

**SCHOLASTIC**

**CODE OF ETHICS**

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## SCHOLASTIC CREDO and EDITORIAL PLATFORM

*Scholastic produces educational materials to assist and inspire students:*

- To cultivate their minds to utmost capacity
- To become familiar with our cultural heritage
- To strive for excellence in creative expression in all fields of learning, literature, and art
- To seek effective ways to live a satisfying life
- To enlarge students' concern for and understanding of today's world
- To help build a society free of prejudice and hate, and dedicated to the highest quality of life in community and nation

*We strive to present the clearest explanation of current affairs and contemporary thought, and to encourage literary appreciation and expression consistent with the understanding and interests of young people at all levels of learning.*

*We believe in:*

- The worth and dignity of each individual
- Respect for the diverse groups in our multicultural society
- The right of each individual to live in a wholesome environment, and equally, the personal responsibility of each individual to help gain and preserve a decent and healthful environment, beginning with informed care of one's own body and mind
- High moral and spiritual values
- The democratic way of life, with basic liberties — and responsibilities — for everyone
- Constitutional, representative government, and even-handed justice that maintains equality of rights for all people
- Responsible competitive enterprise and responsible labor, with opportunities for all
- Cooperation and understanding among all people for the peace of the world

*We pledge ourselves to uphold the basic freedoms of all individuals; we are unalterably opposed to any system of government or society that denies these freedoms. We oppose discrimination of any kind on the basis of race, creed, color, sex, age, or national origin.*

*Good citizens may honestly differ on important public questions. We believe that all sides of the issues of our times should be fairly discussed — with deep respect for facts and logical thinking — in classroom magazines, books, and other educational materials used in schools and homes.*

## **A MESSAGE FROM Dick Robinson**

Dear Fellow Employee:

The Scholastic Code of Ethics is based first on our Credo and Editorial Platform, which sets forth the company's beliefs about how we must treat the children, parents, and teachers we serve.

To carry out these beliefs requires the highest standards of personal integrity—integrity which is also reflected in our relationships with each other, and in our associations with suppliers, vendors, and competitors.

Scholastic's continued reputation for excellence also depends upon our dedication—yours and mine—to high standards of behavior.

This Code of Ethics is designed to explain the conduct expected of each of us as representatives of Scholastic.

Sincerely,

Richard Robinson  
Chairman, President, and Chief Executive  
Officer

## CODE OF ETHICS

### INTRODUCTION

Scholastic's customers place their trust in our Company every day by buying and using our products. To earn their confidence, as well as that of our fellow employees, shareholders, suppliers, vendors, competitors, and others, we operate with the highest ethical standards and in accordance with all applicable laws and regulations. This is the policy of the Company. It applies to all Scholastic employees around the world, as well as agents, consultants and others acting on our behalf, and to members of Scholastic's Board of Directors.

Scholastic operates through its employees. Therefore, it is your responsibility to know Scholastic's policies and procedures and to comply with the laws affecting your area of operation. In addition, you should not tolerate illegal or unethical behavior in others. If you are requested to violate the law or this Code, or become aware of such conduct, you should report the matter promptly to your manager or the Human Resources, Internal Audit or Legal departments or, as appropriate, the Audit Committee of the Board of Directors.

The Code is not intended to describe appropriate behavior for every situation. Rather, it is a reference tool to help you recognize and respond appropriately to issues that may arise in the daily performance of your job. If you are unable to resolve a specific ethical issue after reviewing the Code, you should consult your manager or the Human Resources or Legal departments for assistance.

To help guide your decisions, the Code contains several sections of questions labeled **"When In Doubt."** Answering these questions should help you determine what to do when you are uncertain. For example, a question applicable to virtually all situations is:

*Would I be comfortable and proud to tell my family and friends about my actions or have them described on television or in the newspaper?*

## **I. DIVERSITY**

Each of us possesses unique qualities that set us apart from our co-workers. These include physical appearance, race, gender, and age, as well as political or religious affiliation, ethnicity, country of origin, and other characteristics. The diversity of our employees provides Scholastic with a variety of perspectives, experience and resources that help us achieve our goals, and the Company's policy is to value difference to maximize each individual's unique contribution.

