

HMH SUPPLIER CODE OF CONDUCT

At Houghton Mifflin Harcourt we are committed to:

- A standard of excellence in every aspect of our business and in every corner of the world
- Legal, ethical and responsible conduct in all of our operations
- Respect for the rights of all individuals, including protection of human rights fair and non-discriminatory labor practices
- Respect and care for the environment

We expect all of our suppliers, manufacturers and service providers, along with their subsidiaries, affiliates and sub-contractors (jointly “Suppliers”), to make these same commitments. *At a minimum*, we require that all Houghton Mifflin Harcourt Suppliers meet the following standards:

Child Labor

Suppliers will not use child labor.

The term “child” refers to a person younger than 15 (or 14 where local law allows), or, if higher, the local legal minimum age for employment or the age for completing compulsory education.

Suppliers employing young persons who do not fall within the definition of “children” will also comply with any laws and regulations applicable to such persons.

Involuntary Labor

Suppliers will not use any forced, compulsory or involuntary labor, whether prison, bonded, indentured or otherwise.

Coercion and Harassment

Suppliers will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment, abuse or intimidation.

Nondiscrimination

Suppliers will not discriminate in hiring and employment practices, including salary, benefits, advancement, discipline, termination or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, marital status, political opinion, disability, or any other category protected by law.

Association

Suppliers will respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference.

Government Contracts

Houghton Mifflin Harcourt is a contractor under various contracts with agencies of the U.S.

federal government. The following applies to each Supplier as a subcontractor, to the extent that goods or services provided by Supplier are, in whole or in part, necessary to the performance of any such U.S. federal government contract, or to the extent that Supplier performs, undertakes or assumes any portion of the contractor's obligation under any such U.S. federal government contract:

This contractor and subcontractor shall abide by the requirements of 41 C.F.R. §§ 60-1.4(a), 60-300.5(a), and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, gender identity, sexual orientation, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status, or disability.

Health and Safety

Suppliers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring, at a minimum, reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation, and policies to protect employees from occupational hazards and risks at the worksite. Suppliers should encourage employees to report all accidents, injuries and unsafe conditions and to alert management before performing tasks if the work is considered potentially unsafe. Suppliers must also ensure that workplace facilities comply with all applicable architectural and building codes.

Suppliers will also ensure that the same standards of health and safety are applied in any housing that they provide for employees.

Retaliation

Suppliers must not tolerate any retaliation against any employee who makes a good faith report of abuse, intimidation, discrimination, harassment or any violation of law or of this Code of Conduct, or who assists in the investigation of any such a report.

Compensation and Working Hours

We expect Suppliers to recognize that wages are essential to meeting employees' basic needs. At a minimum, Suppliers will comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, maximum hours, piece rates and other elements of compensation, and provide legally mandated benefits. Except in extraordinary business circumstances, Suppliers will not require hourly employees to work more than the lesser of (a) an annual average of 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by local law or, where local law does not limit work hours, the regular work week in such country plus 12 hours overtime. Supplier's employees may voluntarily choose to work more hours, provided that they are not pressured to do so and that Supplier remains in compliance with all applicable laws, regulations and standards related to maximum hours. In addition, except in extraordinary business circumstances, employees will be entitled to at least one day off in every seven-day period.

Suppliers will compensate employees for overtime hours at such premium rate as is legally required or, if there is no legally prescribed premium rate, at a rate at least equal to the regular hourly compensation rate.

Where local industry standards are higher than applicable legal requirements, we expect Suppliers to meet the higher standards.

Compliance with Philips Licensing Requirements

Suppliers will comply with the licensing requirements of Koninklijke Philips NV and provide us with Philips Licensee Status Confirmation Documents (defined at <https://www.ip.philips.com/data/downloadables/2/0/1/6/check-your-supplier.pdf>), as applicable with respect to the items supplied to HMH.

Conflict Minerals

Suppliers will comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the Securities and Exchange Commission's (SEC) Conflict Minerals Rule, to the extent applicable to them, and will undertake reasonable efforts to enable Houghton Mifflin Harcourt to fulfill any obligations it may have under the SEC Conflict Minerals Rule.

