

National Geographic Learning, a part of Cengage group, is seeking a waiver and to show our good faith effort we are including our supplier diversity policies regarding the utilization of MBE and WBE firms including a description of the procedures used to carry out our policies.

In Process

## Supplier Diversity Policy

### Program Overview

The purpose of our U.S. Supplier Diversity Program is to increase representation of Diverse and Small businesses in bidding and sourcing processes and, as a result, increase our engagements and spend with such businesses. The Supplier Diversity Policy is intended to support our employees in achieving the goals of the Program.

The policy detailed in this document applies to all portions of our business that procure goods and services from suppliers located in the U.S. All employees should adhere to the policy to the best of their ability, with the understanding that requirements may vary within the context of specific functional areas. At a minimum, all employees should attempt to meet the expectations outlined in this document in cases of new competitive sourcing events.

Cengage's commitment to increasing representation of Diverse and Small businesses in our supplier pools applies to all procurement activities, whether or not they include a formal RFP process. Steps that employees take when considering any new purchase or service provider engagement should be consistent, though employees should place greater emphasis on higher-value contracts and larger purchases as they have a greater opportunity for impact.

Greater inclusion of Diverse and Small businesses in sourcing opportunities does not require employees to change their business criteria for supplier selection. Employees will continue to make final supplier selection decisions on the basis of standard, uniform criteria, which typically include price, quality, customer service, technology, delivery, and other business requirements.

### Diverse and Small Business Categories Defined

Certified "Diverse" and/or "Small" Suppliers or Businesses as referenced in this Program are defined below.

Certified Diverse Suppliers: Typically, a certified Diverse supplier is a business that is at least 51% owned, controlled, and operated by an individual or group that is part of a historically underrepresented or underserved group and is a U.S. citizen or permanent resident, with their business operating within the United States or one of its territories. (Cengage recognizes the following Diverse supplier certifications:

- Minority Business Enterprise (**MBE**), which includes these subcategories: African American, Hispanic or Latino, Asian American, Pacific Islander, Native American
- Women's Business Enterprise (**WBE**)
- Disadvantaged Business Enterprise (**DBE**)
- Veteran's Business Enterprise (**VBE**)
- Service-Disabled Veteran's Business Enterprise (**SD-VBE**)
- Lesbian, Gay, Bisexual, Transgender Business Enterprise (**LGBTBE**)
- Disability Owned Business Enterprise (**DOBE**)

Small Business Suppliers: While the primary focus of the Program is Diverse suppliers, Small businesses will be included in the same general processes and reporting. Cengage recognizes the following Small business certifications. (Note: U.S. Federal Government subcontracting categories are captured in *green italics*.):

- *Woman-Owned Small Business (WOSB)*
- *Small Disadvantaged Business (SDB)*
- *Veteran-Owned Small Business (VOSB)*
- *Service Disabled – Veteran Owned Small Business (SD-VOSB)*
- *Small Business Enterprise (SBE)*
- *Alaska Native Corporations*
- 8(a) Firms
- Federal HUBZone Certified Firms
- Historically Underutilized Business (**HUB**)

Acceptable Certifications: Cengage will accept most recognized and formal certifications of Diverse and Small businesses, whether they are issued by Federal, state, or local government agencies, or by well-known, reputable, third-party independent agencies (e.g., the US Small Business Association [SBA], the Department of Veteran Affairs [VA], and the National Minority Supplier Development Council [NMSDC]). Whenever possible, Cengage will note and track self-reported designations but will not count such designations or associated spend as formal metrics of our success in implementing the Program.

In Process

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### Expectations

To proactively include Diverse and Small businesses in competitive sourcing processes, execute the following steps both in connection with new opportunities and in the case of contract renewals (when the opportunity to transition to new suppliers exists).

Seek to include a minimum of one Diverse or one Small supplier in each sourcing exercise. Some teams have defined criteria, such as exceeding specific spend thresholds on purchases, that **require** including Diverse and Small businesses in sourcing opportunities; also, other teams have committed to documenting, in the event that a Diverse or Small business is not included or not selected in a sourcing opportunity, a description of the sourcing steps taken. It is expected that each team will define criteria and processes that both drive accountability and can be implemented reasonably. Check with your group's leadership or sourcing partners for the details related to your area.

Anyone formally sourcing goods or services on behalf of Cengage must:

- Include language in RFP templates and other sourcing documents (e.g., communications with potential suppliers) summarizing this Program.
- Ask businesses to update their Diverse/Small business status in our registration platform, Supplier.io.

- Regularly assess whether Diverse and Small businesses are included in bidding events or are otherwise under consideration to provide products or services, whether the events are for new contracts or renewals.
- If you expect Diverse or Small businesses to be underrepresented in an upcoming sourcing event, make every effort to ensure that you allow enough lead time to proactively identify, reach out to, and evaluate Diverse or Small businesses—especially for higher-value contracts.
- Consider the value and return on investment to be derived from partnering with Diverse and Small businesses. However, you should assess all vendors and service providers, regardless of their diversity status, using standard and consistent criteria and per standards/guidelines within your functional area.
- Proactively analyze reporting of Diverse and Small business spend for continual awareness, and communicate spend updates—both on areas of opportunity and areas of success—to your team and others.
- Track outcomes and successes of your Diverse and Small business sourcing through reporting from Supplier.io

### **Direct vs. Indirect Spend**

For the purposes of this Policy, “Direct” spend is defined as costs for goods and services procured specifically to support our supply chain for product creation (e.g., content creation services, production and data conversion services, product software development services, and paper and printing costs incurred in the process of creating, maintaining, and shipping our products). By contrast, “Indirect” spend is defined as costs associated with activities that support the day-to-day operation of our business (e.g., financial services, legal, and talent acquisition costs).

This policy applies to both Direct and Indirect spend.

### **Reporting**

We will report the progress of the Supplier Diversity Program based on our overall annual spend with Diverse and Small businesses (using Fiscal Year spend as the basis to best align with our general corporate approach to reporting and analytics). In reports and communications related to the Supplier Diversity Program, we will separate metrics on Diverse businesses from those on Small businesses. We will report on only those businesses that have verified certifications. Whenever a supplier has multiple certifications (e.g., both Diverse business and Small business certifications), we will track and report on the supplier and its associated spend in *both* categories. Our primary reporting tool will be Supplier.io.

## **Policy Outside of the U.S.**

### **Supplier Diversity Policy Outside the United States**

Although international certifications are being offered in a growing number of countries each year, Cengage’s Supplier Diversity Program applies to the procurement and sourcing process for goods and services from businesses that are certified in the U.S. As local laws and cultural norms vary from country to country, there is no expectation that this Policy be applied equally in non-U.S.

regions. However, all employees, including those in our international businesses, are asked to make good faith efforts to include Diverse and Small businesses in their sourcing processes.

In Process