

A close-up photograph of two young African children, likely of the same age, smiling warmly at the camera. They are wearing bright orange school uniforms with blue trim. The child on the right has her hand resting on her chin. The background is slightly blurred, showing other children in similar uniforms.

Corporate Responsibility
Report 2006

 Reed Elsevier

Making
an impact

Corporate responsibility is fundamental to Reed Elsevier



Corporate responsibility underpins our business. It is our ongoing commitment to:

- Pursue high standards of ethical corporate behaviour
- Develop world leading products – from print to online information – that surpasses our customers' expectations and drives value to our shareholders
- Provide a positive workplace that inspires our employees
- Work collaboratively to benefit our communities and minimise our environmental footprint

Corporate responsibility means building on our expertise to further this agenda. Examples provided in this year's report include using our technological know-how to deliver new, value-added products and services like LexisNexis Tool Bar; expanding our involvement in the Hinari/Agora/Oare programmes which bring cutting-edge scientific knowledge to researchers in the developing world; and spreading environmental understanding through our products like the Virtual Journal of Environmental Sustainability.

Corporate responsibility also means lending our support to initiatives like the UN Global Compact which spurs corporate responsibility and transparency across the world through the promotion of ten principles covering human rights, labour, the environment, and anti-bribery. As the Global Compact makes clear, "in this way, the private sector – in partnership with other social actors – can help realise... a more sustainable and inclusive global economy."

As this report details, we set challenging annual objectives in the five areas that define corporate responsibility at Reed Elsevier: governance, marketplace, workplace, community and environment. And we are serious about measuring our progress. We are making strides (e.g., holding the line on our energy consumption) but we are not complacent (e.g., and must further reduce our CO₂ emissions). We realise that corporate responsibility is never 'finished.' To be a global leader, we must continue to raise the bar.

Sir Crispin Davis, CEO

2006

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The CarbonNeutral Company

The Reed Elsevier Corporate Responsibility Report is available online. We print other key corporate documents. The 2006 Annual Review is printed on Revive 50:50 Silk, a 50% recycled paper manufactured with 25% de-inked post-consumer waste, 25% unprinted pre-consumer waste and 50% virgin fibre. All pulps used are Elemental Chlorine Free (ECF) and the manufacturing mill is accredited with the ISO 14001 standard for environmental management. The mill, merchant and printer are FSC accredited. The CO₂ emissions produced from the production and distribution of the Annual Review and other documents have been neutralised through forestry and energy friendly projects around the world.

Cover: Reed Elsevier supports AfriKids; here two students enjoy learning at AfriKids' Zuarungu Children's Centre in Northern Ghana

Our Strengths



ELSEVIER

Elsevier is a world leading provider of scientific, technical and medical information and solutions



LexisNexis®

LexisNexis is a global provider of authoritative legal, tax, regulatory, public records, news and business information and workflow solutions



**Harcourt
Education**

Harcourt Education is a leading publisher serving the pre-Kindergarten to Grade 12 schools and assessment markets in the US and internationally



Reed Business

Reed Business is a leading global business-to-business publisher and exhibition organiser

We operate in large, long term, global growth markets sustained by the continuing demand for professional information

We deliver authoritative content of the highest quality through market leading brands, enabling our professional customers to find the essential data, analysis and commentary to support their decisions

Technology enabled solutions integrated into customer workflows are making our customers more effective professionally and Reed Elsevier a more valued partner

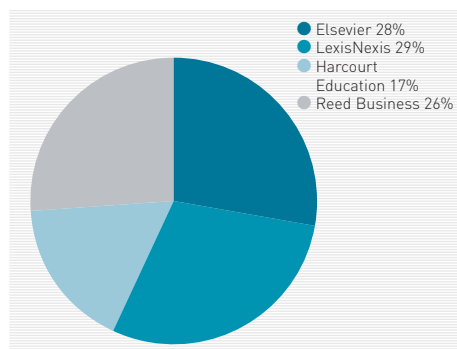
We generate a large part of our revenues from subscriptions and other recurring sources

Our businesses are strongly cash generative with a high conversion of operating profits into cash

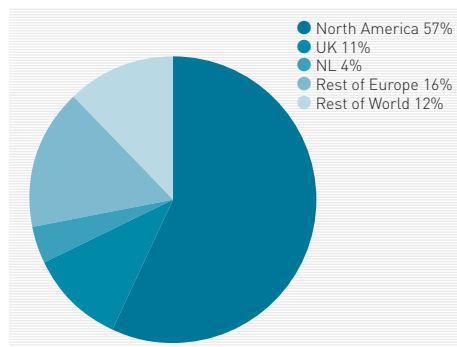
Our Business Strategy

Revenue (£5,398m/€7,935m) by:

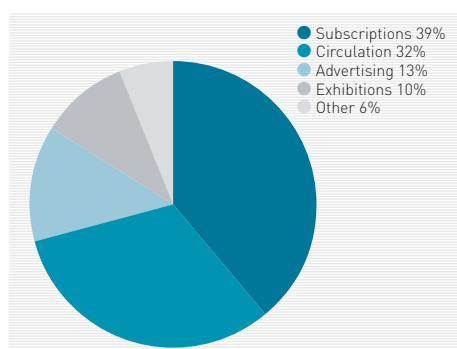
Division



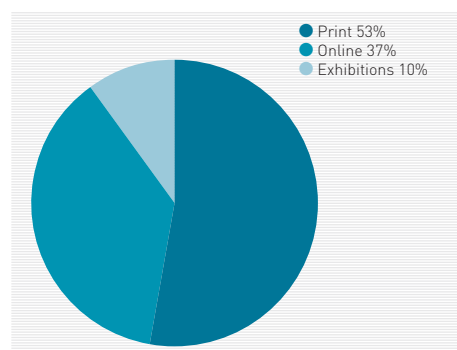
Markets



Source



Media



We are sharpening our strategic focus on four priorities:

Deliver authoritative content through leading brands

Editorial investment to generate new sources of content to widen and differentiate the product offering to our customers, expanding into new segments and geographic regions

Drive online solutions

Leverage our leadership brands and authoritative proprietary content to deliver innovative solutions orientated products that become embedded in customers' workflows and enable Reed Elsevier to move up the value chain

Improve cost efficiency

Leverage our scale, skill sets, technology, resources and collective experience across the business to improve cost efficiency

Selective portfolio development

Allocate capital and resources, both through internal investment and acquisition, to pursue opportunities that accelerate our strategic and business progress

Our objectives are to deliver good revenue growth, continuous margin improvement, strong cash generation and growing returns on capital. We are targeting consistent earnings per share growth of a minimum of 10% annually at constant currencies

Our Business – Elsevier

www.elsevier.com

Elsevier had strong subscription renewals, widening distribution of its scientific and medical journals and databases, growing new online product sales and a successful book publishing programme

Revenues and adjusted operating profits were ahead 8% and 10% respectively at constant currencies, or 5% and 8% before acquisitions and disposals. Underlying operating margins were 0.9 percentage points ahead before acquisition and currency effects, driven by revenue growth, stabilising investment levels and further supply chain efficiency.

The Science & Technology business saw organic revenue growth of 5% at constant currencies reflecting strong journal subscription renewals, at 97%, widening distribution through an expanded sales force, and good growth in online databases. ScienceDirect usage continues to grow at over 20% and e-only contracts now account for 45% of journal subscription revenues. The Scopus abstract and indexing database has been well received in the market and is seeing good conversion of trials into firm contracts.

Early in the year, the Science & Technology business was reorganised into a more market-focused organisation, to better serve large academic and government institutions as well as to focus more directly on smaller and mid sized institutions, the corporate sector, and societies and individuals. Customer satisfaction scores have significantly improved during the year as a result of the sustained programme to improve service levels, and new products and marketing strategies are being developed for under penetrated segments.

In Health Sciences, revenue growth was 13% at constant currencies, or 6% underlying. Strong growth was seen in the nursing and allied health professional sectors and in new society journal publishing. Online revenues are growing rapidly, up 37% in total, as the medical community increasingly adopts online information services to drive productivity and enhance outcomes. The year saw increasing penetration of the ScienceDirect and MDConsult products and further launches made and planned of electronic reference materials, medical education resources, and specialist information services and workflow tools.

The integration of the MediMedia MAP businesses acquired in August 2005 is now complete, with revenue growth initiatives building momentum and adjusted operating margins improved significantly. The acquisition in May of the Gold Standard drug information database and related products is accelerating our market strategies in electronic health information services to enhance the efficacy of clinical diagnosis and treatment. In December, the Endeavor software business was sold following a reappraisal of its position within Elsevier's overall market strategies.

At reported exchange rates, adjusted operating margins were 0.7 percentage points lower largely reflecting the low, but rapidly improving, margins of the MediMedia acquisition made in 2005 as well as the impact of the rolling three year currency hedging programme as the US dollar decline over the last few years works its way through the hedge rates.

The outlook for Elsevier is positive. Subscription renewals are strong, customer satisfaction is improving, our publishing programmes are expanding, new electronic product is developing well, and distribution is widening.

↓ **Scopus** The world's largest abstract and citation database of scientific research, Scopus indexes the bibliographic information of 15,000 titles from 4,000 different publishers and covers all scientific disciplines.



Our Business – LexisNexis

www.lexisnexis.com

LexisNexis saw strong subscription renewals, good growth in new sales of its online information solutions both in the US and internationally, and further good growth in risk information and analytics

Revenues and adjusted operating profits were up 8% and 13% respectively at constant currencies, or 7% and 13% before acquisitions. This 7% organic revenue growth compares with 6% in 2005 and 4% in 2004 and reflects the strengthening momentum in the business. The adjusted operating margin was 1.1 percentage points higher reflecting the good revenue growth and tight cost control.

In US Legal Markets, strong subscription renewals and additional online information and solutions sales to both large and small firms drove organic growth of 6%. The Total Solutions strategy launched in the year has gained good traction in the market, focused on the distinctive needs of lawyers across four major areas of their workflow: litigation, client development, research and practice management. An integrated solutions product was also launched for the risk management market. The product portfolio was expanded through organic development and selective acquisition: Casesoft (litigation case analysis), Dataflight (online repository and tools for evidence management).

In Corporate and Public Markets organic revenue growth was 8% with continued strengthening in online news and business information, higher patent volumes and strong demand in risk management. The Seisint business acquired in September 2004 saw continued strong revenue growth and LexisNexis' existing risk management business has now been fully migrated to the Seisint technology platform. The Seisint business delivered a 10% post tax return in only its second full year of ownership, and returns continue to grow.

↓ **Anti-Money Laundering Solutions** LexisNexis Anti-Money Laundering Solutions is a fast, comprehensive tool to help customers streamline their anti-money laundering investigations and perform due diligence research within a single, easy-to-use online resource.



The LexisNexis International business outside the US saw underlying revenue growth of 8% driven by the growing demand for LexisNexis' online information services across its markets and new publishing. The Total Solutions strategy is also being rolled out in these international markets behind increasing online penetration. In the UK this was accelerated with the acquisition of Visualfiles (case management and compliance tools). Particularly strong growth was seen in the UK, France, Germany, Canada and South Africa.

The outlook for LexisNexis is positive. Revenue momentum is good, with strong subscription renewals, increasing take up of new online services and total solutions across our markets, and strong demand growth in risk management.

Our Business – Harcourt Education

www.harcourt.com

Harcourt Education's basal textbook and supplemental businesses performed well against a weaker education market to hold overall revenues flat. Profits were lower through investment ahead of major adoptions and underperformance in assessment

Revenues at Harcourt Education were flat against the prior year at constant currencies, whilst adjusted operating profits were 19% lower, or 20% lower before minor disposals. Adjusted operating margin was 3.4 percentage points lower at 14.5% largely reflecting sales and marketing investment ahead of the much stronger 2007 adoption market, sales mix and the impact of the underperformance in assessment.

The Harcourt US K-12 basal and supplemental businesses have performed well, both achieving 1% revenue growth in a US textbook market estimated to be down around 6%. (The weaker market reflects the state textbook adoption cycle and reduced spending by elementary schools in non-adoption states partly as a result of significant prior year spending on federally supported Reading First programmes.) Harcourt won the leading market share, at 38%, in new state textbook adoptions in which it participated, with great success from new publishing particularly in the secondary schools market in literature and language arts, science and social studies. A good market response to new publishing in the supplemental business, and more manageable backlist attrition, continues the recovery in this business as it replaces traditional supplemental product with more comprehensive intervention programmes, and reorients sales and marketing activities from individual school to district level.

The assessment business saw revenues 4% lower reflecting the net loss of state testing contracts and lower catalogue sales. Operational difficulties surrounding a major state testing contract and knock-on effects on other contracts resulted in significant cost overruns. New management were appointed in the year and organisational changes made which are beginning to make a real difference to the business. Whilst revenues are expected to decline further due to lost contracts, the actions taken have positioned the business for a recovery in performance and margin this year and next.

The Harcourt Education International business saw revenues 1% higher. Strong growth in South Africa and in UK export sales were offset by a weak performance in a flat UK market.

The outlook for Harcourt Education is positive. The textbook adoption cycle has entered a strong growth phase, the new textbook programmes for 2007 are being well received in the market, and the pipeline is strong with a high level of development activity. The new publishing in the supplemental business is gaining momentum and assessment is on a firm recovery path. Organisational changes in the business are expected to deliver increasingly integrated market strategies and significant further cost efficiencies.

↓ **Power Up!** is a reading programme that uses a systematic approach to develop reading skills for US middle school readers, resulting in measurable gains in reading.



Our Business – Reed Business

www.reedbusiness.com

Reed Business's online information services grew rapidly, more than compensating for print migration, and the exhibitions business again performed strongly

Revenues and adjusted operating profits were 5% and 14% ahead respectively at constant currencies, with acquisitions and disposals having no overall effect on these growth rates. Adjusted operating margins were 1.3 percentage points higher, reflecting the strong growth in the exhibitions business and tight cost control.

At Reed Exhibitions, revenues were 12% higher, or 10% underlying. Strong growth was seen in key shows across the principal geographies in the US, Europe and Asia Pacific, with particularly good performances in Japan and in the international Midem entertainment and property shows held in Cannes. Whilst much of B2B marketing is moving online, the demand for exhibitions remains very strong as exhibitors and buyers place great value on physical meetings and events to balance other information sources and connections. Underlying profit growth was 16% including 6% from share of joint ventures cycling in. The net effect of other biennial shows cycling in and out is broadly neutral. The Sinopharm exhibitions acquired in a joint venture in China in 2005 are performing well ahead of plan and new shows are to be launched in 2007.

The Reed Business Information magazine and information businesses saw continued strong underlying growth in online services of over 20%, more than compensating for the 3% decline in print as the business migrates online. Overall RBI revenues were up 2% underlying. With 24% of revenues now from online services, the overall growth trajectory is encouraging. Adjusted operating profits were up 12% through continued action on costs as resources are rebalanced to the digital opportunity.

In the US, RBI underlying revenues were 2% lower. Online revenues are growing rapidly, particularly from advertising in community sites and new services, and are close to offsetting the print decline seen across most sectors. In the UK, RBI underlying revenues were up 6% reflecting the strong growth in online recruitment (up 39%) and online subscription services (up 17%). Online revenues now account for 41% of RBI UK revenues with strong growth and new launches set to increase this further. Print revenues benefited from innovative publishing and design. In continental Europe underlying revenues were up 3%, with again good growth in new online services and some further recovery in advertising markets. Revenues in Asia grew 6%.

As part of a repositioning of the portfolio, the US manufacturing product news tabloid business was sold during the year as well as a number of other titles and North American manufacturing shows. In January 2007 RBI acquired Buyerzone, a fast growing online service for matching vendors and buyers in procurement tendering that can be leveraged across RBI's categories.

The outlook for Reed Business is encouraging. Strong demand for online services, good growth in exhibitions and ongoing portfolio management are steadily repositioning the business for good long term growth.

↓ **New Scientist** has chronicled the way science and technology have transformed our understanding of the world and ourselves since 1956. New Scientist celebrated its fiftieth anniversary last year and sold over 200,000 copies worldwide of its special anniversary edition.



Our Corporate Responsibility Approach and Key Developments in 2006

Composition of the CR Forum

Chairman CEO

Members:

CR Director

General Counsel/Company Secretary

Director of Corporate Communications

HR Director

CEO of International Business Unit

Director of Group Taxation

Corporate Audit Services Director

Corporate Finance Director

Group Chief Accountant

Global Supplier Management Director

We believe in transparency and produce an annual corporate responsibility report. In 2006 we made progress in each of the five areas – corporate governance, marketplace, workplace, community and environment – that comprise our corporate responsibility (CR) agenda. We define that agenda in two ways: by reviewing the material issues that affect our company and by considering the views of stakeholders including employees, customers, shareholders, governments and civil society.

We review our CR agenda regularly. Twice each year our CR Forum meets to set goals and track our progress. The Forum is chaired by CEO Sir Crispin Davis who has Board responsibility for CR. The CR Director also makes a full presentation to the Board annually.

Our Corporate Responsibility Approach and Key Developments in 2006 continued



We play an active role in the Media Corporate Social Responsibility (CSR) Forum and serve on the steering group, working closely with sector peers including Pearson, BBC, BSkyB and EMI. Together we have been developing a campaign to improve media literacy, especially public access and understanding of media – for example, the differences between fact, opinion and reportage – which can be limited by technological, financial or other barriers. During the year we hosted, on behalf of the Media CSR Forum, an event which brought together media non-governmental organisations (NGOs) like Media Trust, Mediawise, and Forum for the Future, to share their views on the CR performance of media companies. The feedback informs the direction of our group's activities; as one participant noted, "there is a need for open and accountable procedures that show how content is created."

Our CR agenda is bolstered by ongoing dialogue: with employees through such mechanisms as the Reed Elsevier (RE) Cares section of our corporate intranet, presentations, and feedback from colleagues working in the field; internal working groups like our Socially Responsible Supplier network; and extensive external consultation. We completed numerous CR-related surveys and held meetings with members of the Socially Responsible Investment (SRI) community and government, including Dutch investors in collaboration with Citigroup. Government engagement included dialogue with the European Union on sustainable cities through our involvement with Respect Table, as well as consultation with the UK Treasury/Cabinet Office on corporate community involvement. In one on one meetings we engaged with NGOs like Earthwatch, the World Wildlife Fund, and the Global Reporting Initiative.

Promoting our Corporate Responsibility Agenda

During the year, Board members helped promote our CR commitment. CEO Sir Crispin Davis highlighted key CR achievements at the RE annual general meetings in London and Amsterdam and in a message to all staff indicated, "CR means acting ethically and sustainably across the group. We...are fully committed to making consistent improvements in how we conduct our business and manage our impact on stakeholders."

We make CR considerations to ensure a market's social and economic stability and to protect our copyrights. Such evaluations are fundamental to the business case for our investments. One example is our investment in SRD, which develops sophisticated software to identify criminals. SRD offers solutions to thwart money laundering by proving identity.

The Trustees of the RE Pension Scheme expect its investment managers to take into account the extent to which social, environment or ethical issues may have a financial impact when making investment decisions. The Scheme does not, for example, have investments in tobacco companies.

An investment option available to RE Pension Scheme members is the Clerical Medical PP Evergreen fund. The stated aim of the fund is to achieve long term capital growth by investing in shares of companies throughout the world whose products, processes, or services contribute to the restoration and renewal of the earth's ecology or to a cleaner and healthier environment.

Our CR policy is also shaped by our membership in Business in the Community, Earthwatch, the London Benchmarking Group, the Corporate Responsibility Group, PREPS (Publishers for Responsible Environmental Paper Sourcing), the Media CSR Forum, as well as involvement with the UK All Party Parliamentary Group on Corporate Responsibility, and Respect Table.

→ See Appendix 1 for more about the Media CSR Forum.

