevant Laws.

E. Equal opportunities

Vendor will not discriminate negatively against employees in any way whatsoever in terms of employment, profession, hiring, compensation or other on grounds such as race, color, gender, religion, political opinion, sexual orientation, ethnic or national origin, social origin or on any other basis.

F. Health and safety

Vendor will ensure that buildings, workplaces, machinery, equipment and work processes, as well as chemical, physical and biological substances and agents subject to control do not represent any threat to the hygiene, health and safety of employees. When needed, protective clothing and appropriate protective equipment must be provided to prevent the risks of accidents or effects harmful to health. Vendor also undertakes to ensure that the same standards of hygiene, health and safety are applied in housing, if any, made available to its employees.

G. Labor relations

Vendor will comply with employees' legal right to form unions and/or organizations representing their choices and/or to sign up to these and comply with employees' legal right to give these unions/organizations a mandate to represent them in collective bargaining, which must take place in a constructive manner.

Accordingly, Hachette strongly encourages its Vendors to embark on a labor certification process and recommends referring, pending the introduction of an ISO norm, to the following certifications or reference frameworks:

- SA 8000 (social accountability)
- OHSAS 18001 (working conditions, health and safety)
- ILO-OSH 2001 (occupational safety and health management system)

F. Harassment

Vendor must not tolerate any form of harassment in the workplace on the basis of race, color, national origin, citizenship status, ancestry, religion sex, age, sexual orientation, marital status, physical or mental disability, gender identity or expression, genetic information, pregnancy, military service or veteran's status, or membership in any other class protected by applicable law.

Vendor must also not tolerate any form of sexual harassment in the workplace (sexual advances, requests for sexual favors and/or verbal or physical conduct of a sexual nature) when: (a) submission to or rejection of such advances, requests or conduct is made either explicitly or implicitly a term or condition of employment or as a basis for employment decisions; or (b) such advances, requests or conduct have the purpose or effect of unreasonably interfering with an individual's work performance by creating an intimidating, hostile, humiliating or sexually offensive work environment.

Vendor must duly investigate all reports of harassment in the workplace and ensure that there are no retaliatory measures taken against individuals reporting on such matters.

## **2. ENVIRONMENTAL VALUES**

Vendor must, under the Laws in force in the countries in which it operates, take account of the need to protect the environment and the health and safety of the public. In particular, Vendor undertakes the following:

A. Authorizations, licenses and certificates

To obtain and retain the authorizations, licenses and/or certificates of any kind enabling it to operate at all times in accordance with the applicable Laws and upon request, provide them to Hachette.

B. Use of natural resources and raw materials and waste management

To use natural resources efficiently and to strive, wherever possible, to take into account the entire life cycle of the product or service at the design stage (reduce packaging and overpacking, minimize waste, use eco-accredited products, encourage eco-design, think about the recyclability of finished products, etc.).

C. Discharges of toxic and hazardous products and greenhouse gas emissions

Not to use hazardous or toxic products breaching applicable Laws, not to spread pollutants or contaminants and in any event to strive to adopt higher standards than merely applying the Laws in force. Likewise, Vendor should curb greenhouse gas emissions caused by the preparation of its products and/or services.

Accordingly, Hachette strongly encourages its Vendors to embark on an environmental certification process and recommends referring to the ISO 14001 international standard or to the European EMAS system.

### **3. BUSINESS ETHICS**

Vendor undertakes to conduct its business in an ethical and responsible manner and will strive to comply with the following principles:

A. Quality

To maintain the highest standard of rigor, from design to delivery of its products and in the performance of its services, to comply in all respects with its customers' specifications.

B. Confidentiality

To take whatever action is needed or required to ensure that its employees and subcontractors keep strictly confidential data and sensitive information exchanged with its partners, customers and suppliers.

C. Intellectual property

To refrain from using any text, document, model or any creation in general inappropriately for business purposes, i.e. without the permission of their authors and/or beneficiaries or without paying the corresponding royalties.