Scholastic is committed to equal opportunity for all its employees, regardless of race, color, gender, age, religion, disability, national origin, marital status, sexual orientation, citizenship, veteran status or any other characteristic that may be considered "different." In addition, Scholastic firmly prohibits sexual and other forms of harassment in the workplace. Scholastic's Equal Employment Opportunity/Affirmative Action and Non-Discrimination and Anti-Harassment policies (or the equivalent policy, if any, in the country where you work) are posted at your workplace or are contained in "Working at Scholastic," which is available from the Human Resources Department, as well as on the Scholastic Intranet.

## **II. CONFLICTS OF INTEREST**

*Conflicts of interest may arise when the personal concerns of an employee, or members of his or her immediate family, differ from the interests of the Company. Private concerns should not interfere with an employee's objectivity in fulfilling his or her responsibilities to the Company.*

*Each employee must promptly disclose to his or her manager all actual and potential conflicts of interest in connection with the business of the Company, including those in which he or she has become inadvertently involved. The Chief Executive Officer and, if appropriate, the Board of Directors will be advised of all transactions that directly or indirectly benefit directors, executive officers, or their immediate families.*

*An actual conflict of interest need not exist to constitute a violation of this Code. Activities that create even the appearance of a conflict must be avoided as well.*

Following are several examples of conduct that may present a conflict of interest. Employees are expected to examine their actions for potential or actual conflicts that may be contrary to the interests of the Company, whether or not specifically described below.

1. Holding a significant ownership or investment interest in a major supplier, customer or competitor of the Company. Scholastic's reputation for impartial and fair dealing with vendors may be damaged by routinely purchasing from employees or their immediate families, even if based upon open competition.

2. Acting as an officer, director, employee, consultant, representative or agent of a supplier, customer or competitor of Scholastic. All Scholastic employees must obtain written authorization prior to accepting outside employment or a fiduciary appointment that may violate these rules. Approval will not be granted if the activity would, or could reasonably be expected

to, result in an actual or perceived conflict of interest or interfere with performance of the employee's duties at Scholastic.

3. Using an employee's position at Scholastic, either directly or indirectly, for personal, family or other gain.

4. Waiving a payment or fee, or offering any other inducement, in connection with the sale of a Scholastic product or service that may create a conflict of interest.

Without prior written approval of the Human Resources Department and the appropriate Business Unit Manager, former employees may not (a) directly or indirectly solicit for employment Scholastic personnel for a period of one year following termination of employment, or (b) interfere in any business relationship between Scholastic and its suppliers, customers, or clients for a six-month period following such termination. Employees who have executed employment, severance, termination, or similar types of agreements with the Company shall be bound by the terms of such contracts in this regard. By accepting or continuing employment at Scholastic, you acknowledge that a breach of these restrictions shall entitle Scholastic, in addition to any other available remedies, to relief under the law.

In addition, all transactions with directors or executive officers of the Company that are required to be disclosed in the Company's proxy materials must be reviewed for potential conflicts of interest and approved by the Audit Committee or other independent body of the Company's Board of Directors.

### **WHEN IN DOUBT**

When in doubt, ask yourself the following questions:

*Do my outside activities involve current suppliers, vendors, or competitors of Scholastic in any material way?*

*Could my outside activities adversely impact my decisions at work?*

### **III. ACCEPTING THINGS OF VALUE**

It is Scholastic policy that no employee may demand, solicit, or accept anything of value, for himself or herself or a third-party, in return for any benefit in connection with the operation of Scholastic's business.

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, travel, accommodation and other merchandise or services. In fact, in some cultures, these gestures play an important role in business relationships. However, a problem may arise when such courtesies compromise – or appear to compromise – our ability to make objective and fair business decisions. The same rules apply to employees offering gifts and entertainment to our business associates.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. This is particularly a concern with

prospective vendors. These guidelines apply at all times and are not suspended during traditional gift-giving seasons.

The giving or receiving of gifts should be nominal, both with respect to frequency and value. The frequent giving of gifts (no matter how small) may be perceived as an attempt to obligate the recipient and are therefore inappropriate. Likewise, business entertainment should be moderate and intended only to facilitate business goals. If, for example, tickets to a sporting or cultural event are offered, then the person offering the tickets should plan to attend the event as well. Use good judgment. "Everyone else does it" is not sufficient justification for acting inappropriately. Whenever feasible, gifts should become part of a general pool to be shared with other employees.

Employees must disclose to their manager the offer and/or receipt of anything of value that may be for an inappropriate purpose or in excess of what is authorized in this Code. The manager shall, as appropriate, consult with the Human Resources or Legal departments.