2006 Summary – Key Corporate Responsibility Achievements

1. Governance

2006 Objectives: Use CR Forum to monitor CR risks, policy, and programmes; proactive steps on CR legislation; Increase training on the Code of Ethics and Business Conduct to 10,000 employees; Extensive stakeholder engagement, and new policy initiatives; UN Global Compact country network involvement in three countries

Achievements

Use CR Forum to monitor CR risks, policy, and programmes

- Engagement with members throughout the year
- Two meetings in 2006

Continued proactive steps on CR legislation

- SOX: achieved full compliance by year-end
- Close cooperation with Internal Audit on corporate responsibility risk review and reporting
- Senior leaders complete Corporate Responsibility Questionnaire
- 1,100 LexisNexis sales managers completed new online course 'Competing Fairly' focused on competition law
- Policy Zone on corporate intranet expanded with more RE policy documents and resources

Increase training on the Code of Ethics and Business Conduct to 10,000 employees

- Updated Code of Ethics and Business Conduct launched globally by CEO
- Cooperation with all RE divisions results in new online training course completed by 13,000 employees

Promote active stakeholder engagement and assessment

- Investors/Analysts (e.g., Presentations at London Stock Exchange; Goldman Sachs SRI conference; Dutch investor road show with Citigroup)
- Government (e.g., Positive media messages on health and diet for European Publishers Council at EU; EU/London government engagement on sustainable cities through Respect Table; DEFRA on environmental reporting; UK Treasury/Cabinet Office consultation

- on corporate community involvement)
- Non-governmental organisations (e.g., World Wildlife Fund, Woodland Trust, Media Trust and Earthwatch engagement; Media CSR Forum meeting)
- Peers (e.g., Active membership in Media CSR Forum; UN Global Compact UK Network; Corporate Responsibility Group; Business in the Community; London Benchmarking Group; PREPS (Publishers database for Responsible Environmental Paper Sourcing); Respect Table)
- Employees (e.g., Regular presentations and webcasts, CR Newsletter; RE Cares Challenge; World Environment Day; global health and safety campaign)

UN Global Compact country network involvement in three countries

- Member of UK Network steering group; chair communications subgroup helping launch of new UK network website
- Liaison with US, South African, and Dutch Networks
- Participated in UNGC Learning Forum in Accra, Ghana

2006 Summary – Key Corporate Responsibility Achievements continued

2. Marketplace

2006 Objectives: Customer Focus through value-added online services; A group editorial policy; New processes to encourage customer feedback; Roll-out of RE Editorial Policy; Expand socially responsible supplier network to new categories, including data converters and shippers

Achievements

Continued Customer Focus through value-added online services

- Elsevier (e.g., Mosby's Nursing Skills provides online nursing skills and procedures reference solution)
- LexisNexis (e.g., LexisNexis Toolbar on customers' web browsers allows legal professionals to access/search LN services from any website)
- Harcourt (e.g., Fast Phonics First Interactive allows children to hear sounds pronounced aloud, blend and segment letters on screen and interact with fun games and activities)
- RBI (e.g., Flight website brings together key brands providing single destination for customers to access news, market intelligence, jobs and resources)

New processes to encourage customer feedback

- Elsevier (e.g., Dashboard programme)
- LexisNexis (e.g., LexisNexis Total Solutions Playbook)
- Harcourt (e.g., Collaborative/consultative sales solutions)
- RBI (e.g., Deep Insight Research programme with top 500 customers)

Roll-out of RE Editorial Policy

- Promotion to business unit CEOs packaged with updated Code of Ethics and Business Conduct

Expand socially responsible supplier network to new categories, including data converters and shippers

- Database increased to nearly 400 with the addition of converters, shippers, IT services firms
- Internal and external audit programme advanced
- 2006 Paper Survey and new Socially Responsible Supplier Survey in online format

2006 Summary – Key Corporate Responsibility Achievements continued

3. Workplace

2006 Objectives: Broader Group roll-out of 1:1 coaching programme; Conduct Group employee opinion survey and develop action plan based on results; Progress Group Health and Safety Survey

Achievements

Broader Group roll-out of 1:1 coaching programme

- Over 3,500 trained to date including 73 internal facilitators

Conduct Group employee opinion survey (EOS) and develop action plan based on results

- 4% increase in response rate from previous group EOS in 2003
- Improvement in overall survey composite – 60% favourable vs. 57% in 2003
- Highest scoring items RE support/involvement in community and ethical business practice
- EOS Listening Tour developed to discover best practice in high-scoring locations
- Group level actions around low-scoring norms including Boundarylessness

Progress Group Health and Safety Survey

- Health and Safety Champions Network established with four global conference calls in the year
- First group Health and Safety Awareness Week featuring special events and helpful resources
- Survey of health and safety policies and practices at key locations
- Improved analysis of RE health and safety data

4. Community

2006 Objectives: Deepen RE Cares programme in major business locations; Expansion to new geographies; Increase volunteerism by 10% from 2004 benchmark

Achievements

Grow and deepen RE Cares programme in major business locations

- Successful RE Cares Challenge with 9 projects funded across the group
- Increased support for RE Cares Champions including new RE Cares Champions 'Tool Box'
- Asia Pacific, North American and European RE Cares Meetings
- Successful RE Cares Month with over 100 activities across the world

Continue to spread RE Cares programme to new markets

- e.g., RE Cares programme gains strength in China and India

Strive for a 10% increase in Two Days usage

- Focus of 2006 global RE Cares Month
- 35% increase in number of staff using Two Days

2006 Summary – Key Corporate Responsibility Achievements continued

5. Environment

2006 Objectives: Continue to advance environmental goals by key facility; Introduce gREen Teams in 75% of key facilities; Develop transport policies at all four divisions; Environmental certification pilot – LN UK; External assurance of environmental data

Achievements

Continue to advance environmental goals by key facility

- 27 facilities set environmental and cost reduction targets
- Environmental Champions Network supported through regular calls and meetings in Asia, the United States and Europe
- Environmental Workbook developed to improve data collection and analysis
- Environmental Checkpoint Meeting with Environmental Champions and group finance leaders

Introduce gREen Teams in 75% of key facilities

- Global gREen Team calls facilitate environmental learning
- New resources on gREen room intranet site
- Expansion to 75% of key facilities covering 86 sites around the world

Develop transport policies at all four divisions

- RE transport policy guidelines foster improvements including cycle loan programmes
- Focus of 2006 World Environment Day with message from CEO sent to all staff
- Transport poster developed by RE division Variety
- Over 800 staff submit transport improvement ideas
- LexisNexis US Alternative Work Solutions awarded US Environmental Protection Agency Bronze award: Best Workplace for Commuters

ISO 14001 pilot

- BS 8555 phased approach pursued by LexisNexis UK to achieve ISO certification and roll-out to other divisions.

External auditing of environmental data

- 2005 UK data audited by KPMG
- Expanded coverage (US and UK) in 2006 by Ernst & Young LLP

Inadequate performance in any of the five areas above could have a negative effect on the operation of our business. However, these five areas also present opportunities to demonstrate best practice performance, with the potential to improve the growth and profitability of our business and the perception of stakeholders.

Sources for this Report include the annual RE Group Community Survey, Environmental Survey, Health and Safety Survey, and the senior manager CR Questionnaire; review by RE internal audit and accounting services of CR data collection and analysis, processes and controls; Socially Responsible Supplier group internal/external audits; and input from external sources including Eco Network Ltd. on ISO 14001 certification; Ernst & Young LLP on the 2006 UK & US Group Environmental Survey data; and the London Benchmarking Group on improving capture of cash and in-kind contributions.

Third Party Recognition



Reed Elsevier is a member of FTSE4Good, the Per Cent Club, and the Dow Jones Sustainability Index. In 2006, for the second year, we were highly commended for our CR activities in the UK National Business Awards, and we scored in the top 50 companies in Business in the Community's Corporate Responsibility Index.

We attained an AAA rating from Innovest Strategic Value Advisors, and were first among media companies in the Carbon Disclosure Project's Climate Leaders Index; and were named one of the Global 100 Sustainable Companies at the 2006 World Economic Forum in Davos for a second year.

2006 Data Summary

Unless otherwise stated, results for 2006 are based on more than 75% of our facilities, which account for greater than 75% of our business turnover.

Data Summary	2006	2005
Normalisation factors		
Underlying revenue growth at constant rates (%)	5	5
Revenue growth at constant rates (%)	6	7
Workplace		
Total number of full time employees	36,817	36,230
Percentage of employees who are female (%)	57	57
Percentage of management employees who are female (%)	47	48
Health & Safety		
Incident rate (cases per 1,000 employees)	3.13	3.21
Frequency rate (cases per 100,000 hours worked)	0.20	0.21
Number of loss time incidents (→1 day)	95	106
Community		
Total cash and in-kind donations [products, services, and time] (£millions)	6	6
Total leveraged value [market cost of time, products and services] (£millions)	10	12
Volunteering: number of employees using Two Days allocation ¹	5,777	4,281
Environment		
Energy (mWh)	225,348	226,109
Water (m ³)	574,287	569,942
CO ₂ emissions		
Scope 1 (t/CO ₂)	16,301	16,914
Scope 2 (t/CO ₂)	71,070	69,769
Scope 3 (t/CO ₂)	44,843	42,627
Total CO ₂ emissions (including transport and energy)	132,214	129,310
Transport US & UK		
Air (t/CO ₂)	44,807	42,603
Rail (t/CO ₂)	36	24
Car fleet (t/CO ₂)	8,853	8,739
Transport related emissions US & UK (t/CO ₂)	53,696	51,366
Nemo Rooms (t/CO ₂ avoided)	323	266
Waste (UK only)		
Waste disposed (metric tonnes)	1,226	N/C
Percentage of waste recycled (%)	38	N/C
Percentage of waste going to landfill/incineration (%)	62	N/C
Recycled amounts of three key items		
Paper (% of total used)	77	71
IT Equipment (% of total used)	71	62
Toner Cartridges (% of total used)	76	79
Total for three key items (% of total used)	75	71

2006 Data Summary

continued

Data Summary	2006	2005
Paper		
Production paper (metric tonnes)	139,674	144,284
Office paper (metric tonnes)	1,075	N/C
Sustainable content (percentage of total stock) ²	81	65
Recycled content (percentage of total stock) ²	11	N/C
SRS (Socially Responsible Suppliers)		
Number of key suppliers on SRS database	389	290
Percentage of suppliers with a board level representative responsible for Corporate Responsibility	75	75

¹All RE employees can take up to two days off per year (coordinated with line managers) to work on community projects that matter to them.

²Based on self statements by tier one paper suppliers who represent 70% of our production paper stock.

Background



“Compliance is not just a legal requirement. It is an important business practice, increasing stakeholder confidence, employee morale and the public’s impression of the company.”
Debbie Hart-Klein, Vice President, Compliance, Reed Elsevier Inc.

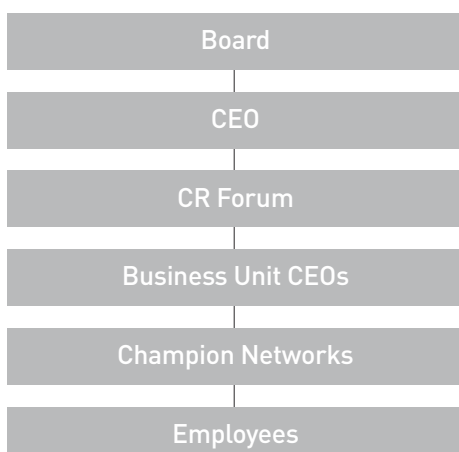
Good governance is essential to the success of our business. We support and comply with the provisions and principles of governance set out in the UK Combined Code on Corporate Governance (the UK Code) and the Dutch Corporate Governance Code (the Dutch Code). And we maintain standards of corporate governance and disclosure as applicable to companies listed on the stock exchanges of the United Kingdom, the Netherlands and the United States.

In line with current best practice, information and documents which detail our governance procedures are available to stakeholders at www.reedelsevier.com.

→ See Appendix 2.

As CEO Sir Crispin Davis noted in a 2006 message to all staff, “we can take pride in acting in a legal and ethical manner at all times.”

Reed Elsevier’s Corporate Responsibility structure



Reed Elsevier Values

- Customer Focus
- Valuing Our People
- Passion For Winning
- Innovation
- Boundarylessness

The RE values – Customer Focus, Valuing Our People, Passion For Winning, Innovation and Boundarylessness are the five guiding principles for all we do.

Innovation means we welcome and drive change. In challenging the status quo, we encourage our people to be entrepreneurial and to learn from mistakes. We constantly look for new ideas and value 'out-of-the-box' thinking.

Customer Focus means we have a passion for understanding and exceeding our customers' expectations. Acting with integrity, we strive to be their indispensable partner.

Passion For Winning means we are determined to be the best in order to outperform our competition. We focus on being a high energy, fast moving, decisive organisation that executes and delivers well and sets aggressive goals. We hold ourselves accountable for outstanding results.

Boundarylessness means we embrace the global nature of our business and encourage people to work collaboratively across business units, hierarchy, functions and geography. We seek to break down barriers between organisations and encourage our people to support one another, and develop positive partnerships with customers and suppliers.

Valuing Our People means we put the highest priority on recruiting, developing and retaining outstanding people. We recognise and reward achievement and empower staff at all levels to maximise their potential and contribution within a work environment based on respect and open and honest communication.

We monitor the progress of each division in embedding the values in its processes. Senior executives are assessed on their values leadership and all employees are evaluated on how well they are living the RE values as part of the annual Personal Development Plan process. A key mechanism for training on the RE values is the REorientation site, part of our global intranet aREna. Here, prospective and existing employees can learn more about the five values and explore what it is really like to work in an RE company.

At the annual RE Management Conference for the top 200 managers, hosted by CEO Sir Crispin Davis, awards are given to individuals who best exemplify each of the five RE values. As Sir Crispin noted at the 2006 ceremony, "The quality of our management team at Reed Elsevier is better now than it has ever been and it is becoming increasingly hard each year to select just five people as our winners." Among those recognised in 2006 was Paul Zilk, CEO of Reed Exhibitions' Reed Midem division for setting a standard in Customer Focus. He has built enduring, mutually beneficial partnerships with such leaders in their field as Fedex, Regus, and Europcar, giving them access to Reed Midem's 60,000 participants from over 100 countries at cutting-edge shows in the fields of property, audio-visual content, asset management and music.

Furthering our Code of Ethics and Business Conduct



“This short course has real impact and continues to pull me in. It is one thing for a company to claim to have a mission statement or core set of values, almost all do that. It is an entirely different situation when the company is willing to put it in writing and engage the employees of that organisation in a meaningful manner... to walk the walk in addition to talking the talk.”

Nick Kovacs, National Accounts Sales Representative, Reed Construction Data

Our Code of Ethics and Business Conduct, disseminated to every employee, is a tangible manifestation of our values. The Code is a guide to the way we go about achieving our business goals and encourages open and ethical behaviour. It covers such key topics as acceptance of gifts and entertainment, company political involvement, safety, human rights, and protection against retaliation if a suspected violation of the Code or law is reported. The Code stipulates that bribery is illegal.

Our Code states that RE strictly prohibits employees from using corporate funds for any political contributions except in the United States, where such contributions and activities are permitted if they comply with stringent reporting and disclosure regulations. In the United States, RE requires employees to obtain prior approval from the US General Counsel and the Vice President of Government Affairs of Reed Elsevier Inc. for any and all proposed political contributions.

Along with the RE Values, compliance with the Code is part of the Personal Development Plan to which every employee is subject. Code breaches are subject to swift disciplinary action, up to and including termination of contract.

The RE CR Forum has annual responsibility for reviewing the Code to ensure this critical document follows current best practice and legislation and there are compliance committees for all four divisions and RE head office staff.

In 2006, we revised the Code to clarify key provisions and enhance readability through improved formatting. We also added references to new tools for filing anonymous complaints such as a toll-free, confidential reporting line for US employees and an electronic reporting form. The revised Code was disseminated to all employees worldwide by the CEO who reminded staff “Compliance with the Code is essential to maintaining our performance and reputation, and I am counting on you to remain familiar with [its] policies and procedures.”

To aid employee understanding of the Code, we developed an online training programme developed in collaboration with the RE divisions. The course explains substantive policies, emphasises the importance of compliance, and highlights resources available to employees with questions or concerns. It begins with an introduction from the CEO and contains practical examples of provisions

Furthering our Code of Ethics and Business Conduct continued

in practice. Approximately 13,000 US-based employees completed the new course before the close of the year and, in a survey to test views of the course, more than 90% of employees felt it was clear, easy to use and reinforced current knowledge. In 2007, the programme will be expanded to other RE jurisdictions and also augment new-hire orientations. We will further be developing regular updates for employees who have completed the course.

Our businesses also offer employees advanced governance training. In the year, over 1,000 LexisNexis employees participated in the course, Competing Fairly, focused on antitrust issues. Additionally, nearly 1,000 staff from across RE received harassment training to reinforce detailed harassment policies in place at all four divisions. As the RBI harassment policy states, "Preventing discrimination and harassment in [its] many forms requires an acute awareness by everyone at the Company of the impact that such actions have on others. We expect that employees will treat each other with respect and consideration at all times. ...The Company has developed this policy to make sure that all its employees can work in an environment free from harassment. The Company will make every effort to make sure that all its personnel are familiar with the policy and know that any complaint received will be thoroughly investigated and appropriately resolved." Policies make clear we do not tolerate retaliation against those who raise complaints and that failure to rectify offending behaviour can lead to termination of employment.

→ See Appendix 3 for a sample RE harassment policy.

Action on the UN Global Compact



The United Nations Global Compact links businesses around the world with UN agencies, labour and civil society in support of ten principles encompassing human rights, labour, the environment, and anti-corruption. “Through the power of collective action, the Global Compact seeks to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation... [and] a more sustainable and inclusive global economy.”

Since becoming a signatory, RE continually works to advance the principles of the UN Global Compact (UNGC) within the company and beyond. In the last year, RE took part in the annual learning summit in Ghana which involved best practice sharing between African companies and their international counterparts. We also continue to play an active role in the UNGC UK Network Steering Group, leading on communications; we assisted with a new Network website (www.ungc-uk.net), launched at the UK Foreign and Commonwealth office in December, which provides existing and prospective signatories with useful information including an events calendar and case studies. We produce an annual Communication on Progress posted on the UNGC website and facilitated introductions for our colleagues with the Dutch, South African and US networks.

www.unglobalcompact.org

→ See Appendix 4 for more details.

Action on the UN Global Compact continued

RE and the Ten Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

- Incorporated in RE's Code of Ethics and Supplier Code of Conduct
- Incorporated in RE divisional harassment and other policies
- Reinforced by ongoing RE training programmes

Principle 2: Make sure that they are not complicit in human rights abuses

- Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct
- Procedures for confidential reporting of questions or concerns

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- Incorporated in RE's Code of Ethics and Supplier Code of Conduct

Principle 4: The elimination of all forms of forced and compulsory labour

- Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct

Principle 5: The effective abolition of child labour

- Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct
- Financial and other support for community projects like the Karuna Trust which is fostering educational support for children in India, thereby permanently removing them from child labour

Principle 6: The elimination of discrimination in respect of employment and occupation

- Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct
- Diversity programmes administered by our RE Human Resources Management Council

Principle 7: Businesses should support a precautionary approach to environmental challenges

- Incorporated in RE's Code of Ethics, Supplier Code of Conduct and Environmental Management System
- Consultation with NGOs like Earthwatch and governments including the UK's Department for the Environment, Food and Rural Affairs
- Expanded external auditing of RE environmental performance

Principle 8: Undertake initiatives to promote greater environmental responsibility

- Incorporated in RE's Code of Ethics, Supplier Code of Conduct and Environmental Management System
- Proactive approach to environmental transparency participating in initiatives like the Carbon Disclosure Project and Business in the Community's Environment Index
- Generate environmental awareness through corporate intranet environmental section, the gREen Room; employee environmental campaigns; local gREen teams
- Support for external organisations like the UK's Green Standards which promotes reuse of IT and electrical equipment

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

- Incorporated in RE's Code of Ethics, Supplier Code of Conduct and Environmental Management System
- Numerous RE publications that promote environmental awareness and understanding like the *Journal for Nature Conservation*; *The Management of Solid Waste in Europe*; *Macroeconomic Analysis of Environmental Policy*; and *Environmental Sustainability, a Virtual Journal*
- Key partner in the creation of Online Access to Research in the Environment (OARE), an international public-private consortium coordinated by the United Nations Environment Programme enabling developing countries to gain free access to leading environmental science information (www.oaresciences.org)

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery

- Incorporated in RE's Code of Ethics and Supplier Code of Conduct
- Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct
- Code of Ethics online training programme for Reed Elsevier staff and advanced training like LexisNexis' Competing Fairly course
- Toll-free lines and web-based systems for confidential disclosure on Code violations, including corruption, by employees

Anticipating Trends in Company Law

In addition to the RE Code of Ethics and Business Conduct that applies to all staff, there is an additional Code for Senior Officers that applies to RE's CEO, Chief Financial Officer and the Group Chief Accountant, among others (both documents are available at www.reedelsevier.com).

We achieved full compliance with US Sarbanes-Oxley Section 404 requirements by year end, a global project involving over 800 people and the documentation and testing – subject to external auditing – of over 4,000 controls across Reed Elsevier.

We have included an operating and financial review (OFR) in each of the last four years as an integral part of our Annual Report. Our OFR provides forward looking statements on the outlook for RE overall and our divisions. It outlines key business risks facing Reed Elsevier which arise from the highly competitive and rapidly changing nature of our markets: the increasingly technological nature of our products and services; the international nature of our operations; legal and regulatory uncertainties; the impact on publicly funded customers of changes in funding; and cyclical pressures on advertising and promotional spending in some of our businesses.

The RE combined financial statements and the financial statements of the two parent companies, Reed Elsevier PLC and Reed Elsevier NV, have been prepared in accordance with International Financial Reporting Standards (IFRS).

In 2006 RE's income tax contribution for our combined businesses was £170 million and, in addition, RE collected several hundred million pounds in other taxes. We believe taxes are an important way in which large companies contribute to the communities in which they do business. RE is regarded by fiscal authorities as a responsible corporate taxpayer that complies fully with the law while ensuring an appropriate balance between its responsibility to shareholders and society.

2007 Corporate Governance Objectives:

- Use CR Forum to monitor CR risks, policy, and programmes
- Continued proactive steps on CR legislation; bring total trained on the Code of Ethics and Business Conduct to 20,000 employees between 2006-2007
- Active stakeholder engagement and assessment;
New approaches to UN Global Compact promotion and involvement

Products, Customers, and Supply Chain

Marketplace covers our products and how we produce them; our customers and how we engage with them. It is the foundation of our 'licence to operate' for if we offer must-have information and services to our customers, we meet their needs and ensure the strength of the company.

Products and Services

Because RE's businesses are dependent on customers buying our products and services, it is imperative that price matches value. We therefore consistently aim to enhance existing products while developing essential new offerings. The future strength of the company rests on our ability to provide indispensable global information that meets customer needs.

Online delivery is a primary way we are advancing the range and usability of our products, allowing customers to cross-link, cross-reference, and search information to an extent and scale never before possible. Online workflow solutions leverage our content to improve our customers' productivity giving us competitive superiority and closer partnerships. In 2006 online accounted for 37% of RE revenue.