To do so, we expect our Suppliers to undertake reasonable due diligence efforts to determine if the products, parts, components and/or materials that they manufacture or supply to Houghton Mifflin Harcourt contain any of the four "conflict minerals" covered by the SEC Conflict Minerals Rule: tin, tantalum, tungsten or gold (3TGs or Conflict Minerals), and whether those minerals are "necessary to the functionality or production" of such products, components and/or materials as described in the SEC Conflict Minerals Rule.

If so, we expect our Suppliers to perform a "reasonable country of origin inquiry" (RCOI) on the source and chain of custody of those necessary conflict minerals by following the procedures outlined in the SEC Conflict Minerals Rule to determine if any of the minerals originated in the Democratic Republic of the Congo or the surrounding countries of Angola, Burundi, Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia (the Covered Countries).

If the RCOI gives the Supplier reason to believe that the minerals might have originated in the Covered Countries, then we expect our suppliers to exercise further due diligence efforts following the procedures outlined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas or other nationally or internationally recognized due diligence standards.

Suppliers will respond promptly to Houghton Mifflin Harcourt requests for supply chain information regarding the products, parts, components and/or materials that they manufacture or supply to Houghton Mifflin Harcourt to enable Houghton Mifflin Harcourt to fulfill any obligations it may have under the SEC Conflict Minerals Rule. Further, upon reasonable request

we expect Suppliers to provide to Houghton Mifflin Harcourt the results of their due diligence efforts to determine if the products, parts, components and/or materials that they manufacture or supply to Houghton Mifflin Harcourt contain necessary Conflict Minerals and the results of their RCOI and due diligence efforts, including inquiries performed to determine the source and chain of custody of those minerals.

Compliance with these requirements and expectations will be taken into consideration by Houghton Mifflin Harcourt, among other factors, when selecting and retaining Suppliers.

Protection of the Environment

Suppliers will comply with all applicable environmental laws and regulations and must abide by the three principles on the environment that are set out in the *United Nations Global Compact*: 1) supporting a precautionary approach to environmental change; 2) undertaking initiatives to promote greater environmental responsibility; and 3) encouraging the development and diffusion of environmentally friendly technologies. To comply with these principles, Suppliers are to ensure that the resources and materials they use are sustainable, are capable of being recycled and are used effectively with a minimum of waste unless Houghton Mifflin Harcourt specifically requests Supplier to use a specific product or material. Where practicable, Suppliers also are to utilize technologies that do not adversely affect the environment; and, when such impact is unavoidable, to ensure that it is minimized.

California Proposition 65

Suppliers will comply with California's Safe Drinking Water and Toxic Enforcement Act of 1986, Health and Safety Code Section 25249.5 *et seq.*, commonly known as "Proposition 65." Houghton Mifflin Harcourt will hold Supplier fully responsible for compliance with all of the requirements of Proposition 65, with respect to all merchandise. Supplier will assume such responsibility and to indemnify and hold Houghton Mifflin Harcourt harmless from and against all liability, costs and expenses (including reasonable attorneys' fees) that may be incurred by Houghton Mifflin Harcourt under, or in connection with, Proposition 65 with respect to any merchandise that Supplier supplies to Houghton Mifflin Harcourt.

Supplier agrees that all merchandise either is exempt from Proposition 65 warning requirements or contains warnings in compliance with Proposition 65. For merchandise that contains a chemical listed by the State of California pursuant to Proposition 65, Supplier will provide to Houghton Mifflin Harcourt in writing the following: the product name; the listed chemical involved; and the warning statement that Supplier is providing with the product.

Supplier will test representative samples of all merchandise annually for the presence of and potential exposure to chemicals listed by the State of California pursuant to Proposition 65. Supplier will conduct such testing using a third-party laboratory certified to conduct Proposition 65 testing, and provide Houghton Mifflin Harcourt with the test results.