Employees involved with procurement should also refer to the "Procurement Initiative Policy on Gifts and Gratuities," a copy of which is available on the Scholastic Intranet, or posted at your workplace, for additional requirements applicable to them.

#### **WHEN IN DOUBT**

When in doubt, ask yourself the following questions:

*Is it legal?*

*Is it clearly business-related?*

*Is it moderate, reasonable, and in good taste?*

*Is there any pressure to reciprocate or grant special favors?*

*Will other vendors or suppliers receive the impression that they must provide similar courtesies in order to obtain Company business?*

*Am I attempting to justify accepting a business courtesy by arguing, "everyone else does it" or "no one will ever find out"?*

*Do I feel reluctant to discuss the subject with my manager?*

#### **IV. COMMERCIAL BRIBERY**

Bribes, kickbacks, rebates and similar legally impermissible gifts or payments may not be offered by Scholastic employees in connection with Company business.

Employees must comply with all laws prohibiting improper payments to domestic and foreign officials, including the U.S. Foreign Corrupt Practices Act of 1977 (the "Act").



The Act prohibits a direct or indirect offer, payment, promise of payment or authorization of the payment of any money or gift to a foreign official, foreign political party, official of a foreign political party, or candidate for political office to influence any action or decision of that person or party in an attempt to obtain or retain business. Any potential issue in this regard should be brought up with the Legal department.

Violation of the Act is a criminal offense, subjecting the Company to substantial fines and penalties and any officer, director, employee or stockholder acting on behalf of the Company to imprisonment and fines. The Act prohibits the Company from paying, directly or indirectly, a fine imposed upon an individual pursuant to the Act.

Violation of this policy may result in disciplinary actions up to and including discharge from the Company. Because of the sensitive nature of these relationships, talk with your manager and/or the Legal Department before offering any gifts or hospitality to government employees.

## **V. POLITICAL ACTIVITIES AND CONTRIBUTIONS**

The Company respects and supports the right of our employees to participate in political activities. However, these activities generally should not be conducted on Company time or involve more than the nominal use of any Company resources such as telephones, computers or supplies. Employees will not be reimbursed for personal political contributions.

Scholastic may occasionally express its views on local and national issues that affect the Company's operations. In such cases, Company funds and resources may be used, but only when permitted by law and in accordance with Company guidelines. The Company typically does not make political contributions. To ensure that this policy is effectively followed, no employee may make or commit to political contributions on behalf of the Company without the approval of the Chief Executive Officer.

## **VI. PROTECTION OF CONFIDENTIAL INFORMATION**

Maintaining the confidentiality of proprietary information about Scholastic and the businesses and people with whom we work or conduct business is fundamental to our operations. Scholastic's "Confidentiality Policy" is available from the Human Resources Department, as well as on the Scholastic Intranet, or is posted at your workplace for guidance in these areas.

The prohibition against disclosing confidential information applies to inquiries by the news media, investment analysts, and others in the financial community. Contacts from the press should be referred directly to the Corporate Communications Department or your Managing Director. No employee should respond to questions from, or schedule an interview with, a reporter without initially consulting the Corporate Communications Department or your Managing Director. Also, no employee should provide quotes or testimonials for, or approve the use of our name in, communications by our vendors or other business partners without the approval of the Corporate Communications Department or your Managing Director. In the case of investment analysts or others in the financial community, unless expressly authorized to the contrary, employees should politely decline comment and refer the inquirer to the Vice President, Investor Relations, or in his or her absence, the General Counsel or Chief Financial

Officer. Employees should not participate in chat rooms or other groups discussing the Company's stock.

## **VII. ACCURACY OF BUSINESS RECORDS AND REPORTING**

The strictest standards of integrity and security must be maintained in connection with the records of the Company. All information regarding Scholastic transactions with current or prospective vendors, suppliers, customers or other persons or entities with which the Company conducts its business must be accurate and precisely reported and recorded, and access to such information must be limited only to authorized individuals. Company documents may not be removed, destroyed or altered other than in compliance with the Company's "Records Retention Guidelines," copies of which are available on the Scholastic Intranet, or are posted at your workplace. This is particularly applicable to records that may document alleged unethical behavior.