Customer Value through Online – Examples from across RE

MOSBY'S NURSING SKILLS

In 2006 we introduced Mosby's Nursing Skills, an online nursing skills and procedures reference for healthcare organisations. The product aggregates a wealth of high quality nursing skills content such as Elsevier's Perry & Potter's *Clinical Nursing Skills & Techniques*. Over 530 interactive skills modules cover everything from admissions to administering medication and include animation and video procedure demonstrations; online tests to assess skill knowledge; summary and detailed descriptive text; competency checklists for performance evaluation; and supplemental content such as patient handouts. The product also allows nurse managers to assess, document and assign staff competencies and to generate detailed reports.

According to one Mosby's Nursing Skills customer, Marilyn Chow, Vice President of Patient Care Services at Kaiser Permanente, an integrated managed care organisation with 8.5 million health plan members and nearly 150,000 employees, "[we] seek solutions that will help standardise both the patient care and the skills competencies of our nurses across our entire network. These resources will assist our nurses in getting answers to their clinical questions as we work to improve safety and help us maintain our high quality of care delivered by Kaiser Permanente's nursing organisation."

Products, Customers, and Supply Chain continued



The LexisNexis Toolbar, released at the start of last year in North America, and its popularity – including 40,000 user installations by law firms and law students – prompted versions for other important markets, including Australia, Germany, New Zealand and the United Kingdom.

The Toolbar addresses customer desire for easy access to popular sources and services on LexisNexis research products like Lexis.com. The Toolbar permits customers to add their own Lexis.com favourites and features a search box that can automatically distinguish between Boolean and Natural Language queries and supports 'selected text' searching directly from any website into Lexis.com.

Moreover, the Toolbar offers immediate links to other LexisNexis Total Solution products including Total Litigator, CourtLink®, Applied Discovery®, and Martindale-Hubbell® while permitting users to launch searches onto selected websites like Google®, MSN® and Wikipedia®. LexisNexis' motto 'Together, we can' was evident in the coordinated effort between engineering, marketing and editorial colleagues that brought about Toolbar.



Fast Phonics

Harcourt's Fast Phonics First allows UK primary schools interactive reading instruction for the first time. In 2006, the UK government's Rose Review endorsed a synthetic phonics approach to reading based on the work of psychologists and educationalists, Professor Rhona Johnston and Dr Joyce Watson. Their research led to a print publication which Harcourt's UK division, Heinemann, has developed into an online, highly-visual teaching package. Using engaging activities and the benefit of interactive whiteboards, Fast Phonics First teaches whole classrooms or individual students the basic 40 phonemes of the English language in as little as 16 weeks.

The Rose Review, based on seven years of research, showed that as well as making an immediate impact on reading ability, the effects of synthetic phonics can be sustained. By the end of Primary 7 (Year 6), compared to standard measures of achievement, children taught synthetic phonics were on average ahead of their chronological age in word reading, spelling and comprehension. Results were particularly striking given that many pupils were from economically disadvantaged backgrounds, in areas identified as having poor reading standards.



Reed Business launched www.flightglobal.com last year to be the world's leading website for the aviation and aerospace community. News and information from print titles *Flight International*, the oldest aviation weekly magazine, and *Airline Business* were strengthened by RBI's 24-hour news service for air transport professionals, ATI. In addition, the site features online recruiter services which have brought breadth to a tight employment market; specialised expert databases such as ACAS and HeliCAS which track aviation fleets; blogs, Flight TV; email newsletters; and a growing image gallery.

The site has aided advertisers through new and varied advertising options. And in 2007, the site will make available each issue of *Flight International* going back to its inception in 1908. During its first full year, flightglobal.com has become the sector's leading site attracting over three million visitors and more than 30 million page views.

Reed Elsevier and the Defence Sector

RE products and services touch on many sectors. In the case of our Reed Exhibitions division this includes defence. We know this is an area of concern for some stakeholders.

Our position is that the sale of equipment and services for national defence is sanctioned and supported by leading governments around the world and is recognised in Article 51 of the United Nations Charter. The editorial independence of our publications is of the greatest importance to us. As a publishing company it is one of RE's key values. We accept that RE publications may occasionally take editorial positions which are critical of their owners, as is the case on this issue. Nonetheless, as a company with a long-standing commitment to free speech, we fully respect the opinions of our publications' editors and its readers to hold those views.

We do not see any conflict between Reed Elsevier's connections with the scientific and health communities and the legitimate defence industry. We believe the defence industry is necessary for the preservation of freedom of speech and national security. This freedom and security enables those in all sections of society, including the scientific and healthcare communities, to practise their professions and make their views known.

Moreover, at the aerospace and defence shows we operate, a large range of life saving and life protecting equipment, including products for air ambulances, fire control and firefighting, and for search and rescue teams are featured. At the last exhibition of Defence Systems & Equipment International (DSEI), an event organised on behalf of the British government, 42% of exhibitors were involved in disaster relief, peacekeeping and humanitarian services and homeland security.

In addition:

- Reed Exhibitions adheres to the same policy at all of our defence shows in banning the promotion of cluster munitions, although there are no international treaties banning this weapons group. We also impose additional restrictions for ethical reasons and ban, for example, display of all forms of cargo munitions and landmines. We operate within a licence, issued by the Export Control Organisation of the UK Department of Trade and Industry, which imposes certain controls on what may be exhibited
- We are taking steps to ensure restrictions are given even greater prominence in exhibitor manuals. Should exhibitors violate display criteria, we take immediate steps, including closing stands. We believe our policy on compliance, which we believe is ahead of the norm, is made explicit on our various show websites, for example, see www.DSEI.co.uk
- Reed Exhibitions defence portfolio accounts for approximately 0.5% of the total revenue of Reed Elsevier
- We are committed to engagement on the issues. In the year we met with representatives of Campaign Against the Arms Trade and the Joseph Rowntree Charitable Trust and corresponded with Britain's Royal College of Radiologists and the Royal College of Paediatrics and Child Health; Doctors for the Environment (Australia); and KBC Asset Management, among others.

Editorial Policy

During engagement work conducted by the Media CSR Forum, stakeholders stressed the importance of editorial standards. In 2005 we developed a group editorial policy to reinforce high editorial standards across all our divisions. It is based on the RE Code of Ethics and Business Conduct, existing internal editorial policy statements and external sources, including the American Society of Magazine Editors, Reuters, BBC, Wired, and the Council of Science Editors.

The RE editorial policy maintains:

"We have a responsibility to all our stakeholders, including our authors and customers, to produce information of the highest quality, which is original, accurate, comprehensible, fair, and timely and which avoids bias, defamation, conflict of interest, and which makes a clear distinction between editorial and advertising or other content.

We allow our editors independence in their decision making, free from external pressure in order to foster a free exchange of ideas. Where appropriate, we use methods such as double-blind, peer review to maintain confidentiality and ensure standards for impartial, balanced output are maintained. We uphold copyright laws.

We work with our editors and authors, directly and through editorial boards, to ensure awareness and compliance with our editorial standards. We provide clear instruction for corrections, retractions or withdrawals and provide mechanisms for reader and customer feedback."

The RE editorial policy, which was promoted to senior managers in a 2006 message from the CEO, overarches editorial policies in place at all four RE divisions. For example, all papers submitted to Elsevier's primary research journals undergo peer review. This means that once received from the author, editors send papers to specialist researchers in the field. In the vast majority of disciplines, this is done anonymously – thus the author will not be given the name of the peer reviewer. In some fields double-blind peer review takes place – the author will not be told who the peer reviewers are, nor will the peer reviewers be told the author's identity.

Peer reviewers ask questions such as: Is the content new? How has the research been carried out? What was the experimental set-up? What are the results? They will examine a paper's analysis and scrutinise its conclusions. Peer reviewers' reports are then relayed to the journal's editor who will also be an independent expert in the field and not an employee of the company. A decision is then made on whether to accept the paper, request revisions or reject it. The peer review

Editorial Policy continued

system is the accepted way that papers are evaluated for publication in all science, technology and medical journals whether they are commercially or non-commercially published.

Indeed, maintaining the integrity of what we publish is paramount to scientific and medical discovery. *The Lancet*, a respected international medical journal, provides Information for Authors indicating that priority is given "to reports of original research that are likely to change clinical practice or thinking about a disease. We offer fast-track peer review and publication of randomised controlled trials that we judge of importance to practice or research."

→ See Appendix 5, Sample Editorial Policy.

We also make use of editorial advisory boards to ensure that both the review process and final content are fair and accurate. The responsibilities of editors are contained in formal editor contracts or letters of agreement. We also have disclosure policies requiring authors to declare possible conflicts of interest, including all sources of financial and material support for their submitted work in an appendix.

Elsevier devotes a large section of its website (www.elsevier.com) to authors providing extensive publishing guidelines, services to facilitate submission and article tracking, access to technical and language editors, conferences, web-based forums and newsletters. We believe it is important for authors to have access to content they generate on their own personal or institutions' website. For example, at Elsevier, no permission is required for authors to revise and post the final version of their work more widely, provided that the posting contains a link to the home page of the journal in which the article was published, and that the posting is not used for commercial purposes.

Elsevier also has an errors and retraction policy which deals with authors who violate science publishing norms (including duplicate submissions). It provides guidelines on retracting or withdrawing material from circulation making clear, "...it is a general principle of scholarly communication that the Editor of a learned journal is solely and independently responsible for deciding which of the articles submitted to the journal shall be published. In making this decision the Editor is guided by the policies of the journal's editorial board and constrained by such legal requirements as shall then be in force regarding libel, copyright infringement and plagiarism. An outcome of this principle is the most sacred nature of the scholarly archive. However, very occasionally circumstances may arise where an article is published that must later be retracted or withdrawn completely. Such withdrawal from the scholarly record must not be undertaken lightly and can only occur under exceptional circumstances."

The editorial integrity of our products is tied to the health of the company and the success of our business. As this area is more qualitative than quantitative, we can gauge success of our editorial activities through customer feedback and engagement, and through the successful sales of our products. A key performance indicator we can use to gauge editorial performance is whether there have been any merited third-party complaints or serious breaches of editorial standards; over the last two years there have been none.

Our publications and products regularly receive awards for the excellence of their journalism. In 2006, these included: RBI's *Farmers Weekly*, which won the Periodical Publishers Association's Weekly Business and Professional Magazine of the Year award; LexisNexis magazine, *Pensions World*, which was honoured at the Personal Finance Media Awards; Harcourt's Rapid Reading Assistant Software for children with special needs, which was specially commended at the BETT Awards for educational technology; five awards for Elsevier publications at the Professional and Scholarly Publishing Division of the Association of American Publishers, among them the R.R. Hawkins Award for outstanding professional, scholarly, or reference work (for *Atlas of Clinical Gross Anatomy*) and the APEX Award for Publication Excellence in the category of employee and customer relations materials (for Health Sciences' Book Author Welcome Brochure); Harcourt Assessment, which was awarded *Technology & Learning* magazine's Award of Excellence for its Early Childhood Observation System (ECHOS); and *Australian Doctor*, published by Reed Business Australia, which won an award at the National Press Club Health Journalism awards.

The staff behind such excellent work are frequently recognised for their contributions. Illustrative were *New Scientist* journalist David Cohen's Syngenta Association of British Science Writers' Award for Best Journalism on a Science Subject and Elsevier's Karen Hunter who received the Prestigious CSA/Ulrichs Serials Librarianship Award for developing electronic delivery of scholarly information and excellent collaboration between the academic and professional world.

Six Reed Elsevier authors were awarded 2006 Nobel prizes: John C. Mather and George F. Smoot in Physics; Andrew Z. Fire and Craig C. Mello in Physiology or Medicine; Edmund S. Phelps in Economics; and Roger D. Kornberg in Chemistry. In recognition of these extraordinary scholars, Elsevier has made available, free of charge, the full text of the 102 articles published with Elsevier of these Nobel Laureates from www.elsevier.com.

Customers

Our business requires satisfied customers to grow and prosper. As part of our web-based employee induction programme, which incorporates information on the Reed Elsevier values and CR for new hires and long-standing staff, customers are at the centre of the company's vision and strategy: "Without customers we don't have a business, and there is a way of doing business that puts the customer at the heart of what we do. And this is exactly how we do business today. We are 100% customer focused. We spend extraordinary amounts of time and energy assessing the changing needs of our customers using all methods of research."

Across the whole of the group we have developed new processes to encourage customer feedback. At Elsevier this has taken the form of a comprehensive Customer Dashboard programme. We gain input from customers by mail, email or telephone, as suits our professional users best, which are then analysed and reported by the Research and Academic Relations department with business unit meetings to detail findings and actions for their area. Results are made highly visible to all staff on the Elsevier intranet. While we have obtained feedback for many years, the Dashboard has helped us better embed customer views into workflow processes to ensure Customer Focus and drive corrective action.

→ (Left to right) Samsung Electronics R&D Center Librarian Mr. Hee-Eun Park, KESLI Consortium Director Mr. Ho-Nam Choi, and California Digital Library User Services Architect Roy Tennant at the Library Connect Seminar in Muju, South Korea in 2006.



Customers continued

LexisNexis has continued to build its Total Solutions programme which draws on the breadth of the division's offerings to tailor product and service combinations that address specific customer needs and fit into their existing workflow. This includes Total Practice Advantage, which combines client development, legal research and practice management capabilities in a single, integrated solution to help make law firms more profitable and productive, and Total Litigator which helps law professionals gain competitive edge by combining critical products, services and content through an intuitively organised platform.

A similar approach is underway at Harcourt Connected Learning, a new unit developed to connect the data schools gain from student testing with the classroom practices that improve performance. Teachers will be able to respond more efficiently to individual student needs by harnessing student performance data and instructional resources with professional development services.

One outcome of Reed Business Information's Deep Insight programme, focused on 500 key online and print customers across ten markets, has been the incorporation of customer views into product development, including an update to Kellysearch online, which features product, service and company information on over 2 million companies worldwide.

Indeed user centred design is driving product development across the business. Building on Elsevier's MD Consult – which combines the division's leading medical resources into an integrated online platform, now used in over 90% of North American medical schools and 1,700 health care organisations worldwide – Pathology Consult was launched in 2006. It was created 'by pathologists for pathologists' with the input of over 500 practitioners. Available in a hand-held platform, Pathology Consult features 10,000 images, beyond the scope of a single print publication. Helpful was 'QTool,' a simple web-based questionnaire developed by the division's user centred design group, which allows customers to make a 'wish list' of product features and assess usability of prototypes. This best practice is shared across the group on a global RE Customer First site with guidelines for best practice and brief, high-level tutorials on major questionnaire elements such as constructing effective questions, incentives, follow-up and analysis.

Such efforts build on existing programmes like Elsevier's Library Connect, which offers practical assistance to librarians giving them a forum for discussing common issues through dynamic seminars and complementary Library Connect publications. In 2006, 56 information professionals in 64 countries contributed to the *Library*

Connect Newsletter and Library Connect practical assistance pamphlets. As Chief Librarian Patricia Udekwe with the Federal Institute of Industrial Research in Oshodi, Nigeria, wrote last year, "Library Connect Newsletters [offer]... very useful sources of information to my work." Library Connect events brought together thousands in the field to learn from the world's most advanced libraries. In the year, the Library Connect LIS Outreach Program made its debut providing access to Elsevier white papers and speakers and featuring a first international residency; Shin Kataoka, Reference Librarian at Japan's Kyushu University, spent three months studying and working at the University of Toronto libraries.

Access

Research by KPMG, which we commissioned with other members of the Media CSR Forum in 2004, highlighted media literacy – the ability to access, analyse, evaluate, and communicate information – as a distinct corporate responsibility issue for media companies.

→ See Appendix 1 for Key CSR Issues for the Media Industry.

In addition to current work in this area by the Media CSR Forum to which we are contributing, we take steps to promote media literacy within the information fields in which we work. Elsevier supports Sense about Science (SAS), a UK charitable trust that promotes an evidence-based approach to scientific issues in the public domain. Along with Blackwell Publishing, the Health and Science Communication Trust, the Institute of Biology and the Medical Research Council, Elsevier sponsored a leaflet for consumers entitled “I Don’t Know What to Believe” (www.senseaboutscience.org) to help lay audiences ask questions of science and research reported in the media. It explains how scientists present and judge research – the peer review process – and also encourages scientists to apply the principles of good science to discourse about their work to the media.

Access also means helping those who might find our products of considerable social and economic value but who might be unable to afford them. Accordingly, the RE product donations policy outlines our support for in-kind donations. It indicates, “Destroying or remaindering product costs the company millions of dollars each year. When certain products no longer have commercial viability, they may remain in great demand by qualified, deserving recipients on a local or international level. When and where appropriate, we encourage business units to seek domestic outlets or those in the developing world for surplus or non-saleable product to registered charities. Donations should be useful and not an excuse to dump unwanted material. Business units, with relevant management approval and control, may also decide to make donations of new or commercially viable material for educational or humanitarian purposes.”

→ See Appendix 6, Product Donation Policy.

RE and BAI: Promoting Reading in the Developing World

Each of our four divisions makes product donations a priority. For over six years all four divisions have worked in innovative partnership with key book partner, Book Aid International (BAI) finding ways to build on our mutual strengths – BAI's knowledge of and passion for providing books to readers in the developing world and RE's production of leading-edge products and services. According to Sara Harrity, BAI's Director, "Book Aid International's partnership with Reed Elsevier helps us give reading and learning opportunities to many thousands of readers in the developing world." Our work together includes:

- The donation of over a million books from all four RE divisions since 2000 (RE contributed nearly 10% of all books donated to BAI in 2006)
- Contributions of nearly £50,000 as part of a three year library development programme in Sierra Leone and Namibia. Librarian training, accessible new children's reading materials, and library promotion activities are helping make community libraries catalysts for education and poverty reduction by fostering literacy and lifelong learning
- Employee engagement programmes like Bring a Book Week during our annual Reed Elsevier Cares Month leading to the donation of thousands of books from staff, with a financial contribution from RE to pack and ship them overseas (1,400 staff involved in 2006)

→ Children at Eenhana Community Library in Namibia enjoy a new book from BAI. Reed Elsevier supports BAI reading development programmes in Namibia and Sierra Leone.



RE and BAI: Promoting Reading in the Developing World continued

- Free space for BAI at Reed Exhibition's annual London Book Fair, which promotes BAI to potential donors and gives the show a favourable association with a leading book charity
- A stamp, 'Working together to grow libraries in developing countries,' in over 3 million Elsevier books since 2005 amalgamating the BAI, US book partner Sabre, and Elsevier logos with contact details for all
- LexisNexis' key role in BAI's International Law Book Facility – in partnership with other publishers, leading law firms, and the International Bar Association – disseminating critical legal texts to further the judiciary and rule of law in developing countries
- Helping staff develop leadership skills through BAI projects, from warehouse personnel who direct the book donation programme to senior management involvement in fundraising activities
- Special grants including in 2006 funding to repair a forklift truck used in BAI's warehouse for sorting and packing books for distribution
- Enhancement of our corporate responsibility standing. In 2006, the RE-BAI partnership was highlighted on the London Benchmarking Group website.

Other book donations in the year also included 150,000 Elsevier volumes with a fair market value of \$3 million distributed through Sabre to such countries as Bangladesh, Lebanon, the Philippines, and Vietnam. Elsevier also worked with the Asia Foundation to provide medical books valued at more than \$75,000 to the Health Sciences University of Mongolia (HSUM). We also helped HSUM become more familiar with HINARI (Health InterNetwork Access to Research Initiative), a World Health Organization, the health arm of the United Nations, initiative of which Elsevier is a founding member. HINARI strengthens public health services in developing countries by providing electronic high-quality, relevant and up-to-date health information to public health workers, researchers and policymakers in non-profit institutions, including national universities, research institutes, and teaching hospitals. In 2006, Elsevier provided 1.5 million articles to the HINARI programme representing a 40% increase over the previous year.

"Elsevier has consistently stepped forward in a leadership role since the WHO first approached publishers in 2001 to request access to journals for developing country institutions. It is exciting to see that this leadership (and creativity) continues."

**Barbara Aronson, HINARI Programme Manager,
eHealth Team, World Health Organisation**

Elsevier also provides access to over 1,000 agriculture-related journals through AGORA (Access to Global Online Research in Agriculture), a United Nations Food and Agricultural programme. In 2006, downloads were nearly 60% above the previous year. And in 2006 Elsevier helped launch OARE (Online Access to Research in the Environment), a project of the United Nations Environmental Programme (UNEP), Yale University, the William and Flora Hewlett Foundation, and the John D. and Catherine T. MacArthur Foundation. OARE now gives researchers in developing economies access to one of the world's largest collections of scholarly, peer-reviewed environmental science journals in order to promote professional communities, encourage scientific creativity and productivity, and facilitate the development of science-based national policies.

Access also means ensuring disabled users can make use of our products and services. Our websites conform to national laws on web accessibility. As an example, our online recruitment company, totaljobs.com, the UK's leading job board with more than two million unique users every month, is fully accessible to disabled candidates. While 6% of jobseekers in the UK have disabilities and are able and willing to work (Disability Rights Commission), 8% of totaljobs.com's audience has a disability. A promoting diversity feature is a permanent part of the site indicating that we believe every jobseeker who applies for a job through our site should have their application assessed fairly. And because we attract a diverse job seeking audience, we encourage every employer who posts a vacancy with us to use selection processes which are fair, and ensure the best person is selected for the job based on skills, experience and qualifications. There is further information on diversity for both jobseekers and employers.