D. Fight against corruption/bribery

- (i) To commit that neither itself, nor, to its knowledge, any person acting on its behalf, made or offered, and will make or offer, any payment, gift, bribe, promise of gift or any other advantage, either directly or indirectly, when such payment, gift, promise or advantage is intended:
- to influence an act or a decision of a third party, in particular of a public official (which may notably include every person exercising public function, whether elected, appointed or employed by a national, local authority or by a government-owned or government-controlled company, or by a public organization, or by a political party);
  - to induce a third party (in particular a public official) to act or to refrain from acting, in violation of its legal obligations;



- to obtain an unfair undue advantage; or
  - to induce a third party (in particular a public official) to use its influence in order to obtain a decision from a public body, a public authority or a government-owned or government-controlled company.
- (ii) To ensure that the individuals or entities with whom Vendor is likely to enter into a business relationship for the purpose of manufacturing or supplying the goods or performing the services supplied to Hachette, commit to comply with the anti-corruption provisions set out in this Section IV.
- (iii) To refrain from offering any material or intangible gifts to the employees or representatives of Hachette, or to a third party closely related to them (family, friends) except for promotional objects or items of a modest value.

Without prejudice to any remedies (including damages) or claims to which Hachette may be entitled by virtue of the contract or of the law, failure to comply with one of the commitments set out in D(i), D(ii) and D(iii) shall entitle Hachette to immediately suspend and/or terminate the contract for breach.

E. Compliance with the International Trade & Economic Sanctions regulations

- (i) To comply with the International Trade & Economic Sanctions regulations (embargoes, international financial sanctions) adopted at the international level (in particular with the UN Security Council resolutions), at the regional level (in particular with the European Union Regulations) and at the domestic level (in particular with the US and French laws and regulations) (hereinafter the “International Trade & Economic Sanctions Regulations”);
- (ii) To represent and warrant that they are not included on any of the restricted party lists maintained by the U.S. Government, in particular the list administered by OFAC, by the European Union or the member states (collectively, “Restricted Party Lists”);
- (iii) To immediately report to Hachette if they were to be included in any of the Restricted Party Lists; and
- (iv) To represent and warrant that all activities related to their activities with Hachette and all payments related to these activities comply with the International Trade & Economic Sanctions Regulations.

In the event Hachette becomes aware or has any reason to believe that Vendor has not, in the context of the execution of its relationships with Hachette, complied with the International Trade & Economic Sanctions Regulations, Hachette shall be entitled to suspend payments due to Vendor until it is demonstrated that Vendor was not in breach.

If the breach is confirmed or if Vendor is included in any of the Restricted Party Lists, Hachette shall be entitled to immediately terminate the relationships with Vendor for breach upon mere written notification; without prejudice to any remedies (including damages) or claims to which Hachette may be entitled.

D. Data Protection and Privacy Laws

- (i) To comply with all applicable privacy and data protection Laws, including the General Data Protection

Regulation EU 2016/679 (GDPR), by handling all personal data of Hachette employees, agents, authors, and/or other business partners with the highest level of care, to implement adequate measures to protect against potential security breaches, to retain personal data for so long as necessary for legitimate business purposes, and to ensure that personal data will be permanently deleted or corrected upon a data owner's request.

Personal data means any information that identifies a living person. This includes but is not limited to any individual's full name, mailing address and email address, as well as credit card information, social security number and other information personal to that individual.

(ii) To comply with the Laws of the country in which they are conducting business and the industry standards which have been established in their location; provided, however, in the event of any gap between the provisions of any of the preceding Laws and the provisions of this document, then the provision containing the higher standards shall prevail.

Vendor will take appropriate steps to ensure that the provisions of this Vendor Code of Conduct are communicated to its employees.

## **SECTION V: LEGAL MATTERS**

### **1. REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION**

By fulfilling our Purchase Orders and doing business with Hachette, Vendors represent and warrant that the products and services supplied to Hachette comply with all applicable Laws, the Purchase Order and this Manual. Vendor shall be responsible for the act and omissions of its agents, employees, subcontractors and sub-suppliers.

Vendor agrees to indemnify Hachette, its directors, officers, employees, representatives, successors, and assigns, from any and all claims, demands, losses, judgments, damages, penalties, costs, or liabilities (including reasonable attorneys' fees) including without limitation claims for death, personal injury, government or customer penalties, or property damage, arising out of Vendor's breach of the foregoing representations and warranties; the negligence or willful misconduct of Vendor in providing the products and services to Hachette; and/or claims based on strict or product liability relating to products supplied to Hachette.

Hachette reserves the right to settle all claims at its own expense, but such settlement shall not relieve Vendor from any of its obligations under our Purchase Order and/or this Manual. The provisions of this Section shall survive the termination or expiration of the applicable Purchase Order.

### **2. GOVERNING LAW AND JURISDICTION**

The validity, interpretation, and performance of our Purchase Order and this Manual shall be governed by the laws of the State of New York, without giving effect to conflict of laws, and each Vendor agrees to irrevocably submit to jurisdiction in state and federal courts in the State of New York.