Anti-Corruption

Suppliers must comply with all laws related to bribery, extortion and other forms of corruption,

and will abide by the related principle adopted in the *United Nations Global Compact*, which provides that “business should work against corruption in all its forms, including extortion and bribery.”

Customs and Other Laws

Suppliers will comply with all applicable local, national and international laws, regulations, treaties and industry standards, including, without limitation, those pertaining to the manufacture, pricing, sale and distribution of the relevant products and/or services. For goods sourced outside of the U.S., Suppliers will comply with the national laws of the countries in which the goods are produced. In the event that the requirements of this Code of Conduct are stricter than applicable local, national or international law, Supplier will comply with this Code. However, if there is any conflict between the requirements of this Code of Conduct and the requirements of any applicable local, national or international law, Supplier is to comply with the local, national or international law. Supplier will notify Houghton Mifflin Harcourt in writing of any such conflicts.

Supplier will comply with all import and export regulations of U.S. Customs and Border Protection, all other U.S. government agencies and Supplier’s own national customs regulations.

Houghton Mifflin Harcourt does not condone or permit any activities which are in violation of U.S. Customs Laws, international treaties, or foreign laws, including but not limited to, false declarations of country of origin or other false documentation or illegal transshipment.

Supplier will cause all merchandise to be accurately marked or labeled with its country of origin, in compliance with the laws of the United States, any applicable state regulation, and those of the country of manufacture.

Supplier will cause all shipments of merchandise to be accompanied by the requisite documentation for proper entry into the U.S. and any documentation issued by the proper governmental authorities including but not limited to import licenses. The commercial invoice shall accurately describe all merchandise contained in the shipment, identify country of origin of each article, and shall list all payments, whether direct or indirect to be made for the merchandise, including, but not limited to any assists, selling commissions or royalty payments.

Subcontracting

Suppliers will not use subcontractors for the manufacture, production or provision of products or services for Houghton Mifflin Harcourt, including components thereof but not including materials such as paper, plates, ink etc., without making all commercially reasonable efforts to obtain Houghton Mifflin Harcourt’s express prior written consent and to require the subcontractor to enter into a written commitment with the Supplier to comply with this Code of Conduct. Supplier shall not be responsible for any delays or nonperformance caused by Supplier’s efforts to comply with this provision.

Publication

Suppliers will communicate the provisions of this Code of Conduct to all employees at each facility engaged in work for Houghton Mifflin Harcourt by, among other means, prominently posting a copy of this Code of Conduct, in the local language, in a place readily accessible to employees at all times, such as the “Workers Notice Board.”

Monitoring and Compliance

Suppliers will authorize Houghton Mifflin Harcourt and its designated agents, auditors and third party representatives to engage in monitoring activities to confirm compliance with this Code of Conduct, including unannounced on-site inspections of Supplier's and its subcontractors' manufacturing, production and warehouse facilities and employer-provided housing; reviews of books and records relating to employment matters; and private interviews with employees. Suppliers will maintain on site at all facilities engaged in work for Houghton Mifflin Harcourt all documentation that may be needed to demonstrate compliance with this Code of Conduct. Supplier's failure to comply with these standards may result in immediate cancellation by Houghton Mifflin Harcourt of all its outstanding orders with Supplier as well as termination of contracts. Supplier may restrict Houghton Mifflin Harcourt representatives from records and areas containing confidential information of Supplier, of Supplier's other customers and of consumers.

Houghton Mifflin Harcourt's right to conduct a compliance audit is not contingent upon current orders or contracts. If a facility has been approved as an active Houghton Mifflin Harcourt Supplier, Houghton Mifflin Harcourt may perform a compliance audit at any time.

Suppliers who fail or refuse, or whose subcontractors fail or refuse, to allow an authorized Houghton Mifflin Harcourt representative to monitor operations and/or records will be fined the cost of the audit and related travel expenses (ranging from US \$500 to \$3,000, depending on the facility's location). Suppliers who provide incorrect contact information or fail to timely update their contact information will be fined US \$1,000. Houghton Mifflin Harcourt will require each representative to read a copy of this Section and to agree to comply with its terms before arriving to audit any facility of Supplier.

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