Supply Chain



“Office Depot is proud to have one of the most comprehensive environmental programmes in the office supply industry. Our environmental vision is to increasingly buy green, be green and sell green. However, we also understand the importance of having customers that are interested in purchasing environmentally preferable products and solutions. That is why we value socially responsible leaders like Reed Elsevier, who help Office Depot achieve its goal of advancing global sustainability.”

Yalmaz Siddiqui, Environmental Strategy Advisor for Office Depot

We uphold RE values in our supply chain by requiring our suppliers to meet the same high standards we set for our own behaviour. Our Supplier Code of Conduct, built around the UN Global Compact, contains standards on child labour, involuntary labour, wages, coercion and harassment, non-discrimination, freedom of association, and health and safety. It also precludes retaliation stating, “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.”

The Supplier Code helps suppliers spread best practice through their own supply chain by requiring subcontractors to enter into a written commitment that they will uphold the RE Supplier Code. The Supplier Code makes clear that where local industry standards are higher than applicable legal requirements, we expect Suppliers to meet higher standards.

To manage this important area, we have a Socially Responsible Supplier (SRS) programme comprised of colleagues from all four divisions with production and distribution expertise.

Supply Chain

continued

The terms of reference for the SRS group include:

- maintaining a master supplier database with comprehensive information including Code versioning/signing, initiative tracking, audit dates, remediation plans and compliance
- setting and reviewing internal and external audit guidelines
- establishing policies and relevant initiatives including an annual Socially Responsible Supplier and paper survey.

The terms of reference stipulate that internal and independent external audits are performed on a regular basis. We have developed an internal audit checklist for direct supplier visits. External audits, carried out by independent auditor ITS, occur on a rolling basis. Identified high risk suppliers such as those operating in areas where human rights, labour, environmental, or other abuses have been known to occur, are externally audited every two years. Suppliers with repeat code violations are subject to annual external audits. ITS produces a Corrective Action Plan Acknowledgement Report summarising audit findings and detailing corrective action plans – agreed by the auditor and factory manager to ensure compliance with the Code and local laws – as necessary. Remediation target dates are agreed and the Report is signed and dated by both parties.

Follow-up audits are performed to ensure identified issues are resolved. For example, ITS helped supplier TnQ Books in India to improve its record keeping related to the ages of employees and to ensure overtime is paid in accordance with Tamil Nadu law, the jurisdiction covering the factory.

→ See Appendix 7 for sample 2006 remediation reports.

Our Supplier Code states that, "...failure to comply with any Reed Elsevier term, condition, requirement, policy or procedure... may result in the cancellation of all existing orders and termination of the business relationship between Reed Elsevier and Supplier."

The SRS group holds a master database of key suppliers (388 at the close of 2006) which has been expanded to include data converters, shippers, and IT providers in addition to paper, pre-press, and print suppliers, among others. To track compliance with SRS initiatives, we conduct an annual survey of paper providers and a Social Responsibility survey for all others. The 2006 surveys revealed that more than 75% of key suppliers have a designated member of the board with responsibility for corporate responsibility, while 95% have a formal Environmental Management System (discussed in Supply Chain in the Environment section).

→ See Appendix 8 for more about the SRS programme.

Celebrating Good Partners: Office Depot

Office DEPOT®

Reed Elsevier recognises suppliers that go 'beyond the basics' in terms of Corporate Responsibility and Sustainability. Office Depot is one such supplier – displaying best practices in three areas that Reed Elsevier considers critical: community, workplace and environment.

Community:

Office Depot is committed to the communities in which its associates live and work. As part of its signature National Backpack Program, which puts backpacks in the hands of disadvantaged kids, the company celebrated the donation of its one millionth backpack in 2006. In 2005 alone, Office Depot provided over \$43 million of in-kind donations, supported over a thousand charities and donated \$10.8 million in cash. Of those cash donations, over two thirds of Office Depot's charitable giving in the US went to the education sector with major gifts to the United Negro College Fund and Hispanic Association of Colleges and Universities.

Workplace Diversity:

As a company committed to its core value of inclusion, one of Office Depot's most important goals is to build a diverse workforce that reflects society. Four of the eight members of Office Depot's Executive Committee are female; over 40% of the company's workforce in the US is female; and over 35% are Hispanic or African American.

Environment:

Office Depot strives to be an environmental leader in its industry. With a vision to 'Buy Green,' 'Be Green,' and 'Sell Green,' Office Depot's goal is improve its own environmental performance while inspiring both its suppliers and customers to do the same. The company has had great success in selling remanufactured ink and toner cartridges and promoting the recycling of empty cartridges. Additionally, Office Depot sells more than 3,500 products with recycled content – featured in the company's "Green Book" catalogue of environmentally preferable solutions – and continues to reduce its output of greenhouse gases. In 2006, RE purchased some \$4.5 million from Office Depot, of which 12% was from the "Green Book".

2007 Marketplace Objectives

- Continued Customer Focus through value-added online services
- New group-wide approach to customer feedback
- Further programmes that advance access to product for disadvantaged communities
- Continued promotion of Group Editorial Policy
- Advance Socially Responsible Supplier programme data collection; dedicated resource; engage on central procurement efforts

Valuing Our People



“As a member of LexisNexis China, I can see a brighter future coming; we have an environment where people with energy, creativity and commitment work together as team leaders and team players to fulfil ambitious goals.

I like the entrepreneurial spirit at LexisNexis, where I work. Everyone has a common goal: to add value to our end users’ lives by consistently improving our products. That makes our work exciting because the LexisNexis sales process is consultative and relationship-oriented. Our focus is on partnering with clients over the long term to create real solutions – not just selling products.”
Sabrina Zhao, LexisNexis China



Valuing Our People

continued

Our people

Our workforce is over 36,000 strong, highly skilled and includes a large proportion of graduates. Their focus is on developing and delivering essential information and data exactly where and how our customers need it. We increasingly deliver our information online and have almost 4,000 IT specialists and developers working to create products that suit customers' working environments.

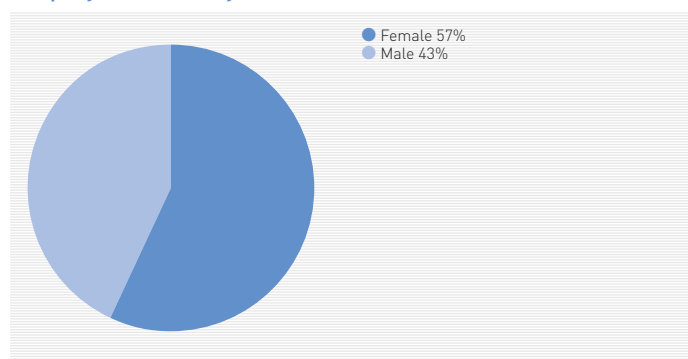
More than 8,000 editorial staff make sure our content is of the highest quality. Approximately 10,000 specialist customer service staff and sales people focus on meeting customers' needs. Valuing our People means RE seeks to be an employer of choice known for its best practice in retaining and recruiting the best staff. If we fail to keep or attract good people, the production and delivery of our products will suffer and we will not achieve our objectives or meet the expectations of our stakeholders.

As we state in the careers section at www.reedelsevier.com, "Our strategic priorities include a number of initiatives designed specifically to develop our employee base such as: continued upgrading of our management through attracting, developing and retaining the very best talent; establishing a culture that respects individuals, values diversity and fosters innovation; and encouraging an environment of open communications, collaboration and information sharing across our businesses and geographies."

Our labour and employment policies and practices are compliant with the principles of the UN Global Compact regarding fair and non-discriminatory labour practices. As stated in our Code of Ethics, "Reed Elsevier is an equal employment opportunity employer. It is committed to providing a work environment where employees and applicants for employment are treated with respect and dignity and without regard to race, colour, creed, religion, national origin, gender, sexual orientation, marital status, age, disability, membership or application for membership in uniformed services, veteran status, the seeking of workers' compensation benefits, or any other category protected by law."

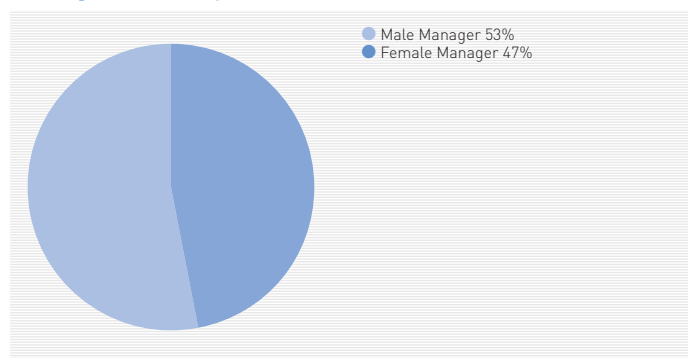
Consistent with this policy, Reed Elsevier prohibits discrimination or harassment of any kind based on any of these protected characteristics. We therefore seek to build a workforce which reflects the diversity of our customers and communities. For example, over 40% of our staff at Elsevier in the Netherlands are non-Dutch. Our overall RE workforce of 57% female, based on a sampling of 75% of our key facilities, which generate more than 75% of RE turnover, has remained relatively constant over the last two years, with 47% of women serving in managerial positions. In 2006, our senior management group comprised 15 nationalities of which 21% are women. The Reed Elsevier NV Supervisory Board now has two female members following the election of Lisa Hook, who was also appointed to the Reed Elsevier PLC board in 2006.

Employee Diversity



Male/Female Split

Manager Diversity



Male/Female Split

Valuing Our People

continued

Our staff/works councils in Europe, the United States and elsewhere help to engender positive labour/employee relations. Our legal teams, which report to the General Counsel and Corporate Secretary, keep abreast of statutory obligations that may be introduced or vary according to jurisdiction. Our CR Director makes presentations for the benefit of staff, and in 2006 addressed employee groups in among other locations, China, France, Italy, the Netherlands, the United Kingdom and the United States.

Our Human Resources Management Council is made up of the most senior members of the RE HR community. Every other month, the Council meets to discern, address, and benchmark the key workplace issues facing the company. The senior HR team, led by the Global Director of Human Resources, undertakes an annual organisation talent review to identify advancement opportunities for current staff and develop the in-house bench strength that will help drive the business forward.

Communication

The global intranet, aREna, allows management and staff to share news and information across the group. It features the latest group and industry news, provides staff with access to the LexisNexis90 search engine, job opportunities, competitions, forums and resources touching all areas of the company including customers, videos, image libraries, strategy, ventures, pensions and CR.

A section of the RE intranet, 'Crispin's Open Door,' allows employees to share any concerns through a confidential email direct to the CEO. Staff who agree can have their questions and Sir Crispin Davis' response posted for group-wide benefit. For example, one employee last year asked whether RE would consider "switching to Fair Trade coffee vending machines in its offices as part of the RE Cares philosophy?" The CEO responded, "Good idea. I am a strong supporter of Fair Trade coffee. ...I will send a note round suggesting we do this. Meanwhile, push hard on your relevant manager and tell him I told you to do so!"

A confidential grievance procedure is stipulated in the Reed Elsevier Code of Ethics and Business Conduct: "Reed Elsevier will investigate all reports of suspected violations of law or the Code, including anonymous ones. Employees must co-operate in the investigation of reported violations. Reed Elsevier will not disclose the identity of anyone who reports suspected violation or who participates in a related investigation unless the employee submitting the report authorises such disclosure or such disclosure is required by law, regulation or legal process." Toll-free lines and web-based confidential reporting have made it easier for employees to raise concerns.



Communication continued

Our internal audit teams make workplace issues a key part of ongoing evaluations and they further are a central component of the CR Questionnaire for senior business leaders.

The REspond global employee opinion survey helps us continue effective workplace policies by allowing staff to express their views on how we are living up to our values. Feedback is translated into action to build on successes and address weaknesses. Accordingly, following the last survey in 2003, we rolled out a 1:1 coaching programme to better support managers with coaching skills to improve employee satisfaction and performance with 4,000 more trained in 2006, including 73 internal facilitators.

We donated \$0.50 to Save the Children for each 2006 survey completed within the first two weeks of circulation, which led to an overall response rate of 81%, up 4% from 2003, and netted \$10,000 for the charity. The overall favourable survey composite was 60% compared with 57% previously, and the highest scoring areas included Reed Elsevier's support for the community and ethical business practice.

In an email to all staff presenting the findings, CEO Sir Crispin Davis noted:

"We have identified many areas of improvement since our 2003 survey. Relationships between employees and their immediate managers are stronger. Additionally, teamwork, communication, and opportunities for training and development were rated more positively. Many employees expressed a sense of pride in their work and in Reed Elsevier's role in the community. The results also demonstrate that, in general, employees understand the business direction of Reed Elsevier and the divisions, and believe that the company is changing for the better.

...However, there are also areas where we need to turn our attention to improving performance. One of the key themes focuses around 'valuing our people.' This is clearly an important issue, and one we need to understand better and take action to address. ...We also continue to be challenged by creating a 'Boundaryless' environment where we freely share information across Reed Elsevier. Many employees feel encouraged to develop creative ideas, but believe we could do even more to support innovative thinking."

A listening tour is underway to discover best practice in high-scoring locations with group level actions around

low-scoring norms. We are adopting a 'balanced scorecard' to regularly assess how we serve staff against a holistic framework that emphasises customers, innovation and business performance. And to foster Boundarylessness, we will increase opportunities for our people to move across geographic and functional boundaries. Matthew Johnson is one employee who has experienced Boundarylessness first hand. He began his tenure working alongside RE's head of Corporate Strategy in London, then took a role in New York overseeing strategy and development for Reed Business Information US, and will return in 2007 as global Director of Business Development for Reed Business Information. He notes, "Boundarylessness means exposure to our business across divisions and geographies and also at the business unit, divisional and corporate levels. These different perspectives make people more effective: you don't need to imagine different ways of looking at the same problem, you have experienced it directly."

Every employee in the company takes part in the annual Personal Development Plan programme (PDP). This continues to be improved to simplify the format, instructions, and delivery (now online). The PDP assesses staff/management performance and identifies opportunities for recognition and advancement. The PDP's two-way dialogue allows review of present work and identification of long term goals. It is also the primary tool for assessing and planning employee training.

Our businesses invest heavily in the capabilities and future potential of their employees. LexisNexis is exemplary: in 2006, overall training spend on the division's workforce of over 13,000 was \$10.3 million, with an increase of 29% in North America over last year's total of \$5.2 million.

Sample Training Spend – LexisNexis

	North America	Global
Employee training	\$5,502,700	\$8,902,800
Tuition reimburse	\$1,211,900	\$1,397,400
Total	\$6,714,600	\$10,300,200

We have strengthened our organisational development team with a new Group Director who is strengthening the PDP process for senior leaders. Building on the 1:1 coaching programme, the top 200 leaders in the company, beginning in 2006, are engaging in direct discussions with external and internal facilitators to identify strengths, gaps, opportunities and actions. Outcomes include evaluation of potential moves within the organisation, mentoring possibilities (to both give and receive support), and specific development actions, each with a confirmed timescale and accountability.

Communication

continued

More informally, we provide positive social outlets for staff to engage with one another including through the Reed Elsevier Cares community programme and optional outings – with a frequent crossover between the two. For example, RE colleagues across all divisions in France held a treasure hunt through the streets of Paris to raise funds for two charities: Abaquar, which provides environmental training for residents of Rio de Janeiro, as well as Le Roseau, which offers hospital-based education for children with leukaemia in Paris.



Volunteering | Donations | Communication

Elsevier • LexisNexis • Harcourt Education • Reed Business

In 2006, US weekly magazine *Computerworld*, considered the voice of information technology (IT) management, selected LexisNexis for the third year as one of the top workplaces for IT professionals. Companies are evaluated on benefits, diversity, career development, training and retention. The company was also named in *Training* magazine's annual Top 100 for the past two years in recognition of its commitment to employee development and innovative classroom and online training initiatives. Such innovation extends across all of Reed Elsevier's divisions. Reed Business Information and RE head office employees in the UK, among others, have access to Skillport, a comprehensive range of e-learning solutions for staff from one of the most experienced e-learning providers – Skillsoft. Business courses covering hundreds of subjects across 15 different languages are on offer, with course durations ranging from 30 minutes to 12 hours.

Health and Safety



'Valuing our people' is a Reed Elsevier core principle evident in our approach to workforce health and safety issues. Health and safety could have been viewed as simply a compliance burden, instead it is seen as essential to the welfare and productivity of our people. It has been adopted wholeheartedly throughout all levels of the company with Health and Safety Champions and targeted campaigns."

Danica Boag, Risk Manager, Reed Elsevier

The importance of employee health and safety is addressed in the Reed Elsevier Code of Ethics. This commits us to provide a safe workplace for all employees. The CEO is responsible for health and safety on behalf of the Board. However, policy is managed by each business unit through a network of health and safety managers who report to business unit CEOs, usually through the human resources or facilities function. The Code states that, "...in addition, there are laws and regulations that impose responsibility on Reed Elsevier to safeguard against safety and health hazards." However, the essence of 'Valuing our People' means that we go beyond minimums to ensure the well-being of staff.

Communication on health and safety issues is part of this commitment. We consult with employees globally on health and safety issues through staff and work councils and we have established a Health and Safety Champions network to discuss policies and best practice.

→ RBI Australia produced this poster focusing on employee responsibility for Health and Safety Week in October 2006.



Health and Safety

continued

The Health and Safety policy at Reed Elsevier's headquarters is indicative of policies across the group. It outlines our responsibility to "ensure effective communications to employees on procedures, safe operating methods... reports of hazards, faulty equipment and ideas for improvement."

All local staff take part in rolling health and safety training, and flyers containing useful health and safety information are regularly posted in key office areas. The RE Environment and Health and Safety Coordinator organises regular Institution of Occupational Safety and Health training courses for key head office staff – along with UK Health and Safety Champions – through the training arm of our LexisNexis division.

We offer employees at head office and elsewhere wellness opportunities, including health screenings and flu shots and external, confidential counselling to discuss personal issues of concern.

In 2006, with the help of Health and Safety Champions, we ran a first global health and safety awareness week. It featured reviews of business unit health and safety policies and practices; a poster developed by colleagues at Reed Business Information Australia focused on risk identification; training; identification of internal points of contact; and special events including wellness clinics focused on stress reduction. Services, like online and personal work station assessments, are ongoing and available to staff throughout the group, including homeworkers.

RE Group Health and Safety Survey

We conduct an annual Group Health and Safety Survey which covers more than 75% of our key facilities which account for more than 75% of turnover. The data covers both work-related incidents and illnesses that have resulted in greater than one day of loss time.

	2006	Variance	2005
Fatalities	0	0	0
Number of work-related incidents and illnesses that resulted in loss time greater than one day	95	-10%	106
Incidence rate (cases per 1,000 employees)	3.13	-2%	3.21
Frequency rate (cases per 100,000 hours worked)	0.20	-2%	0.21

There were no fatalities in 2006. The number of work-related incidents and illnesses dropped by 10% from 106 to below 100 for the first time since we began reporting. The majority of occurrences were due to minor cuts, bruises, sprains, trips/slips and scalds.

In order to provide year-on-year comparisons across our business units, subject to different statutory reporting laws, we have provided incidence rates (number of incidents and illnesses x 1,000/number employees) and frequency rates (number of incidents and illnesses x 100,000/number of hours worked). We calculated hours worked based upon an average of 220, seven hour working days in the year. Both the incidence and frequency rates were down 2% between 2005 and 2006.

In order to facilitate benchmarking of our health and safety performance with other media companies we are engaging in a pilot with several members of the Media CSR Forum to compare incidence and frequency rates, including EMI and United Business Media. In 2007 we will be launching a new health and safety section of our global intranet, aREna, which will contain helpful information, resources, contacts, best practice stories, and performance data.

2007 Workplace Objectives

- Organisational development initiatives – Leadership Model, Leadership Roadmap, etc
- Implementation of improvements relating to 2006 Group Employee Opinion Survey
- Improved Group Health and Safety data collection; peer benchmarking; develop RE group wide Health and Safety Policy

Community



“Through Reed Elsevier Cares, employees apply their personal passions to improving the lives of others in their communities. This program allows us to individually and collectively demonstrate that we truly care about our world. I feel a tremendous sense of pride in working for a company that uses its resources to effect positive change both locally and internationally.”

Selene Edmunds, Director, LexisNexis Cares

Community represents an integral part of how Reed Elsevier does business. Contributing to our global communities is both an opportunity and a responsibility. It helps us inspire employees, positively aid beneficiaries, improve our reputation, and meet our obligations as one of the world's largest publishers. Consequently, our global community programme, Reed Elsevier Cares, has as its mission, “to play a positive role in our local and global communities, primarily through employee involvement.” We focus on education for disadvantaged young people and community initiatives of importance to local employees.

→ **Donations** In 2006 Reed Elsevier supported The Lapdesk Company, which provides desks to students in South Africa.

→→ **Volunteering** LexisNexis Singapore colleagues spent a day with new friends at the Red Cross Home for the Disabled during 2006.



RE Cares in 2006

Our businesses offer a range of activities to engage employees in their local communities from reading support programmes and charity fundraising initiatives to donations of time and services.

Launching RE Cares Month 2006 – when we spotlight community involvement – CEO Sir Crispin Davis said, “The RE Cares programme is a source of strength for Reed Elsevier. It brings employees from across our global businesses together to make important contributions to communities near and far. ...RE Cares relies on the involvement of everyone and I encourage managers to continue to facilitate staff involvement in the programme. ...I am proud of the effort and enthusiasm you give to RE Cares. Thank you for helping make a real difference.” An RE Cares video was a highlight of the launch and featured staff from eight countries across all divisions engaged in community activities. Over 1,000 staff took part in RE Cares Month projects including Harcourt Orlando colleagues who volunteered at the Give Kids the World Vacation Village, a non-profit resort in Florida making wishes come true for children with life-threatening illnesses, and Elsevier, LexisNexis and Reed Business Information Singapore colleagues who brought children from the residential care facility they support, Melrose Home, to the children’s haematology ward of their local hospital so that the young people might spend the afternoon together playing games and enjoying entertainment.