Honest and accurate and timely recording and reporting of information is critical to our ability to make responsible business decisions. The Company's accounting records are relied upon to produce reports for the Company's management, shareholders, creditors, governmental agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls. In particular, all bank accounts that receive or disburse funds on behalf of the Company shall be properly authorized and recorded on the official books and records of the Company.

All employees have a responsibility to ensure that the Company's accounting records do not contain any false or intentionally misleading entries. In addition, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer are subject to the Scholastic Corporation Code of Ethics for Senior Financial Officers. We do not permit intentional misclassification of transactions as to accounts, departments or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

Business records and communications often become public through legal or regulatory investigations or the media. Our policy with respect to communication of all kinds (including e-mails, informal notes or interoffice memos) is to avoid exaggeration, derogatory remarks, legal conclusions or inappropriate characterizations of people and companies.

## **VIII. ELECTRONIC MEDIA POLICY**

Guidelines regarding the use of Scholastic's electronic media systems, including e-mail, the Internet, the Intranet and software, are contained in Scholastic's "Electronic Media Policy," which is available from the Human Resources department, as well as on the Scholastic Intranet, or is posted at your workplace.

**IX. INSIDE INFORMATION AND RESTRICTIONS ON TRADING STOCK POLICY.**

The securities laws impose important restrictions on trading on or tipping confidential or “inside” information about public companies, like Scholastic, in connection with buying or selling the stock of such companies. Scholastic’s “Inside Information and Restrictions on Trading Stock Policy” is available from the Human Resources department, as well as on the Scholastic Intranet, or is posted at your workplace.

**X. PROTECTION AND PROPER USE OF COMPANY ASSETS**

All employees should endeavor to protect the Company’s assets and their efficient use. Theft, carelessness, and waste have a direct impact on the Company’s profitability. Any suspected incidents of fraud or theft should be reported immediately to your manager or the Legal department for investigation.

In general, Company assets, such as Scholastic products or computers, may be used only for legitimate business purposes or other purposes approved by management. Nominal personal use is permissible. However, Company assets may never be used for illegal purposes.

**XI. INTELLECTUAL PROPERTY COMPLIANCE POLICY**

Intellectual property rights<sup>1</sup> are among Scholastic’s most valuable assets. Scholastic also believes in respecting the intellectual property rights of others. Scholastic’s “Intellectual Property Compliance Policy” is available from the Human Resources Department, as well as on the Scholastic Intranet, or is posted at your workplace.

**XII. FAIR DEALING**

Each employee should endeavor to deal fairly with the Company’s suppliers, competitors, and employees and the children, parents, and teachers we serve. No employee should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

**XIII. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

Compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. All employees must respect and obey the laws of the cities, states and countries in which we operate and avoid even the appearance of impropriety. Employees who fail to comply with this Code and applicable laws will be subject to disciplinary action, up to and including termination.

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<sup>1</sup> Intellectual property rights include: A) copyrights, which protect original literary and artistic expressions, such as the text of a book or cover art; B) trademarks, which are words and symbols used by providers of goods and services to identify themselves as the source of their goods and services, such as the trademark SCHOLASTIC; and C) patents, which protect new, useful and non-obvious inventions.

#### **XIV. COMPLIANCE WITH THE ANTITRUST LAWS**

The Company believes in fair and open competition and adheres strictly to the requirements of the antitrust laws. The antitrust laws are complex, and seemingly innocent contact with a competitor of the Company could lead to unintended problems.

Some general rules concerning contacts with competitors are:

- Agreements among competitors, whether written or oral, that relate to fixing prices to third parties are illegal per se. In other words, such agreements by themselves constitute violations of the antitrust laws. *There are no circumstances under which agreements among competitors relating to price fixing may be found legal.* Price fixing is a criminal offense and may subject the Company to substantial fines and penalties and the offending employee to imprisonment and fines.
- The antitrust laws may be violated even in the absence of a formal agreement relating to prices. Under certain circumstances, an agreement to fix prices may be inferred from conduct, such as the exchange of price information, and from communications among competitors even without an express understanding. Although exchanges of price information are permitted in certain circumstances, employees of the Company should not participate in such exchanges without first obtaining the approval of the Legal Department.
- It is a per se violation of the antitrust laws for competitors to agree, expressly or by implication, to divide markets by territory or customers.
- It is a per se violation of the antitrust laws for competitors to agree not to do business with a particular customer or supplier. As with agreements to fix prices, there can be a violation of this prohibition even in the absence of an express understanding.
- Any communications between competitors concerning problems with any customer or supplier may violate the antitrust laws and should be avoided.
- While these rules are largely based on U. S. law, Scholastic employees in international companies should consider the statements as Company policy in all locations.

