

# Quarto Group – Slavery and Human Trafficking Statement

(Year-ending 31 December 2019)

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## Outline

The Quarto Group Inc. (“Quarto”) is pleased to present its slavery and human trafficking statement as required by the UK Modern Slavery Act (2015). This statement illustrates the continued steps undertaken by Quarto to ensure there is no modern slavery in its global business or supply chains for the financial year ending 31 December 2019.

## Quarto and its Structure

Quarto is the leading global illustrated book publisher, making and selling great books that entertain, educate and enrich the lives of adults and children around the world. Quarto creates and owns proprietary content, publishing books from a diverse portfolio of imprints and businesses that are creatively independent and expert in developing long-lasting content across specific niches of interest. Quarto sells its products globally in over 50 countries and 40 languages, through a variety of sales channels, partnerships and routes to market.

During the financial year ending 31 December 2019, Quarto employed almost 320 talented people across the US, UK and Hong Kong. Founded in 1976, Quarto’s ultimate parent company is domiciled in the US and listed on the London Stock Exchange as an overseas company. As such, Quarto also subscribes to the UK Corporate Governance Code and complies with the UK Listing Rules. The Quarto Group has subsidiaries in its operating countries. The composition of both the board and senior management team includes membership from our countries of operation.

## Quarto’s Supply Chain and Management

- Quarto’s manufacturing is primarily books, but also encompasses sourcing of non-book products such as pens, pencils, plush toys and other components which we package with books. We also have a business called SmartLab which produces educational toys in China with our suppliers.
- The majority of Quarto’s supply chain interaction is with a small group of suppliers with whom Quarto has worked with for many years. Quarto believes that cultivating long lasting relationships with suppliers is an important way in which to identify and manage any risks in the supply chain.
- Senior Management from Quarto visit printing suppliers in the Far East twice per year, aiming to visit the factories of each supplier over the course of 12 months to enable up to date knowledge and familiarity with all of their operations and developments in their facilities.
- Since 2014, Quarto has centralised many internal services to our publishers, e.g. Production (and therefore purchasing), as well as Marketing and Sales. This way, Quarto has significantly reduced the number of people authorised to add new suppliers to Quarto, thereby reducing exposure to supply chain risk.
- Since 2016, Quarto has maintained a single data resource for all Production teams, and requested certificates of compliance from vendors according to the accreditations they have from organisations like SEDEX, ICTI Care, opening up access to this information among our Production teams to

facilitate review of compliance with regulatory and legal requirements. Additionally, since 2019 as supply agreements are negotiated, Quarto's terms and conditions of supply are being updated to include undertakings from suppliers confirming that their operations comply with the Modern Slavery Act (2015), permit Quarto to audit operations, and permit Quarto to terminate a supply agreement with immediate effect should there be an instance of non-compliance.

- When looking at new vendors, Quarto aims to work with suppliers certified under the ICTI Care program covering ethical standards of manufacturing. Quarto also seeks to ensure that vendors adhere to and maintain certification to print for particular customers who have additional ethical requirements, namely Kohl's, Disney and Marks & Spencer.
- Quarto employs a Quality and Sourcing Manager in Hong Kong strengthening our efforts to continually review all vendors, including monitoring their compliance with any audits and accreditations, as well as moving in-house the management of sourcing vendors for non-book products, enabling increased control by Quarto senior management.

### **Quarto's Internal Approach**

- Quarto honours the dignity of all people and respects the laws, customs and values of the communities in which we operate. Quarto is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.
- A robust recruitment policy is operated, including right to work checks and commitment to a policy of equal opportunity and treatment, ensuring an inclusive, fair and diverse environment.
- Quarto has an employee code of conduct, operates anti-bribery and corruption, equal opportunities, anti-harassment and whistleblowing policies and observes health and safety requirements, demonstrating Quarto's commitment to acting ethically and with integrity in all employee and business relationships. These policies are also readily available to staff via the Quarto intranet site, in the staff handbooks, one for each country of operation.
- Quarto's Board of Directors review labour and supply chain risks as part of their quarterly risk review programme for the group, which is also reported in its annual report.

This statement is promoted internally on the company intranet and published externally on Quarto's company website.

Ken Fund, COO  
*on behalf of the Board of Directors,*  
*The Quarto Group, Inc.*