→ Staff in China took part in the Terry Fox Run in 2006 to raise money for the Chinese Cancer Institute.



RE Cares in 2006

continued

A network of nearly 150 RE Cares Champions from 18 countries – at all levels of the business from senior managers to sales, treasury, secretarial and editorial staff – make RE Cares effective on the ground. Central support for RE Cares Champions includes regional meetings, which occurred in North America, Europe and Asia Pacific in 2006. Attendees share best practice, gain community-related training, engage with charity partners, and help set goals and the community agenda for the year ahead. Other services include a new Champions Corner intranet site, webcasts, regular conference calls, file-sharing, one-to-one meetings, and internal presentations.

RE Cares Champions help track our progress through the RE Cares Road Map, an internal guide to gauge the depth and spread of the community programme by business unit and geographic location across the Group.

Communication is key and the RE Cares section of aREna is one of the most visited areas of the corporate intranet. Over 75 new RE Cares stories were submitted by staff across the Group in 2006 and the site is regularly updated with new features including last year, letters and progress reports from our beneficiaries.

In 2006, RE Cares developed further in emerging locations like China. Colleagues in Beijing hosted our Asia Pacific Corporate Responsibility meeting and colleagues there and in Shanghai engaged in a range of activities including a book drive for the China Charity Foundation. Approximately 300 books were delivered to a school in rural He Bei province. Staff in both cities also took part in the Terry Fox Run, a global event to raise cancer awareness, raising funds for the Chinese Cancer Institute.

Special Projects

In 2006, we held the third RE Cares Challenge to encourage staff teams to work together to build skills and relationships while making a difference in local communities around the world. Business units across the group submitted ideas for new or extended business-sponsored volunteer activities advancing the RE Cares mission of education for disadvantaged young people. At stake were seven top prizes ranging from \$10,000 to \$2,500. Up to 10% of the award could be used for administrative expenses with the balance for the beneficiary.

Twenty-four RE Cares Challenge projects were submitted in 2006. RE Cares Champions choose the winners based on the relative number of employees engaged and the potential short term and long term benefits. Reed Publishing New Zealand won the top prize for their Reed2Write project which involves a decorated bus travelling across the country to inspire young people, in conjunction with schools and educators, to create their own stories. The resulting stories are being printed and bound into books.



→ Reed Elsevier staff in New York offered their time and expertise at the 2006 Publishing Day at Public School 123 in Harlem.

Special Projects

continued

As with the Reed2Write project, we encourage staff to use their expertise, such as website and graphic design and publishing know-how, to help others outside the company. The 2006 Reed Elsevier Publishing Day at Public School 123 in Harlem, where 20% of students live in temporary housing or shelters, is exemplary. This Boundarylessness event saw New York City based staff of the four RE divisions sharing their professional skills, leading the children through exercises like article writing, matching ads to publications, copy-editing a mock magazine cover, and website research while discussing the jobs related to such activities. As a bonus, the school's student newspaper (made possible with a previous RE Cares grant) assigned reporters to cover the volunteer event which was featured in a subsequent edition.

In-kind support also means using our products and services to aid organisations. For example in 2006, LexisNexis provided to the National Center for Missing & Exploited Children (NCMEC), which finds missing children throughout the United States, over \$500,000 in free access to its investigative solutions products like Accurint for Law Enforcement as well as LexisNexis.com legal. In addition, in the year LexisNexis contributed \$85,000 to support NCMEC's work. Since 2001 when collaboration began, NCMEC estimates that LexisNexis products have been instrumental in the successful recovery of over 350 children including in 2006 alone, recovery of 146 children.

We work with peers on projects related to our industry. In 2006 this included a gift along with Pearson and other companies in support of the St. Bride Library in London, initially opened in 1895, which contains the world's foremost printing and graphic arts collection. Along with fellow members of the Media CSR Forum, we also funded an Indian Children Feature Service (CFS) through Plan UK that is collecting stories written by children and publishing them in a CFS Bulletin distributed to newspapers, magazines, journals and new media throughout India. The project aims to bolster children's confidence in speaking out on issues that concern them. All authors receive a nominal remuneration encouraging them to write more articles.

What We Give

We provide opportunities for staff across the Group to nominate charities for funding from a central budget for regional and developing world projects that support the RE Cares mission of education for disadvantaged young people. Last year Reed Elsevier Cares national champions allocated approximately £300,000 to more than 40 beneficiaries, adding to the contributions made by Reed Elsevier business units.

→ See Appendix 9 for a listing of the charities we supported centrally in 2006.

This sum is represented in the full results of the 2006 RE Group Community Survey (GCS) carried out by our accounting services department in conjunction with global RE Cares Champions. The methodology, reviewed by RE internal audit, is based on the model developed by the London Benchmarking Group (LBG), of which Reed Elsevier is a member, and divides our aggregate pool of giving into short term contributions, ongoing charitable gifts, and commercial initiatives of direct business benefit. In 2006, we implemented recommendations made by LBG on improving data collection and our Elsevier UK division in Oxford had its community data assured by The Corporate Citizenship Company.

→ See Appendix 10 for assurance of Elsevier UK LBG data.

→ Reed Elsevier staff nominate charities aligning with Reed Elsevier's funding mission of education for disadvantaged youth.



What We Give continued

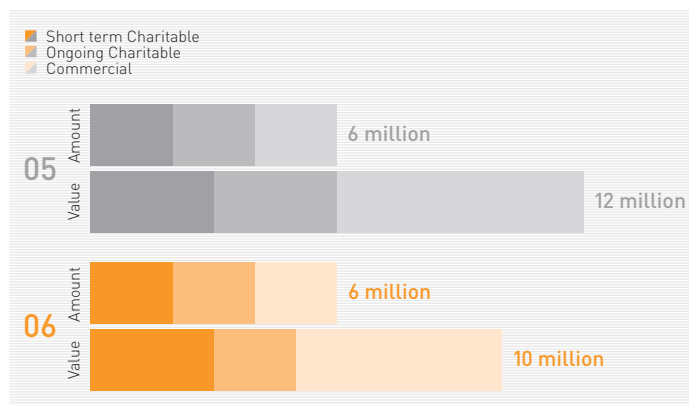
The total of cash and in-kind donations (products, services, and time) for 2006 was £6 million. Taking into account the market cost of time, products and services, this represents a value of nearly £10 million, which breaks down as follows:

1. Short term charitable gifts of £2 million with value of £3 million
2. Ongoing charitable gifts of £2 million with value of £2 million
3. Commercial support of £2 million with value of £5 million (this includes cash sponsorships and access to products, e.g., LexisNexis online services for low-income law school students)

The variance between 2005 and 2006 in the value of our giving is attributable to a smaller number of in-kind donations; 2005 was an exceptional year marked by disaster relief efforts and special programmes like Elsevier's Book in your Name which celebrated the division's anniversary.

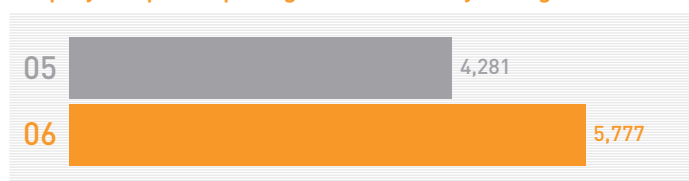
CEO Sir Crispin Davis, in a global message during the year encouraged staff to use their Two Days, which allows them to take up to two days off for work in the community of their own choosing. In 2006 the number of staff using their Two Days allocation increased by 35%, from just over 4,000 in 2005 to nearly 6,000 in 2006.

Community Involvement



Amount and value (million)

Employees participating in the Two Days Programme



Number of employees

Community Impact

In accordance with the LBG model, we monitor the short and long term benefits of the projects with which we are involved. As part of our giving, we ask beneficiaries to report regularly on their progress and achievements. The resulting information is added to the RE Cares section of aREna in order to raise staff awareness.



Lapdesk Company

One example is the Lapdesk Company, a charity supported by Harcourt's Heinemann Publishers in South Africa. With Archbishop Desmond Tutu as its patron, the charity aims to provide South African school children with portable plastic desks to read, write and work on. The Lapdesk Company aims to help the over four million South African children without access to a school desk. Heinemann Publishers have donated nearly 7,000 Lapdesks to school children by involving staff, management and suppliers. The Lapdesk Company collects statistics demonstrating that Lapdesks aid learning, and that they can help overcome the lack of infrastructure inhibiting South African education.

Community Impact

continued



We are also concerned with the business benefits of our activities. For example, staff behind Reed Exhibition's (RX) flagship show, World Travel Market (WTM), created Just a Drop – www.JustADrop.org – as part of an appeal to the global travel and tourism industry. WTM is a business to business one week exhibition held each November in London. More than 5,000 exhibitors representing all major industry sectors from 192 destinations worldwide participate and more than 45,000 industry professionals attend. Since its launch in 1998, Just a Drop has become a registered charity raising more than £750,000 with support from WTM exhibitors for clean water and health education programmes, assisting over 800,000 children and their families in 24 countries around the world.

Help When It Is Needed Most

Reed Elsevier businesses respond quickly to tragedy, for example, donating in 2005 close to \$2 million for tsunami relief efforts through company donations, matching gift schemes, employee and business fundraising and in-kind support. They also believe in following through over the long term.

After the tragic events of September 11, 2001, in which two RE employees lost their lives, we established a scholarship fund in their name that to date has awarded US\$135,000 in higher education scholarships for children of employees.

We also supported a LexisNexis client looking for a way for the legal community to show its appreciation for the efforts and sacrifices of firefighters, police officers, and paramedics whose lives were touched by the terrorist attacks. After learning that many of these first responders did not have basic estate planning, the client established Wills for Heroes. Beginning in 2002, he sent fire and police stations pro bono attorneys armed with laptop computers pre-loaded with LexisNexis HotDocs document assembly software. HotDocs allows the lawyers to process a complete will in about an hour by converting the information entered into the computer from a questionnaire into a complete will template specific to the state. The entire cost of the programme is about \$6 per will, which is covered in part by the donation of HotDocs software. In 2006, Wills for Heroes reached a peak of more than 2,500 wills, with some 'Will Days' generating 125 wills per event. Currently operating in five states, the programme will spread nationally in 2007 with the launch of a foundation in conjunction with LexisNexis and the American Bar Association.

Help When It Is Needed Most continued



Reed Elsevier and AfriKids

In 2006 Reed Elsevier continued support for AfriKids helping to establish the AfriKids Academy in Bolgatanga, Northern Ghana. AfriKids, a grassroots NGO working with local communities to improve life for their most vulnerable children, set up the Academy to provide free six week IT courses to school children from across the Upper East (Ghana's poorest region).

Reed Elsevier's involvement went further than just cash. We supplied the Academy's IT equipment through product donations we made to the School in a Box programme of another partner, Green Standards, which finds new uses for old corporate equipment. RE staff helped pack the School in a Box and three colleagues from RE head office in London travelled to Ghana to see the Academy. Already 100 school children have benefited from the free courses and AfriKids has introduced fee paying classes for local adults to ensure the long term sustainability of the Academy.

2007 Community Objectives:

- Grow and deepen RE Cares Programme in major business locations
- Build on developing world initiatives
- 8% increase in non-cash contributions (time, products and services)

Environment

We recognise that Reed Elsevier and its businesses have a direct impact on the environment, principally through the use of energy and water, the generation of waste, business travel, and in our supply chain through paper use, transportation and print and production technologies.

We are committed to actively reducing our environmental impact by limiting resource use and by efficiently employing sustainable materials and technologies. We require our suppliers and contractors to meet the same objectives. We are guided in our efforts by the RE Environmental Management System (EMS), based on ISO 14001 criteria, which outlines our environmental obligations to:

- Meet our responsibility as a global leader in our sector and manage the environmental risks of our activities
- Ensure we are compliant with environmental legislation
- Measure our continual improvement against environmental targets
- Realise cost savings and improve profitability
- Support the wishes of employees and stakeholders concerned that we minimise our environmental impacts

Input into our EMS and environmental activities result from ongoing dialogue with stakeholders. These include in 2006 employees, government departments and agencies including the UK's Environment Agency and DEFRA, environmental charities and NGOs such as Earthwatch and Green Standards, and specialists including Trucost and Eco Network Ltd. We also learn by participating in environmental benchmarking activities like the annual Business in the Environment (BiE) Index and the Carbon Disclosure Project among other benchmarking projects and surveys.

Our Environmental Champions network, led by the RE Environment and Health and Safety Coordinator, includes property directors and managers of facilities, production and distribution. They are charged with carrying out the Reed Elsevier EMS. In addition, the heads of our four business units are accountable for ensuring we comply with RE environmental policy and relevant government regulations. The CEO, with the CR Director, reports annually to the Board on company environmental performance, objectives and targets. In 2006 we began a process of engaging more closely with chief financial officers (CFO) throughout the business, including global CFO Mark Armour, and held a first annual Environmental Checkpoint Meeting where Environmental Champions presented achievements and possibilities for capital improvements that would also lead to environmental reductions.

Our environmental targets remain a 10% reduction in energy and water consumption by 2008, from a 2003 baseline and a 2% reduction in transport emissions by 2009 on a 2005 baseline. This year we have also introduced new targets: to increase the amount of UK waste we recycle to 50% by 2009 on a 2006 baseline and a 10% reduction in our CO₂ emissions by 2010 from a 2003 baseline.

Meeting Environmental Targets

	Target	Achievement to date 2006	Percentages needed to reach targets
Energy (2008)	-10%	-3%	-7%
Water (2008)	-10%	-5%	-5%
Transport emissions (2008)	-2%	5%	-7%
Waste (UK) recycled (2009)	50%	39%	11%
CO ₂ emissions (2010)	-10%	-4%	-6%

Absolute paper consumption decreased by 3% (8% on a normalised basis) as we continue to increase online delivery of our products and services.

In 2006 our energy usage stayed constant, while, in absolute terms, we increased water usage and transport emissions by 1% and 5% respectively. In accordance with DEFRA guidelines, we normalise this data to account for underlying business growth (excluding acquisitions) for a more accurate comparison with previous years. We experienced a 5% increase in underlying revenue at constant rates for 2006, an externally audited figure provided in the 2006 RE Annual Report. Thus on a normalised basis, we achieved a 5% reduction in energy while transport emissions stayed constant. For water we normalise against employee numbers as employees drive water consumption for drinking and sanitation. We had a 2% increase in full time employees in the period, and reduced water usage on a normalised basis by 1%.

To help advance environmental goals by key facilities we developed an Environmental Workbook to aid Environmental Champions in gauging yearly usage figures. They completed an annual goal setting document outlining steps they are taking to reduce environmental impact in core areas – energy, water, waste, and transport. Overall, key facilities set an aggregated target of reducing energy usage by 1,000 mWh. For example, Elsevier's US Linn Distribution Centre set a goal of reducing total energy usage by 10% in the year and achieved a 20% reduction through lighting improvements and energy control sequencing: 2,512, in 2005 vs 1,999 mWh in 2006.

Meeting Environmental Targets

continued

To support Environmental Champions in their work we held regular conference calls and an annual meeting in North America, Europe and Asia Pacific to review the year's objectives, share best practice, and gain advice from outside experts. For example, at the European meeting hosted by our businesses in Amsterdam, the external guest was Gert van der Ende, designer of our new Amsterdam office, who explained how green building techniques were employed, including environmentally-friendly ground source heating.

By year end, we achieved our objective to have gREen teams – employee environmental groups – in 75% of our key locations; more than 400 staff are helping pursue environmental improvements at the local level, including the implementation of divisional travel plans.

Our LexisNexis Woking office took steps to reach ISO 14001 certification as a model for other business units (two additional UK offices will begin certification in 2007). They made strides towards achieving British Standard, BS 8555, as part of a phased approach to full implementation. Among the benefits of the experience is further entrenchment of the RE EMS; improved environmental goal setting and reporting; positive collaboration between specialists like environmental consultancy, Eco Network Ltd and key staff; and competitive advantage when LexisNexis tenders for government contracts.

In 2006, we met our objective to undertake external auditing of environmental data. We worked with KPMG LLP to assure 2005 UK environmental data and in the year engaged Ernst & Young LLP to expand audit coverage of 2006 data by geography (US as well as the UK) and scope (waste disposed in the UK as well as energy, water, waste and CO₂ emissions from energy and transport). **Results of this activity can be found in Appendices 12 and 13.** Our US and UK operations represent 71% of our turnover and we will continue to expand external assurance in 2007.

There were no breaches of international, national or other environmental regulations in the period.

Environmental Data Summary

RE Internal Audit advised on the Environmental Workbook – with useful features such as automatic conversion of local units and currencies which has made checking (and assuring) data easier by standardising returns. The resulting 2006 data was consolidated through our Hyperion Financial Management System with assistance from RE Accounting Services. It was then reviewed by Environmental Champions with substantive testing by the Environmental Coordinator.

Unless otherwise stated, results are based on more than 75% of our facilities which account for greater than 75% of our business turnover (including 13 additional facilities in 2006) and are compared with 2005 figures. We will continue to expand future coverage.

(KPIs) Key Performance Indicators	Absolute Results			Normalised Results (5% underlying revenue growth at constant rates except water based on 2% increase in full time employees)	
	2006	Variance	2005	Variance	2005
Total energy (mWh)	225,348	0%	226,109	-5%	237,415
Water (m ³)	574,287	1%	569,942	-1%	581,340
CO ₂ emissions (t/CO ₂)	132,214	2%	129,310	-3%	135,776
Production paper (metric tonnes)	139,674	-3%	144,284	-8%	151,498

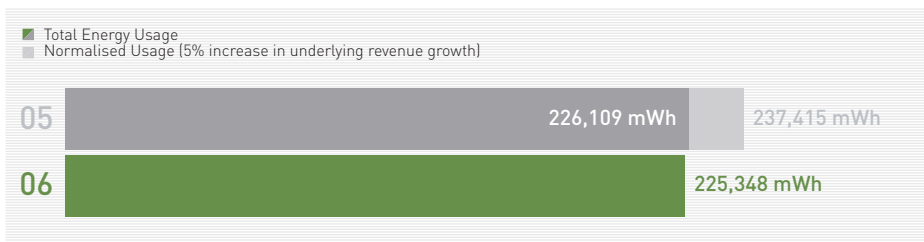
We collected UK waste tonnage for the first time in 2006 and will include comparisons going forward.

CO₂ emissions were derived from total energy and UK transport usage using DEFRA July 2005 conversion factors.

Energy Usage

In 2006, total energy usage stayed constant at approximately 225,000 mWh. This amounts to a 5% decrease when taking business growth into account, 237,415 mWh in 2005 vs 225,348 mWh in 2006.

Total Energy Usage



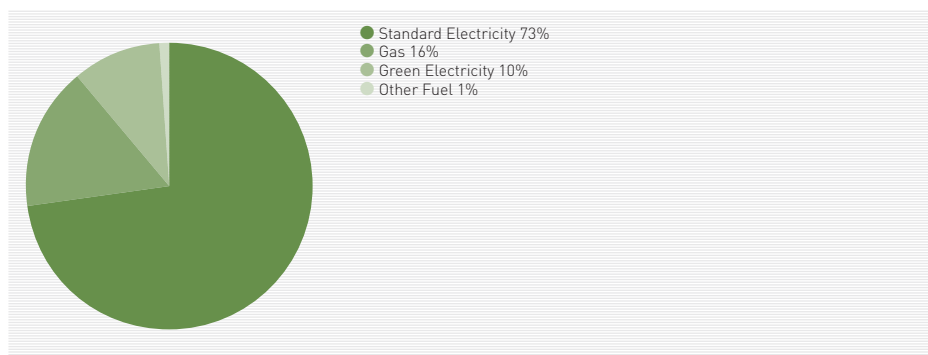
To take account of the 5% increase in 2006 underlying business growth at constant rates, normalised usage on all charts is represented by an increase of 5% on 2005 figures.

Absolute and Normalised Results

Energy Breakdown

Usage (mWh)	Absolute Usage			Normalised Usage (5% underlying revenue growth at constant rates)	
	2006	% Variance	2005	% Variance	2005
Standard Electricity	165,277	2%	162,255	-3%	170,367
Green Electricity	21,633	1%	21,411	-4%	22,482
Gas	36,026	-11%	40,605	-16%	42,636
Other fuel	2,412	31%	1,838	25%	1,930
Total energy	225,348	0%	226,109	-5%	237,415

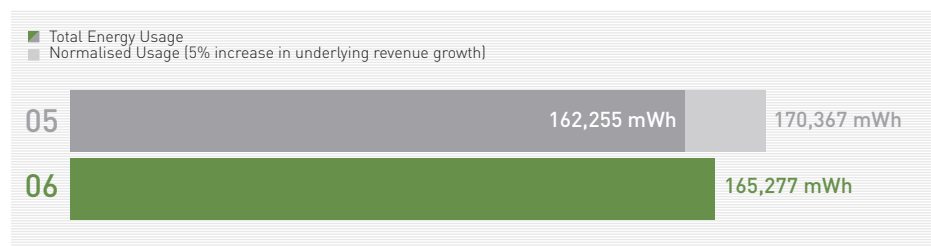
2006 Energy Breakdown Percentage of Total Usage



Electricity

The majority of our energy usage (73%) is sourced from standard electricity. In 2006, absolute electricity use increased by 2%: 162,255 mWh in 2005 vs 165,277 mWh in 2006. When normalised against underlying revenue at constant rates there was a 3% decrease over the same period: 170,367 in 2005 vs 165,277 in 2006.