#### **XV. COMPLIANCE WITH ENVIRONMENTAL LAWS**

The Company is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Company is committed to strict compliance with all applicable environmental laws and regulations. If any employee has any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, you should discuss the matter with the Legal department or your Managing Director.

#### **XVI. SAFETY AND HEALTH**

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. The Company is committed to keeping its workplaces free from hazards.

Please report any accidents or injuries, as well as any unsafe equipment, practices or conditions immediately to your manager or any other designated person. Threats or acts of violence or physical intimidation are prohibited and should be reported immediately to the Human Resources or Legal departments or your Managing Director.

## **XVII. REPORTING VIOLATIONS**

Scholastic employees are required to notify their managers or other appropriate personnel of actual or suspected violations of law or the principles set forth in this Code. Reports of suspected illegalities or failures to comply with this Code will be treated in a confidential manner to the extent possible, meaning that only those persons with a need to know will be advised of the report. However, complete confidentiality may not always be maintained because the Company has an obligation to investigate these reports promptly, thoroughly and fairly. In no event will there be any retaliation against an employee who reports potential violations in good faith.

### **Complaint procedures for accounting, internal controls or auditing matters.**

Complaints from employees regarding accounting, internal controls, or auditing matters, or concerns that employees may have regarding any questionable accounting or auditing matters, may be submitted to the Audit Committee of Scholastic's Board of Directors through either Andrew S. Hedden, General Counsel, or Matthew Buza, Vice President, Internal Audit, via e-mail ([ahedden@scholastic.com](mailto:ahedden@scholastic.com) and [mbuza@scholastic.com](mailto:mbuza@scholastic.com), respectively), phone (at 1-212-343-6641 and 1-201-633-2818, respectively), interoffice mail, or any other appropriate method. Alternatively, complaints or concerns of this nature may be submitted to the Audit Committee through its independent counsel, Thomas J. Rice, Esq., via mail (at Baker & McKenzie LLP, 1114 Avenue of the Americas, New York, NY 10036), phone (at 1-212-626-4412), fax (at 1-212-310-1647), or e-mail (at [Thomas.J.Rice@bakernet.com](mailto:Thomas.J.Rice@bakernet.com)).

When submitting a complaint or concern under these procedures, an employee need not identify himself or herself. Complaints will be treated in a confidential manner to the extent possible, meaning that only persons with a need to know will be advised of the report. However, complete confidentiality may not always be maintained because of an obligation to investigate these reports promptly, thoroughly and fairly. Retaliation against any employee who submits a complaint or concern in good faith under these procedures is strictly prohibited and will result in disciplinary action, up to and including termination.

## **XVIII. WHERE TO OBTAIN GUIDANCE**

The initial source of additional information about this Code should be your manager. In those situations where further advice or guidance is required, you may contact the Human Resources or Legal departments or your Managing Director.

**XIX.           ENFORCEMENT**

Scholastic vigorously monitors compliance with the law and the Company's policies. In order to ensure legal adherence and preserve its reputation, Scholastic will treat seriously all illegal conduct, as well as failure to comply with the principles set forth in this Code. Violations may result in disciplinary action, up to and including termination of employment and possible civil or criminal penalties, and where appropriate will be reported to the Board and/or appropriate legal authorities.

**XX.           EXCEPTIONS**

Exceptions or waivers to this Code must conform with applicable law and regulation and be approved by the Senior Vice President of Human Resources or the General Counsel, or in the case of directors and executive officers by the disinterested members of the Scholastic Corporation Board of Directors. Exceptions or waivers will be granted only after full disclosure of all material facts and, in the case of directors and executive officers, will be promptly disclosed to the extent required by law or regulation.

**XXI.           EMPLOYEE ACKNOWLEDGMENT**

This Code of Ethics is a critical element of Scholastic's program to prevent and detect violations of law and Company policy. As directed, employees must confirm that they have reviewed and understand, and will comply with, this Code, either by signing and returning the attached form to the Human Resources department or by completing the electronic confirmation on the Scholastic Intranet. Employees who are members of senior management and other employees with certain financial responsibilities, as well as certain other employees as designated from time to time, will be required to review this Code of Ethics annually and complete and sign a related form to that effect.