Standard Electricity Usage



Absolute and Normalised Results

We continue to implement energy saving measures. For example, Reed Business Information's large facility in Oakbrook, Illinois achieved a 7% decrease in electricity consumption between 2005 and 2006 (3,988 mWh in 2005 vs 3,697 mWh in 2006) by upgrading to T8 lighting, switching off parking lot lights 2.5 hours early each night, and replacing old, inefficient computers and monitors with newer models. Smaller sites have also seen reductions due to better practice, including a 6% average drop in electricity following equipment upgrades at Elsevier Germany facilities. Our Environmental Coordinator conducts ongoing baseline environmental audits at key facilities to spread group knowledge and low cost improvements.

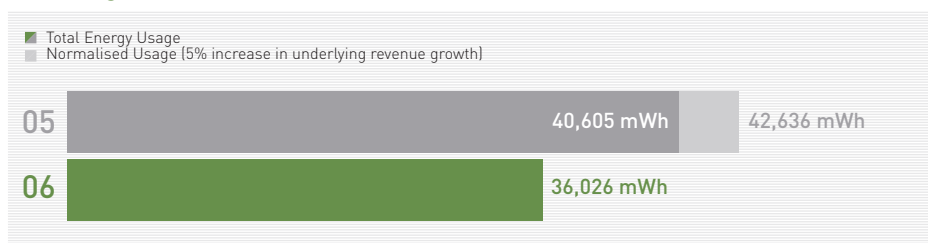
Green Electricity

10% of our total energy needs are derived from green sources, primarily hydro-generation from utility Scottish and Southern. At the close of 2006 we completed an agreement to continue purchasing green energy for all UK sites (where we have control over supply) for the next two years.

Gas

Gas represents 16% of our total energy consumption. In 2006 we achieved an 11% decrease in absolute gas usage from 40,605 mWh in 2005 to 36,026 mWh in 2006. When normalised against underlying revenue at constant rates the decrease is 16%: 42,636 in 2005 vs 36,026 in 2006.

Gas Usage



Absolute and Normalised Results

Gas is our primary heating fuel, so weather conditions have a considerable impact on usage. In 2006, milder weather, particularly in the US, helped drive reductions. We also took active steps to reduce consumption. For example, a review of heating controls and new equipment on our LexisNexis US, Dayton campus helped colleagues bring about a 36% reduction in gas usage at one of the offices: 460 mWh in 2005 vs 294 mWh in 2006.

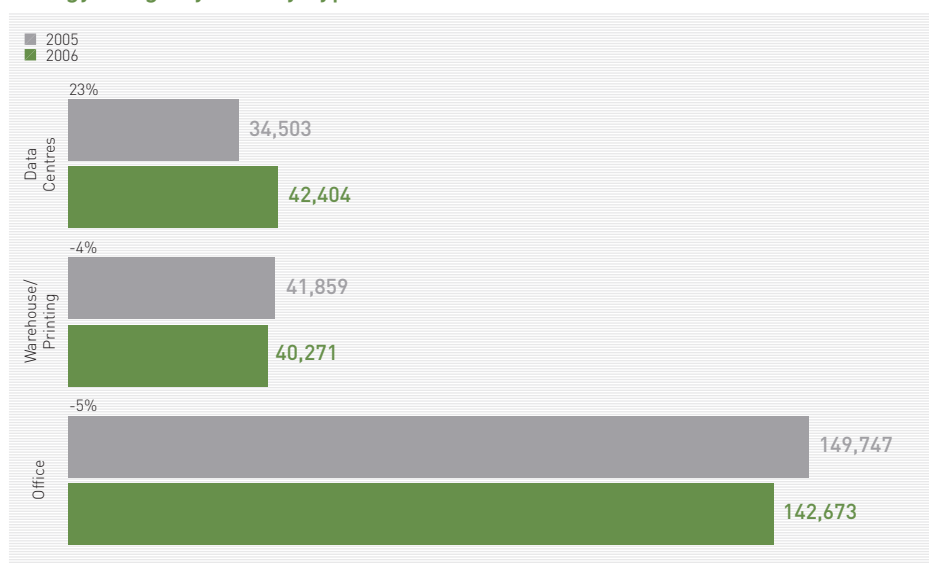
Other Energy Usage

We use a small amount of other fuel, like diesel oil for back-up generators to ensure business continuity. This represents 1% of total energy usage.

Breakdown by Facility

Offices make up the majority of our facilities. While overall energy usage stayed constant, our office energy usage decreased by 5% in absolute terms from 149,747 mWh in 2005 to 142,673 mWh in 2006. We achieved a 4% decrease in our warehouse and printing works: 41,859 mWh in 2005 vs 40,271 mWh in 2006. Our two main data centres in Dayton and Springfield, Ohio were responsible for a 23% increase in energy usage: 34,503 mWh in 2005 vs 42,404 in 2006.

Energy Usage by Facility Type



Split by mWh

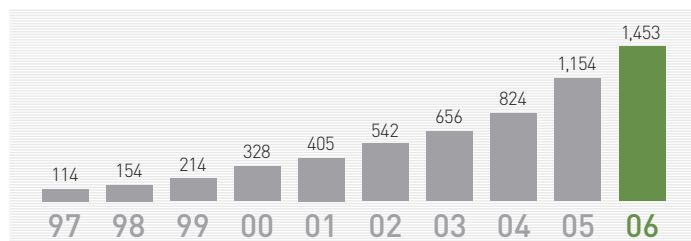
The majority of our printing is handled through our supply chain, however, we monitor closely those facilities that still have printing capabilities including Harcourt in San Antonio, Texas and LexisNexis in Charlottesville, Virginia, Conklin, New York; and Paris, France.

As we continue to deliver new online solutions to our customers, demand for print will continue to decrease. Since 1997, data searches have expanded dramatically, necessitating investment in energy-intensive electronic data storage and servers. Between 2005 and 2006, the number of data searches at our two main LexisNexis data centres in Ohio, for example, increased by 26%, contributing to the combined 23% increase in total energy usage at both sites. Both sites now account for 19% of our total energy consumption.

Breakdown by Facility

continued

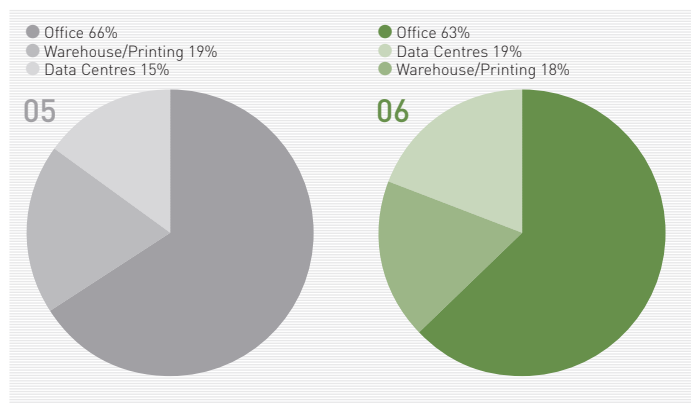
Data Searches at US LexisNexis Data Centres



Millions

Provision of online information is also affecting energy usage at our offices due to an increasing number of onsite servers.

Facility Type



Split by mWh

We face a challenge in reducing energy while meeting the increasing online needs of our customers. Reductions at our office, warehouse and print work locations will continue to be offset by greater energy demands at our data centres. We must therefore find ways to mitigate this trend. LexisNexis is exploring energy reduction as a member of The Uptime Institute, a collective of companies who share data centre benchmarking and best practice.



Climate Change Statement

Climate change is an important issue to Reed Elsevier. As well as ensuring we are prepared for the changes that climate change will cause we are committed to reducing the impact we have on the climate through proactive measures, including: setting and striving to meet our environmental reduction targets; understanding our carbon footprint; engaging in meaningful off-setting exercises; engaging with government and non-governmental organisations on the issues; and making use of our own environmental expertise. We agree with the scientific community's opinion that human activity is affecting global warming, and we continue to publish unbiased peer reviewed articles on climate change related issues to help inform the debate and aid decision makers.

Climate Change Targets

We have set a target to reduce our CO₂ emissions by 10% by 2010 from 2003 levels. We will continue to review our position and aim to set longer-run targets to coincide with national targets.

CO₂ Emissions

We follow the guidelines set out in the Greenhouse Gas Protocol (GHG): a Corporate Accounting and Reporting Standard (Revised Edition) produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

In 2006 our total carbon emissions rose 2%: 129,310 t/CO₂ in 2005 vs 132,214 t/CO₂ in 2006 due to an increase in business travel emissions. Factoring in business growth, we achieved a 3% decrease on a normalised basis: 135,776 in 2005 vs 132,214 in 2006.

	t/CO ₂ by GHG Protocol Scope		Normalised Usage (5% underlying revenue growth at constant rates)		
	2006	Variance	2005	Variance	2005
Scope 1 Fuel combustion including gas supplied to our facilities whether leased or owned/ company owned vehicles	16,301	-4%	16,914	-8%	17,760
Scope 2 Purchased electricity for own use	71,070	2%	69,769	-3%	73,258
Scope 3 Business travel	44,843	5%	42,627	0%	44,758
Total emissions	132,214	2%	129,310	-3%	135,776

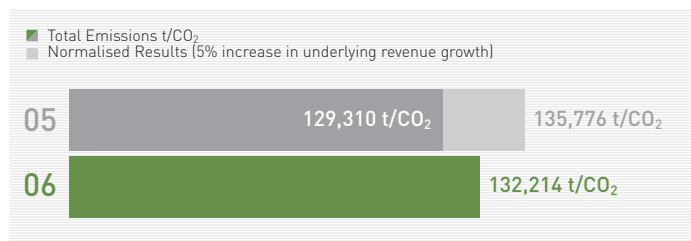
Conversion factors from DEFRA Guidelines for Company Reporting on Greenhouse Gas Emissions Annexes, updated July 2005.

CO₂ emissions derived from total energy and UK and US transport usage.

CO₂ Emissions

continued

CO₂ Emissions



Absolute and Normalised Results

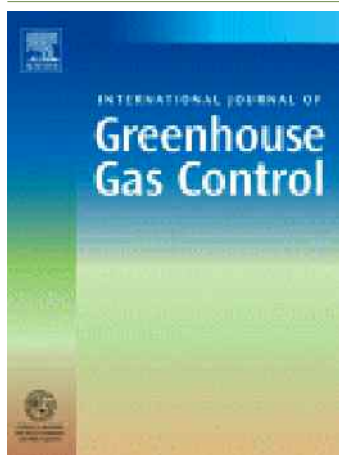
In 2007 Elsevier will be launching *The International Journal of Greenhouse Gas Control*, the first journal of its kind to exclusively focus on technological developments for reducing greenhouse gas emissions. Supported by an international editorial board, its scope includes carbon dioxide emissions, transmission, capture and storage, along with alternative mitigation options and economic policy studies. The journal is aimed at researchers, practitioners and policy makers, with non-technical material of interest to advocacy groups, the general public and press.

CO₂ Offsetting, Reporting, and Information

In 2006 through contributions to *Trees for the Future*, Kellysearch US (part of Reed Business Information) offset 907 t/CO₂ emissions produced from its operations. In addition, through *Climate Care* we offset 16 t/CO₂ for emissions resulting from Environmental Champions meetings in the year. This offsetting reduces our Scope 3 emissions by 923 t/CO₂ bringing total emissions in 2006 to 131,291 t/CO₂ for a further 1% reduction from 2005.



In 2006 we once again reported our emissions through the Carbon Disclosure Project (CDP), a collaboration of institutional investors on the business implications of climate change. We reached a score of 90 in the CDP's annual rankings, the leading company in our sector.



Water

Absolute water usage rose 1% from 569,942m³ in 2005 to 574,287m³ in 2006. Between 2005 and 2006, we increased full time employees by 2% thus leading to a 1% decrease in usage on a normalised basis: 581,340m³ in 2005 vs 574,287m³ in 2006.

Total Water Usage



Absolute and Normalised Results

In 2006 we began collecting baseline data on 'people in places', which includes temporary employees and contractors as well as full time employees in a given location which will improve the basis by which we prepare normalised figures.

We continually seek ways to limit water use. In 2006, our RBI Highlands Ranch facility introduced waterless urinals, following a pilot at our LexisNexis Dayton campus in 2005. Highlands Ranch saved over 13,000 gallons of water per month, making the payback for each installed unit between 2-3 months.

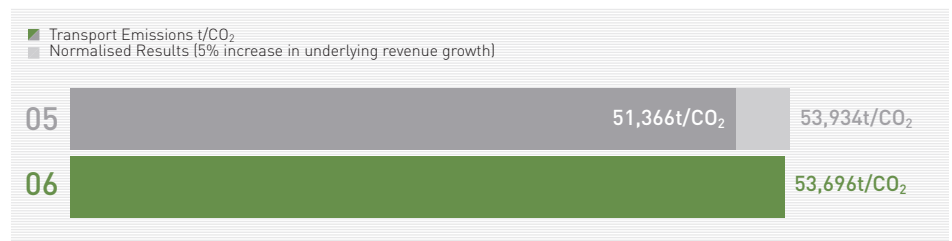
The gREen Team at Elsevier Chevy Chase recognised the environmental impact of using bottled water and worked with their facilities department to switch to a filtered water system. The change resulted in savings of approximately \$2,700 annually, eliminated the problem of bottle storage, and reduced the environmental impact of transporting bottled water (including petrol, emissions and traffic). We will continue to switch from water bottles to more environmentally friendly water filters, although our data shows this can lead to an increase in employee water consumption. Water reduction will be the theme of our 2007 employee environmental campaign.

Transport

The travel we undertake for business has a significant environmental impact. We collect data for our two core markets, the US and UK (from our travel companies World Travel BTI and BCD Travel respectively), which account for 71% of total RE turnover.

Between 2005 and 2006, CO₂ emissions from our business travel increased by 5% (from 51,366 t/CO₂ in 2005 to 53,696 t/CO₂ in 2006) levelled by a 5% increase in underlying business growth. We are striving for a 2% reduction in transport related CO₂ emissions by 2008 (from a 2004 base line) but to do so we will have to increase efforts already underway.

Transport – US/UK Emissions (t/CO₂)



Absolute and Normalised Results

Transport emissions breakdown

83% of our transport emissions result from business air travel, 16% from our car fleet, and the remainder from rail travel.

Air travel increased by 5% rising from 42,603 t/CO₂ in 2005 to 44,807 t/CO₂ in 2006. Short haul travel makes up the bulk of our transport emissions and 71% of the total is due to flights within the US.

Although our rail usage is increasing considerably (50% from 2005) this was not enough to offset the overall rise in transport related emissions. We will continue to promote rail travel as a preferred alternative to flying when video or phone conferencing is not an option, but the high cost and limited routes for US rail travel remains an obstacle.

While the size of our US and UK car fleets increased by 8%, we managed a 1% drop in related CO₂ emissions.

Transport continued

Transport – US/UK Emissions (t/CO₂)

	Absolute Usage		Normalised Usage (5% underlying revenue growth at constant rates)		
	2006	Variance	2005	Variance	2005
Air	44,807	5%	42,603	0%	44,732
Rail	36	50%	24	43%	25
Car fleet	8,853	1%	8,739	-4%	9,176
Total transport emissions t/CO ₂	53,696	5%	51,366	0%	53,935

Conversion factors from DEFRA Guidelines for Company Reporting on Greenhouse Gas Emissions Annexes, updated July 2005.

2006 Environmental Campaign – Transport

In 2006, transport was the focus of our annual environmental campaign. Launched with a message from the CEO, initiatives included a travel study of key locations bolstered by an online global survey to uncover employee travel habits and interest in various alternatives. Variety, our entertainment publication, produced a poster highlighting transport alternatives disseminated by gREen teams around the world. We also had a competition which generated 800 entries from employees with ideas for reducing our transport impact. Prizes included the offsetting of personal CO₂ emissions and a pair of webcams to reduce travel. First prize winner, Reed Business Information Netherlands staffer, Ultan Golding, suggested running regular awards for environmental achievements and won a spot on a ten day Earthwatch Project monitoring dolphins in Spain.

Our businesses are making improvements:

- RE head office in London uses delivery company motorcyclecourier.com known for their dual fuel cars and vans; LexisNexis US' Alternate Work Solutions programme won a bronze-level award from the US Environmental Protection Agency and the US Department of Transportation for the Best Workplaces for Commuters (2006 Race to Excellence programme)
- Bicycle User Groups (BUGs) are now in place at locations throughout the UK including Reed Business Information in London
- At Harcourt in Oxford, gREen Team and BUG members helped implement the UK government's cycle loan scheme providing employees with tax incentives for bike use; it was launched with a 'cycle to work week' with events ranging from cycling training to a free organic breakfast for bike to work riders
- Reed Business Information in Rockaway, New Jersey launched the IDE Car Share Programme to celebrate World Environment Day on 5 June 2006
- At Reed Business Information in Norcross, Georgia, staff are working with the local Atlanta government on a 'Clean Air: Cash for Commuters' campaign offering commuters who agree to start using a more environmentally friendly alternative (carpooling, telecommuting, transit, walking or bicycling to work) \$3 per day; the scheme provides for a guaranteed ride home in an emergency and offers preferred parking for carpoolers



The 2006 Transport Reduction Campaign Poster

Technology: The best way to travel

As well as standard video conferencing, we have installed Nemo real-time collaborative meeting rooms in our key locations in Amsterdam, London, and New York. These video, audio and data service rooms have reduced the number of short and long haul trips colleagues would normally make between these sites. 355 meetings were held via Nemo in 2006, an increase of 21% on 2005, avoiding 4,389 hours of flying time and 323 metric tonnes of CO₂.

Environmental impact if we had travelled rather than using NEMO rooms

	2006	Variance	2005
Journeys	891	24%	721
Kilometres travelled	2,884,318	21%	2,377,676
Flight hours	4,389	22%	3,588
t/CO ₂	323	21%	266

Environmental Impact of Not Using Nemo Rooms

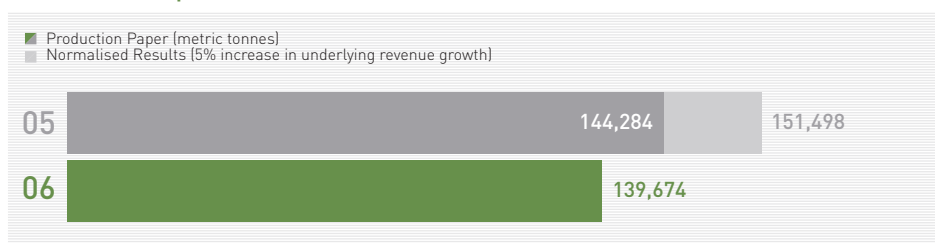


Following the success of our Nemo rooms we installed mini Nemo rooms in our Harcourt, San Antonio, Austin and Orlando locations. These 'Star Rooms' were used for 567 meetings in 2006, avoiding a further 1,433 hours of flying and an additional 52 metric tonnes of CO₂.

Paper

Production paper usage decreased 3% from 144,284 metric tonnes in 2005 to 139,673 metric tonnes in the year or 8% on a normalised basis (151,498 metric tonnes in 2005 vs 139,674 metric tonnes in 2006).

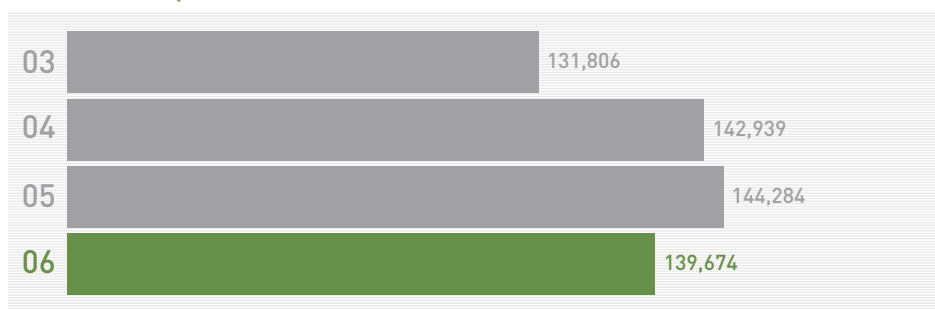
Production Paper



Absolute and Normalised Usage

Indeed, the shift to online is contributing to a drop in production paper usage, the first absolute decrease since we began tracking tonnage rates in 2003. However, as previously stated, these results are balanced by a corresponding increase in the energy required to produce, store and deliver online content.

Production Paper 2003-2006



Metric Tonnes

Office Paper

In 2006 we tracked our office paper consumption. We used 1,075 metric tonnes in the period which we will compare against figures for 2007 and beyond.

Good Paper: Certified and recycled content

Because paper remains a major environmental impact area for Reed Elsevier, as stated in our Environmental Management System (available at www.ReedElsevier.com), we are committed to "ensuring that the resources and materials used by our businesses are sustainable, are capable of being recycled and are used effectively with the minimum waste." To this end, in 2006 we became a founding member of PREPS (Publishers Database for Responsible Environmental Paper Sourcing). The PREPS group has

Paper continued

established a database to aggregate the technical specifications of the pulps and forest sources for our major production papers. Each paper is then awarded a grade of 1-5 stars using the Egmont Grading System© (based on the World Wildlife Fund Global Forest and Trade Network reporting categories). The grading system considers whether material has been legally harvested (or recycled) and how forest sources have been managed. The results will be reviewed by a third party, providing assurance on the process and will enable us to identify the sustainability of our current paper and help us make informed paper purchasing decisions.



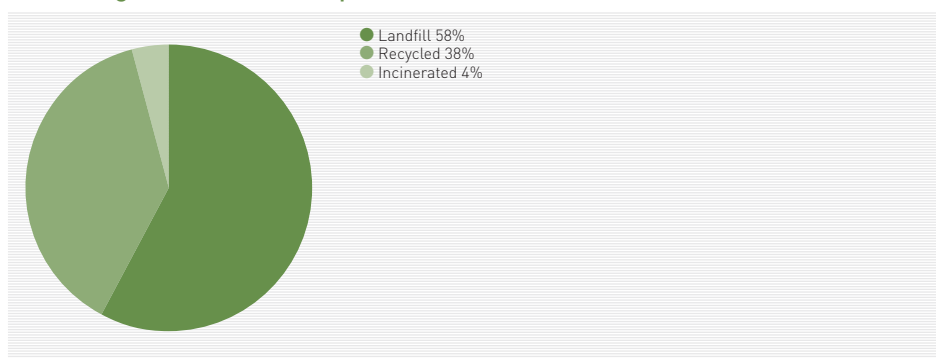
In 2006, 99% of the office paper we used in the UK and the Netherlands came from certified sustainable resources (the UK and the Netherlands represent 26% of our business by turnover), while 16% of US office paper and 11% of our production paper contained recycled content.

Our 2006 SRS (Socially Responsible Supplier) survey of key production paper suppliers revealed that 81% of the paper we bought in 2006 was certified to meet the standards of the Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Canadian Standards Association (CSA), or Sustainable Forest Initiative (SFI) – a 16% increase over 2005. In 2007 we will report against the PREPS database and the Egmont Grading System© to provide further clarity and assurance on the sustainability of the paper we buy.

Waste

To enhance understanding of our waste streams we expanded waste data collection to waste produced and disposed of by weight for UK operations in 2006. Of 1,226 metric tonnes of waste, 38% (472 metric tonnes) was recycled, 58% (701 metric tonnes) went to landfill, and 4% (53 metric tonnes) was incinerated.

Percentage of UK Waste Disposed 2006



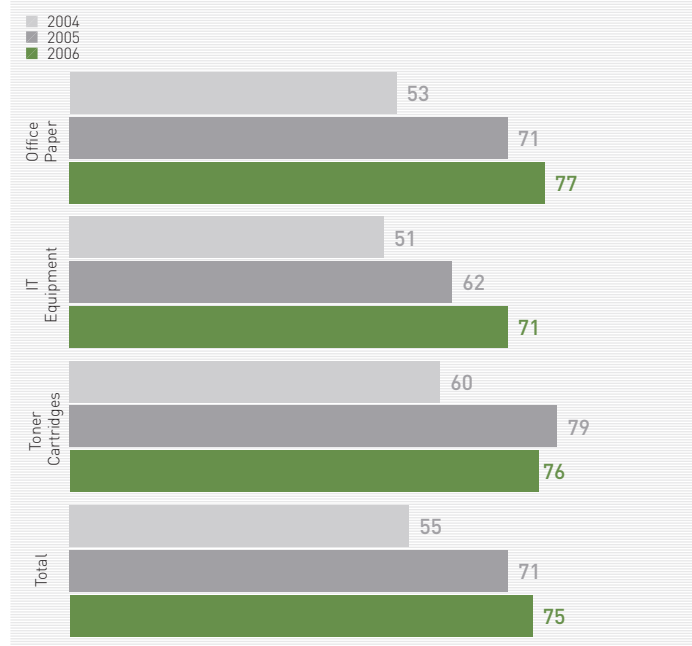
We intend to expand the collection of waste data by weight to include further sites in 2007. We have also set a target to increase the amount of UK waste that is recycled to 50% by 2009 on our 2006 baseline.

We continued to chart recycling of our three primary office items: office paper, IT equipment and toner cartridges in 2006. We recycled 75% of these key items, a 4% increase on 2005 putting us on track to reach a 5% improvement on 2005 rates by 2007.

Waste

continued

Recycling of Primary Office Items



Percentage of Total Disposed

Is it really waste?

As part of work with Green Standards we make available old electrical equipment and furniture that we cannot reuse. Through their Waste to Wonder scheme, in 2006 we contributed to 23 projects diverting 168 metric tonnes of waste (compared with 29 metric tonnes in 2005) from landfill, over half of which was donated to schools and charities.

In addition to the School in a Box programme in Ghana, through Green Standards, we contributed a second container to a school in Morocco during the year to support educational programmes in Marrakech and surrounding villages (the first container, sent to Marrakech in 2005, benefited a local school). We also provided two laptops given as prizes in a local Marrakech competition to promote tolerance and racial harmony.



RE equipment aids education in Morocco



A 'School in a Box' for Marrakech

In the UK, we continue to work with Vodafone, recycling company and personal phones through Fonebak while raising funds – approximately £5 per handset – for RE's chosen beneficiary, the Woodland Trust.

Packaging Waste

We provide information on UK packaging waste in line with the government's Producer Responsibility Obligations (Packaging Waste Regulations 1997). As a member of the Biffpack compliance scheme led by Biffa Waste Services, we track the amount of our obligated packing generated in the sale and transport of our products. In 2006, we used 1,501 metric tonnes of paper, plastic and wood to package our products. In the year, we set up an intranet portal and conducted training for employees responsible for reporting packaging waste to ensure they are aware of current legislation.

UK Packaging Data (metric tonnes)

	Paper	Plastic	Wood	Total
2006	990	250	261	1,501

Supply Chain

Reed Elsevier holds its suppliers to the same standard of conduct it sets for itself. Suppliers must adhere to all laws, embody and promote best practice in business operations, treat employees well and respect the environment, as indicated in the ten principles of the United Nations Global Compact to which Reed Elsevier is a signatory. These principles are reflected in our Supplier Code of Conduct, which we ask key suppliers to sign and to post prominently in the workplace (key suppliers are those constituting \$1 million in sales or 25% or greater of annual spend).

We asked all suppliers on our expanded SRS database in 2006 (excluding paper suppliers who received a specialised questionnaire) to complete a Social Responsibility Survey, including a detailed environmental section. More than 75% of respondents had a board level representative responsible for social responsibility; 53% have set environmental reduction targets, and 24% have external certification for their operations. Only 39% externally report their environmental impact although many indicated they plan to do so in the future.

In our survey of paper suppliers we asked, of the paper they supply us with: details of bleaching processes, the amount and percentage of certified and recycled fibre, and whether any genetically modified organisms are used in their pulp (none is being used).

In both surveys, we request information about environmental fines or prosecutions. Six (or 5% of respondents) reported incidents in the last two years and outlined steps they have taken to bring their facilities into compliance. In 2006 we carried out four internal audits and a further nine independent external audits through ITS. We work collaboratively with suppliers to review key sustainability issues and encourage them to advance socially responsible activities in their own supply chain. And we show cased best practice activities as illustrated by Reed Business Information UK's central production team, highly commended in the 2006 Periodical Publishers Association Production Awards for a supply chain project with print supplier Polestar.

Biodiversity

Our operations have an impact on the local environment and biodiversity, primarily through water extraction, road and building works, transportation and facilities management. We have few sites with surrounding land, however, where we do, we use local plants which require less irrigation and increase biodiversity. We also support biodiversity projects in our communities through in-kind and financial support.

Reed Elsevier is a member of the Corporate Environmental Responsibility Group (CERG) of Earthwatch which aims to define and instill good practice in areas like biodiversity, resource management and climate change. Following the success of a 2005 pilot project, we established a 2006 Earthwatch project monitoring the mammal population of Wytham Woods in Oxfordshire, which generated useful scientific research. Six volunteers from all four divisions and head office went on the project and were paired with teachers from local schools. Following, each team presented their findings to pupils at partner schools.

Helen Sewell from St John Fischer School in Middlesex, England was so enthused by her experience on the 2006 Reed Elsevier Earthwatch project, she subsequently submitted a successful Community Action Grant Application to Earthwatch to engage her classroom in small mammal monitoring, allowing her students to study animals on their school grounds. She states, "As a teacher it is my job to relate my knowledge to the school community. I feel that it is extremely important to raise awareness of the environment to our young people. The Earthwatch project gave me new ideas about how I can do this."



→ Learning about badgers on the 2006 Reed Elsevier Earthwatch project.

Biodiversity continued



Teacher Helen Sewell is using knowledge gained from the Earthwatch project to establish a small mammal monitoring programme at her school

knee-deep in the pond cutting reeds that later became woodland hideouts for Park animal watching.

We also support reed bed habitats in other ways including in-kind support. Employees at Elsevier produced a booklet for the London Biodiversity Partnership on reed bed management, highlighting its importance and sharing best practice and practical maintenance techniques.



Reed Elsevier head office staff improve a reed bed during 2006 RE Cares Month

Reed and Reeds

Capitalising on the association between Reed Elsevier and reeds – an important habitat for plants, fish and fowl – and following the successful creation of a new reed bed in London's St James's Park in 2005, the RE head office gREen team solicited volunteers during 2006 RE Cares Month to improve a local reed bed at the London Wildlife Trust's Camley Street Natural Park. Participants discovered the common reed (*Phragmites australis*) grows fast and needs cutting on a regular basis to control natural succession and stop waterways turning into scrubland. The Park has an active education programme for inner-city children highlighting the rare wildlife that frequent this oasis in the midst of a busy urban area. The team worked

Environmental Campaigns

The gREen Room is a popular feature of our corporate intranet site, aREna. It offers comprehensive environmental information including the results of the RE Group Environmental Survey, the latest environmental technology and techniques, and extracts from in-house and external environmental publications. There are contact details for Environmental Champions, question and answer sections, and news stories from gREen teams across the Group. The gREen Room also outlines steps the company and employees can take to better environmental performance. For example, the transport section promotes public transportation and other environmentally-friendly travel options also highlighted during the 2006 World Environment Day transport campaign.

gREen Teams do their part to help implement environmental campaigns and reduce our environmental footprint on a local basis by communicating information to colleagues and arranging environmental volunteer opportunities. For example, the Elsevier Philadelphia gREen Team have succeeded in electronically distributing 250,000 manuscripts prepared by editorial and production staff.

gREen Teams facilitate environmental volunteering. For example, staff at Reed Business Information in New York City invited others in their building to join them in a day at St. Nicholas Park in Harlem painting and improving the



Environmental Campaigns continued

grounds, with guidance from the New York City Parks Department. The park – located near Public School 123, home of the annual Reed Elsevier publishing day – has been improved for the benefit of the whole community.

Environmental Knowledge within the Group

Reed Elsevier produces a wide range of environment-related publications and resources for customers. The information we provide helps inform the environmental debate and aids decision makers in designing policies. It is likely our most important environmental impact.



Among Elsevier environment-related publications, now available to universities and libraries in the developing world through the OARE programme, are:

- Annals of Nuclear Energy
- Applied Energy
- Biological Conservation
- Biomass & Bioenergy
- Bioresource Technology
- Chemosphere
- Combustion and Flame
- Ecological Complexity
- Ecological Economics
- Ecological Engineering
- Ecological Indicators
- Ecological Informatics
- Ecological Modelling
- Ecotoxicology and Environmental Safety
- Electric Power Systems Research
- Energy
- Energy Conversion and Management
- Energy Policy

- Environment & Technique
- Environment International
- Environmental Impact Assessment Review
- Environmental Modelling and Software
- Environmental Pollution
- Environmental Pollution and Control (Book, 1997, by J. Jeffery Peirce)
- Environmental Research
- Environmental Science and Policy
- Environmental Sustainability (A Virtual Journal)
- Fuel
- Fuel and Energy Abstracts
- Fuel Processing Technology
- Fusion Engineering and Design
- Geothermics
- International Bio deterioration and Biodegradation
- International Environmental Law Digest (Book, 1993, by A.O. Adede)
- International Journal of Applied Earth Observations and Geo Information
- International Journal of Electrical Power and Energy Systems
- International Journal of Greenhouse Gas Control
- International Journal of Hydrogen Energy
- ISPRS Journal of Photogrammetry and Remote Sensing
- Journal for Nature Conservation
- Journal of Arid Environments, Communities and Organisms
- Journal of Cleaner Production
- Journal of Environmental Management Concise Encyclopedia of Environmental Systems (Major reference work, 1993, by P.C. Young)
- Journal of Environmental Radioactivity
- Macroeconomic Analysis of Environmental Policy
- The Management of Municipal Solid Waste in Europe
- Nuclear Engineering and Design
- Polar Science
- Proceedings of the Combustion Institute
- Progress in Energy and Combustion Science
- Progress in Nuclear Energy
- ReFocus – international renewable energy magazine www.re-focus.net
- Remote Sensing of Environment
- Renewable and Sustainable Energy Reviews
- Renewable Energy
- Resources, Conservation & Recycling
- The Science of the Total Environment
- Solar Energy
- Solar Energy Material and Solar Cells
- Virtual Journal of Environmental Sustainability
- Waste Management

Environmental Campaigns Continued



Our other business units also produce environmental content. Reed Business Information produces the award-winning New Scientist magazine (www.NewScientist.com) which launched a new environment component to its website in 2006. The site has daily news and features and a blog written by the team's online reporters. Features include an interactive map of the world so that users can explore different environments such as volcanoes, as well as a 'most popular in the last 24 hours' section listing top articles in the environment section. Reed Business Information includes relevant articles in sector specific magazines. In 2006, property journal, *Estates Gazette*, hosted an environmental summit in London bringing the property industry together to review their specific environmental challenges.

Another Reed Business Information publication is *Residuos*, a Spanish environmental magazine recognised by the European Environmental Press Association (www.revistaresiduos.com).

Reed Exhibitions also extends environmental knowledge. As well as shows such as OI 06 (<http://www.oio6.com/>), the world's largest marine science and ocean technology exhibition, they run the largest environmental engineering conference Pollutec. Set out over 92,000m² of exhibition space at EuroExpo in Lyon, the 2006 show had nearly 2,500 exhibitors and 1,800 stands from over 37 countries. 65,000 people viewed an array of products, technologies and services including fuel cell motorbikes and soil regeneration kits. Over the last two years Pollutec showcases its own environmental efforts by using recycled paper, maximising electronic communication, upgrading arrangements for waste collection to improve recycling and using recyclable carpeting. They also provided an electric bus between exhibitor parking lots and the show entrance to reduce transport emissions.



Our education division, Harcourt, has also developed many environment-related educational materials such as Holt's Environmental Science (Student Edition and One Stop Planner), while our legal division LexisNexis produces environmental legal information such as Tolley's Environmental Law and Procedures Management and the Environmental Information Bulletin (EiB).

We are serious about the environment and will continue to take steps to reduce our footprint and reach the targets we have set.

2007 Environmental Objectives

- Continue to advance environmental goals by key facility
- Gain further understanding of the certified sustainable paper used in our products and set targets for improvement
- Expand external assurance of environmental data to US locations
- Expand phased approach to environmental certification to REHQ and develop model for use at other locations
- Carry out carbon footprint exercise for one product line

Assurance

Assurance

While Reed Elsevier does not have external review of all elements in the CR Report, its contents reflect the independent views of a host of stakeholders consulted on an ongoing basis. This is the essence of our assurance process. In summary, evidence of reporting requirements, communication, data collection, and independent review include:

- Carbon Trust
- CEO Responsibility for CR matters before the Board
- CR process review by RE internal audit
- Earthwatch
- Environmental consulting services
- Ernst & Young, LLP
- Health and Safety consulting services
- The London Benchmarking Group
- ITS external supplier audit services
- The RE Code of Ethics and Business Conduct
- RE Corporate Responsibility Questionnaire
- The RE CR Forum
- RE Donations Policy
- RE Group Community Survey
- RE Group Environment Survey
- RE Group Health and Safety Survey
- RE HR Management Council
- RE Paper Supplier Survey
- RE Supplier Code of Conduct
- RE Supplier Corporate Responsibility Survey
- REspond Global Employee Opinion Survey
- Networks of: RE Cares Champions; RE Environmental Champions; gREen Teams; Health and Safety Champions; Socially Responsible Supplier Group; customer service teams; works and staff councils; legal teams; RE Accounting Services; RE Communications and the RE CR Department

For information on how our report aligns with Global Reporting Initiative (GRI) guidelines, see Appendix 13.

Key Contact

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Appendix 1 – Media CSR Forum

Key CR Issues for the Media Sector

CR issues common to all sectors

- Investing in and supporting staff
- Corporate governance
- Community investment
- Customer relationships
- Supply chain integrity
- Environmental management

Common issues with distinct implications for media

- Informing public opinion
- Audience needs reflected in output
- Human rights
- Citizenship
- Treatment of freelancers
- Digital divide
- Entertainment and gaming
- Intellectual property and copyright
- Regulatory compliance and self-regulation
- Transparent ownership
- Education
- Privacy
- Plurality
- Integrity of information
- Piracy/theft
- Charitable issues promoted
- Social and environmental issues promoted
- Data protection
- Health, safety and security

Unique CR issues for media

- Freedom of expression
- Media literacy
- Culturally diverse output
- Creative independence
- Transparent and responsible editorial policy
- Valuing creativity
- Impartial and balanced output

Source: KPMG LLP (UK)

Appendix 1 – Media CSR Forum continued

Excerpt from Media CSR Forum 2005/2006 Activity Report

Activity summary

Meeting stakeholders

Most meetings include an invitation to a relevant stakeholder, who usually gives a presentation and takes part in a subsequent discussion. During 2005 and 2006 we met with the following:

- **TwentyFifty and the MTV Foundation**, in relation to The Business Leaders Initiative on Human Rights and the MV EXIT campaign to raise awareness of the trafficking of women from Eastern Europe.
- **WWF**, discussing the paper, 'Through the Looking Glass' (www.wwf.org.uk/filelibrary/pdf/looking_glass_0105.pdf).
- **Ofcom's** Media Literacy representatives presented the results of Ofcom's research into Media literacy skills in UK society.
- **Plan UK**, who presented their Youth Media Development 06 initiative, which we agreed to fund.
- **The Media Literacy Task Force** presented its work to us, requesting that individual members consider signing the Charter for Media Literacy.
- **The Voluntary Action Media Unit** (www.vamu.org.uk) presented its services to The Forum, inviting members to become project partners for one or more of their initiatives.
- **Goldman Sachs** presented the first wave of their findings from their European Media Sector Environmental Social and Governance framework research.
- **The Global Reporting Initiative** suggested how we might work with the GRI to develop a Media Sector supplement.
- **Business in the Community** outlined their work on responsible Marketplace behaviour.
- An embryonic **US Media SR Forum** presented their ideas for feedback.

In addition a dedicated stakeholder consultation meeting was held with the following organisations:

- Forum for the Future
- TwentyFifty
- The Media Trust

→ Mediawise

→ The National Union of Journalists (Freelance department)

→ Ofcom

We asked each of them to respond to the following questions:

- What are the key social (and environmental) responsibilities of the Media Sector today?
- What is the Media Sector currently doing well in this regard?
- And where is it weak – what should the Sector focus on?
- And what of tomorrow? (What are the new issues and responsibilities coming over the horizon?)
- If we swapped places – what would you, as the Media CSR Forum, do to work collaboratively to begin to address these things?

Sharing good practice

The Forum also encourages the sharing of experiences between members. This is done through facilitated round table discussions in the meetings, but also through formal presentations:

- **The Guardian Media Group** presented its approach to editorial integrity and the use of an independent ombudsman as a mechanism for voluntary regulation.
- **GCapMedia** presented its 'Radio in Schools' community initiative that is designed to inspire pupils to read more by giving them insight into the world of media and working in radio broadcasting.
- **Acona** presented an overview of Supply chain management based on issues encountered in other sectors.

We intend to have more member presentations in 2007.

Appendix 1 – Media CSR Forum continued

Excerpt from Media CSR Forum 2005/2006 Activity Report

Media Literacy

On 9 December 2004 The Forum made the decision that additional work was needed in the areas of Media Literacy and the development of a measurement and reporting framework for the Media Sector.

We formed a working group to look at the question of Media Literacy. One of the group's first actions was to research and establish a working definition for the topic. We found that there was broad agreement that being 'Media Literate' has three components:

- **Being able to access the media.** Barriers to this could be technology, affordability or skills related.
- **Being able to understand and critically evaluate media** e.g. how it is put together and to be able to discern the differences between fact, opinion, entertainment and advertising.
- **Being able to create/interact with media.**

We concluded that this is a critical and specific CSR topic for the media sector, which presents a number of very significant issues, for example:

- **Rational ignorance.** With such ferocious competition for space and time there is a threat that people will choose to either switch off completely or only trust a very limited number of media sources for their news, information and entertainment, missing out on other perspectives and opportunities. In turn this has an impact on people's ability to participate fully in a democratic and plural society, and intensifies any potential effects from editorial bias or mistakes in the limited sources being used.
- **The speed of technological change and platform convergence** within the media sector is leaving many members of society behind, limited by an out of date understanding and an inability to take advantage of new opportunities for interaction. At the same time other sections of society are forging ahead with new models such as citizenship journalism and platforms such as mobile phones. These changes represent both threats and opportunities for the sector.

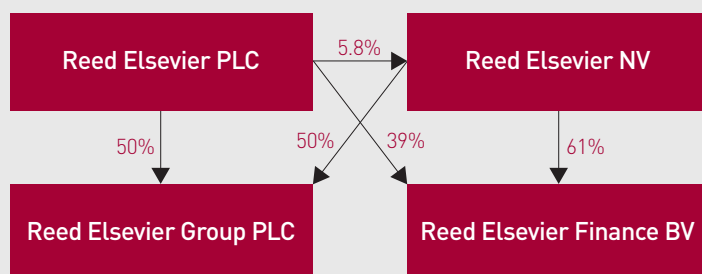
The working group considered the most effective way to address these needs collectively. We researched existing work in both the UK and the US. The group also joined the Associate Parliamentary Media Literacy Group, and met numerous times with the Media Literacy Task Force and with Ofcom.

Whilst the group considered the issues and opportunities around Media Literacy to be substantial and real and significant progress has been made, particularly in the educational arena, there was a feeling that society and business at large are currently unaware of the issue. They are also unaware of the potential impact a media illiterate society could have on civil participation and even on democratic process. One could compare the issue to the state of awareness on Climate Change in the early 1990s.

We concluded that the best way Forum members could contribute would be to stimulate the debate, using our reach and expertise to challenge the public to evaluate the information they receive on a daily basis. In November 2006 EurORSCG Fuel, a global advertising agency, agreed to develop the initial concept for a campaign to do just this and simultaneously Harvard PR (part of the Bell Pottinger Group) agreed to support the campaign with relevant public relations work.

We believe that by stimulating such a debate we can encourage the public to become more critically aware and to engage more readily with new media. There is also an opportunity to demonstrate the processes and regulatory frameworks behind the British media and share with the public at large the mechanisms by which factual, opinion, entertainment and advertising media are put together and their respective roles within the broad spectrum of media choices.

Appendix 2 – Corporate Structure



Corporate Structure

Reed Elsevier came into existence in January 1993, when Reed Elsevier PLC and Reed Elsevier NV contributed their businesses to two jointly owned companies. Reed Elsevier Group plc is a UK registered company which owns the publishing and information businesses, and Elsevier Reed Finance BV is a Dutch registered company which owns the financing activities.

Reed Elsevier PLC and Reed Elsevier NV have retained their separate legal and national identities and are publicly held companies. Reed Elsevier PLC's securities are listed in London and New York, and Reed Elsevier NV's securities are listed in Amsterdam and New York.

Equalisation Arrangements

Reed Elsevier PLC and Reed Elsevier NV each hold a 50% interest in Reed Elsevier Group plc. Reed Elsevier PLC holds a 39% interest in Elsevier Reed Finance BV, with Reed Elsevier NV holding a 61% interest. Reed Elsevier PLC additionally holds an indirect equity interest in Reed Elsevier NV, reflecting the arrangements entered into between the two companies at the time of the merger, which determined the equalisation ratio whereby one Reed Elsevier NV ordinary share is, in broad terms, intended to confer equivalent economic interests to 1.538 Reed Elsevier PLC ordinary shares. The equalisation ratio is subject to change to reflect share splits and similar events that affect the number of outstanding ordinary shares of either Reed Elsevier PLC or Reed Elsevier NV.

Under the equalisation arrangements, Reed Elsevier PLC shareholders have a 52.9% economic interest in Reed Elsevier, and Reed Elsevier NV shareholders (other than Reed Elsevier PLC) have a 47.1% economic interest in Reed Elsevier. Holders of ordinary shares in Reed Elsevier PLC and Reed Elsevier NV enjoy substantially equivalent dividend and capital rights with respect to their ordinary shares.

The Boards of both Reed Elsevier PLC and Reed Elsevier NV have agreed, except in exceptional circumstances, to recommend equivalent gross dividends (including, with respect to the dividend on Reed Elsevier PLC ordinary

shares, the associated UK tax credit), based on the equalisation ratio. A Reed Elsevier PLC ordinary share pays dividends in sterling and is subject to UK tax law with respect to dividend and capital rights. A Reed Elsevier NV ordinary share pays dividends in euro and is subject to Dutch tax law with respect to dividend and capital rights.

Corporate Governance

Compliance with codes of best practice: The Boards of Reed Elsevier PLC and Reed Elsevier NV have implemented standards of corporate governance and disclosure policies applicable to companies listed on the stock exchanges of the United Kingdom, the Netherlands and the United States. The effect of this is that a standard applying to one will, where practicable and not in conflict, also be observed by the other.

The Boards of Reed Elsevier PLC and Reed Elsevier NV support the principles and provisions of corporate governance set out in the Combined Code on Corporate Governance issued in July 2003 (the "UK Code") and the Dutch Corporate Governance Code issued in December 2003 (the "Dutch Code"). Save as explained below, Reed Elsevier PLC, which has its primary listing on the London Stock Exchange, has complied throughout the period under review with the UK Code, and Reed Elsevier NV, which has its primary listing on Euronext in Amsterdam, has complied throughout the period under review with the Dutch Code.

The ways in which the relevant principles of corporate governance are applied and complied with within Reed Elsevier PLC, Reed Elsevier NV, Reed Elsevier Group plc and Elsevier Reed Finance BV are described below.

The Boards

The Boards of Reed Elsevier PLC, Reed Elsevier NV, Reed Elsevier Group plc and Elsevier Reed Finance BV each comprise a balance of executive and non-executive directors chosen for their wide range of skills and experience to the deliberations of the Boards. All non-executive directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

All directors have full and timely access to the information required to discharge their responsibilities fully and efficiently. They have access to the services of the respective company secretaries, other members of Reed Elsevier's management and staff, and its external advisors. Directors may take independent professional advice in the furtherance of their duties, at the relevant company's expense.

Appendix 2 – Corporate Structure continued

The Boards of Reed Elsevier PLC, Reed Elsevier NV and Reed Elsevier Group plc are harmonised. All the directors of Reed Elsevier Group plc are also directors of Reed Elsevier PLC and of Reed Elsevier NV. The Reed Elsevier PLC and Reed Elsevier NV shareholders maintain their rights to appoint individuals to the respective Boards, in accordance with the provisions of the Articles of Association of these companies. Subject to this, no individual may be appointed to the Boards of Reed Elsevier PLC, Reed Elsevier NV (either members of the Executive Board or the Supervisory Board) or Reed Elsevier Group plc unless recommended by the joint Nominations Committee. Members of the Committee abstain when their own reappointment is being considered.

In order to safeguard the agreed Board harmonisation, the Articles of Association of Reed Elsevier NV provide that appointments of Board members other than in accordance with nominations by the combined Board, shall require a two-thirds majority if less than 50% of the share capital is in attendance. Given the still generally low attendance rate at shareholders' meetings in the Netherlands, the Board believes that this qualified majority requirement is appropriate.

On appointment and at regular intervals, directors receive training appropriate to their level of previous experience. This includes the provision of a tailored induction programme, so as to provide newly appointed directors with information about the Reed Elsevier businesses and other relevant information to assist them in performing their duties. Non-executive directors are encouraged to visit the Reed Elsevier businesses to meet directors and senior executives.

All Reed Elsevier PLC and Reed Elsevier NV directors are subject to retirement at least every three years, and are able to then make themselves available for re-election by shareholders at the respective Annual General Meetings.

As a general rule, non-executive directors of Reed Elsevier PLC and members of the Reed Elsevier NV supervisory Board serve on the respective Board for two three year terms, although the Boards may invite individual directors to serve up to one additional three year term.

Appendix 3 – Equal Opportunities/Harassment Policy, Elsevier US

It is the policy of Elsevier to provide equal employment opportunities to all applicants and employees in every phase of employment without regard to race, colour, creed, religion, gender, marital status, parental status, age, physical or mental disability, ancestry, national origin, sexual orientation, pregnancy, membership or application for membership in uniformed services, veteran status, the seeking of worker's compensation benefits or any other category protected by law.

Discrimination/Harassment

Providing a work environment free from all forms of discrimination and harassment is an important part of our Company philosophy.

Elsevier expects all individuals to treat each other with dignity and respect. The Company is committed to maintaining an environment in which employees and non-employees in our facilities are not subject to different treatment because of legally protected characteristics. Therefore, the Company will not accept or tolerate any discrimination or harassment of or by employees, suppliers, vendors, etc., based upon race, colour, creed, religion, gender, marital status, parental status, age, physical or mental disability, ancestry, national origin, sexual orientation, pregnancy, membership or application for membership in uniformed services, veteran status, the seeking of worker's compensation benefits or any other category protected by law.

Sexual Harassment

While all types of harassment are prohibited, sexual harassment requires particular attention. Sexual harassment includes sexual advances, jokes, explicit or offensive pictures, threats, offensive physical contact, requests for sexual favours, and/or other verbal or physical conduct of a sexual nature when:

1. Acceptance of, toleration of, or submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. An individual's response to such conduct is used as a basis for employment decisions affecting that individual.
3. Such conduct interferes with an individual's work performance.
4. Such conduct creates an intimidating, hostile or offensive working environment.

While it is impossible to list all of those circumstances which may constitute sexual harassment, the following are some examples of conduct that may be sexual harassment depending upon the totality of the circumstances, including the severity of the conduct and its pervasiveness:

- Unwelcome sexual advances – whether or not physical touching is involved
- Sexual epithets, jokes, written or oral references to sexual conduct, gossip regarding one's sex life, comments on an individual's body, sexual activity, deficiencies or prowess
- Display of sexually suggestive objects, pictures or cartoons
- Leering, whistling, brushing against the body, sexual gestures, suggestive or insulting comments
- Inquiries into one's sexual experiences
- Discussion of one's sexual activities.

Harassment in any form or for any reason is prohibited. This includes harassment of a subordinate by a supervisor, supervisor by a subordinate, among employees, or between employees and customers, vendors, suppliers, visitors or any others.

Reporting and Investigating Discrimination or Harassment

If you believe that you have been harassed or discriminated against, or if you witness or learn of harassing or discriminatory conduct, you must immediately inform your supervisor, department manager, or the Human Resources Department.

Upon receiving a report of discrimination or harassment, management will notify the Human Resources Department which will promptly investigate the matter. To the maximum extent feasible, investigations will be confidential, except that the investigative and disciplinary process may, in some instances, require limited disclosure of a complaint to third parties.

If the allegations are substantiated, disciplinary action ranging from counselling to termination will be taken commensurate with the severity of the offence, and the Company will take immediate steps to prevent the recurrence of such conduct.

Appendix 3 – Equal Opportunities/Harassment Policy, Elsevier US continued

The name and address of the state and federal agencies in your area responsible for enforcing the laws prohibiting discrimination and harassment are posted in your Division Human Resources office.

Retaliation

It is unlawful to retaliate against, or punish in any way, any employee who makes a complaint of harassment or discrimination or who cooperates in an investigation of a complaint of discrimination or harassment. The Company will not tolerate and will take disciplinary action against any employee who engages in such retaliation.

The Company also recognises that false accusations of harassment or other unlawful behaviour can be damaging to an accused employee and disruptive to the Company's operations. Consequently, the Company will also not tolerate false accusations of discrimination or harassment made maliciously or recklessly. In such a case, the accuser will be subject to disciplinary action commensurate with the seriousness of the matter.

Accommodations to Disabilities

Consistent with its obligations under applicable law, the Company will make reasonable accommodations to enable a qualified individual with a disability to perform the essential functions of his or her job. If you are unable, or find it difficult, to do those functions due to a physical or mental impairment, please contact your manager or the Human Resources department to discuss the type and nature of any assistance or adjustment in your duties which would enable you to perform the essential functions of your job.

We may ask you for information about your impairment and may speak to your physician or health care provider to help us assess the proposed accommodations and to ensure that you can safely perform the essential functions of your job with the accommodations. We may also ask you to submit to an independent medical or other appropriate examination, at our expense, to help us assess your needs.

We require all employees to cooperate in, and, in certain circumstances, help us provide, any accommodations provided to a disabled applicant or employee.

Appendix 4 – Reed Elsevier and the United Nations Global Compact

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

→ Incorporated in RE's Code of Ethics and Supplier Code of Conduct

→ Incorporated in RE divisional harassment and other policies

→ Reinforced by ongoing RE training programmes

See pages 10-13; 18-19; 34; 37-40; 89

Principle 2: Make sure that they are not complicit in human rights abuses

→ Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct

→ Procedures for confidential reporting of questions or concerns

See pages 10-13; 18-19; 34; 38, 40

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

→ Incorporated in RE's Code of Ethics and Supplier Code of Conduct

See pages 10-13; 18-19; 34-35; 38; 40

Principle 4: The elimination of all forms of forced and compulsory labour

→ Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct

See pages 10-13; 18-19; 35; 38; 40

Principle 5: The effective abolition of child labour

→ Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct

→ Financial and other support for community projects like the Karuna Trust which is fostering educational support for children in India, thereby permanently removing them from child labour

See pages 10-13; 18-19; 38; 100

Principle 6: The elimination of discrimination in respect of employment and occupation

→ Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct

→ Diversity programmes administered by our RE Human Resources Management Council

See pages 10-13; 18-19; 35; 38-40

Principle 7: Businesses should support a precautionary approach to environmental challenges

→ Incorporated in RE's Code of Ethics, Supplier Code of Conduct and Environmental Management System

→ Consultation with NGOs like Earthwatch and governments including the UK's Department for the Environment, Food and Rural Affairs

→ Expanding external auditing of RE environmental performance

See pages 09; 13; 57; 73; 83; 112

Principle 8: Undertake initiatives to promote greater environmental responsibility

→ Incorporated in RE's Code of Ethics, Supplier Code of Conduct and Environmental Management System

→ Proactive approach to environmental transparency participating in initiatives like the Carbon Disclosure Project and Business in the Community's Environment Index

→ Generate environmental awareness through corporate intranet environmental section, the gREen Room; employee environmental campaigns; local gREen Teams

→ Support for external organisations like the UK's Green Standards which promotes reuse of IT and electrical equipment

See pages 13; 55-56; 57; 69; 71; 73; 76; 78-80; 112

Appendix 4 – Reed Elsevier and the United Nations Global Compact continued

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

- Incorporated in RE's Code of Ethics, Supplier Code of Conduct and Environmental Management System
- Numerous RE publications that promote environmental awareness and understanding like the *Journal for Nature Conservation*; *The Management of Solid Waste in Europe*; *Macroeconomic Analysis of Environmental Policy*; and *Environmental Sustainability, a Virtual Journal*
- Key partner in the creation of Online Access to Research in the Environment (OARE), an international public-private consortium coordinated by the United Nations Environment Programme enabling developing countries to gain free access to leading environmental science information (www.oaresciences.org)

See pages 13; 36; 57; 73; 81; 112

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery

- Incorporated in RE's Code of Ethics and Supplier Code of Conduct
- Review and auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct
- Code of Ethics online training programme for RE staff and advanced training like LexisNexis' Competing Fairly course
- Toll-free lines and web-based systems for confidential disclosure on Code violations, including corruption, by employees

See pages 10-13; 18-19; 34; 38; 40

Appendix 5 – Sample Journal Editorial Policy *The Lancet*

The Lancet is an international general medical journal that will consider any original contribution that advances or illuminates medical science or practice, or that educates or entertains the journal's readers. Whatever you have written, remember that it is the general reader whom you are trying to reach. One way to find out if you have succeeded is to show your draft to colleagues in other specialties. If they do not understand, neither, very probably, will *The Lancet*'s staff or readers. *The Lancet* is a signatory journal to the Uniform Requirements for Manuscripts Submitted to Biomedical Journals, issued by the International Committee for Medical Journal Editors, and to the Committee on Publication Ethics (COPE) code of conduct for editors. If your question is not addressed on these pages or on our website, then the journal's editorial staff in London or New York will be pleased to help.

Authors' contributions and signatures

We ask all authors of, and all contributors (including medical writers and editors) to, Articles to specify their individual contributions at the end of the text. We suggest the following format for Articles: "I declare that I participated in the (here list contributions made to the study) and that I have seen and approved the final version. I have the following conflicts of interest" (list here all relevant conflicts; see Conflict of interest and source of funding). A similar format can be used for other types of submission. At the external peer review stage we will ask you to send us signed copies of these statements for all authors. These signatures need not be dated. *The Lancet* will not publish an item unless it has the signatures of all authors.

Conflict of interest and source of funding

A conflict of interest exists when an author or the author's institution has financial or personal relationships with other people or organisations that inappropriately influence (bias) his or her actions. Financial relationships are easily identifiable, but conflicts can also occur because of personal relationships, academic competition, or intellectual passion. A conflict can be actual or potential, and full disclosure to The Editor is the safest course. Failure to disclose conflicts may lead to publication of a Department of Error. All submissions to *The Lancet* must include disclosure of all relationships that could be viewed as presenting a potential conflict of interest (see *Lancet* 2001; **358**: 854–56 and *Lancet* 2003; **361**: 8–9). The Editor may use such information as a basis for editorial decisions, and will publish such disclosures if they are believed to be important to readers in judging the manuscript.

Conflict of interest statements for authors

The corresponding author should state that he or she had full access to all the data in the study and had final responsibility for the decision to submit for publication. At the end of the text, under a subheading "Conflict of interest statement", all authors must disclose any financial and personal relationships with other people or organisations that could inappropriately influence (bias) their work. Examples of financial conflicts include employment, consultancies, stock ownership, honoraria, paid expert testimony, patents or patent applications, and travel grants, all within three years of beginning the work submitted. If there are no conflicts of interest, authors should state that there are none. For Comment, Seminars, Reviews, and Series, *The Lancet* will decide not to publish if an author, within the past three years, and with a relevant company or competitor, has any stocks or shares, equity, a contract of employment, or a named position on a company board; or has been asked by any organisation other than *The Lancet* to write, be named on, or to submit the paper (see *Lancet* 2004; **363**: 2–3). At the external peer review stage we will ask you to send us signed copies of these statements for all authors.

Role of the funding source

All sources of funding should be declared as an acknowledgment at the end of the text. At the end of the Methods section, under a subheading "Role of the funding source", authors must describe the role of the study sponsor(s), if any, in study design; in the collection, analysis, and interpretation of data; in the writing of the report; and in the decision to submit the paper for publication. If there is no Methods section, the role of the funding source should be stated as an acknowledgment. If the funding source had no such involvement, the authors should so state.

Role of medical writer or editor

Was a medical writer or editor involved in the creation of your manuscript? If yes, we need a signed statement from the corresponding author to include the name and information on the funding of this person. This information should be added to the Acknowledgment and/or Contributors section. In addition, you will need to send us a signed statement from this person declaring that he or she has given you permission to name him or her as an author, as a contributor, or in the Acknowledgment section.

Appendix 5 – Sample Journal Editorial Policy *The Lancet* continued

Patients' consent and permission to publish

Studies on patients or volunteers require ethics committee approval and informed consent, which should be documented in your paper. Where there is an unavoidable risk of breach of privacy – e.g., in a clinical photograph or in case details – the patient's written consent, or that of the next of kin, to publication must be obtained. We will ask you to send a signed consent form before publication. Consent must be obtained for all Case Reports and Clinical Pictures.

The Lancet's content Editorial

The voice of *The Lancet*, editorials are written in house by the journal's editorial-writing team and signed "*The Lancet*".

Comment

Most are commissioned, but spontaneous Comment pieces (about 700 words and 10 or so references) are welcome on someone else's paper or other report published elsewhere within the past month or so, or on an event in the near future. We will also consider longer Comments, especially on clinically relevant topics (about 1,000 words, 15–20 references, 1–2 figures/panels/tables). Some spontaneous Comment pieces that are thought worth pursuing are peer reviewed.

World Report

The Lancet has a function as an international newspaper covering news about science, medicine, policy issues, and people. Most of the writers are professional journalists, but a significant event in your country that might be of wider interest can be brought to the attention of our World Report editors via editorial@lancet.com.

Perspectives

Reviews of books and other media, Lifelines, and On reflection are often commissioned, but suggestions for contributions are welcome via editorial@lancet.com.

Obituaries

Obituaries are written by our team of professional journalists, but we invite suggestions from readers for people whom we should feature – remarkable individuals who are internationally renowned for their contributions to medicine. Please submit such suggestions within three weeks of an individual's death via editorial@lancet.com.

Correspondence

We welcome correspondence on what we have published in *The Lancet*. Letters to be considered for publication in the print journal must reach us within two weeks of publication of the original item and should be no longer than 250 words. Letters of general interest, unlinked to earlier items in the journal, are also considered, and can be up to 400 words long. Correspondence letters are not usually peer reviewed (we rarely publish original research or Case Reports in this section), but the journal may invite replies from the authors of the original publication, or pass on letters to these authors. Only one table or figure is permitted, and there should be no more than five references and five authors. All letters are edited and proofs will be sent out before publication. The corresponding author's signature will be sought at this stage and is taken to be a signature provided on behalf of all authors.

Adverse drug reactions

Reports of adverse drug reactions are peer reviewed and those accepted are published in the Correspondence section. Length must not exceed 800 words, only one table or figure is permitted, and there should be no more than five references, and no more than five authors.

Department of Error

Any substantial error in what has been published should be corrected as soon as possible. Blame is not apportioned; the important thing is to set the record straight.

Articles

The Lancet gives priority to reports of original research that are likely to change clinical practice or thinking about a disease (*Lancet* 2000; **356**: 2–4). We offer fast-track peer review and publication of randomised controlled trials that we judge of importance to practice or research (see Fast-track publication). We invite submission of all clinical trials, whether phase I, II, or III (see *Lancet* 2006; **368**: 827–28). For phase I trials, we particularly encourage those of a novel substance for a novel indication, where there is a strong or unexpected beneficial or adverse response, or a novel mechanism of action. Systematic reviews of randomised trials concerning diseases that have a major impact on human health also may warrant rapid peer review and publication. Global public-health and health-policy research are other areas of interest to *The Lancet*. We encourage the registration of all interventional trials, whether early or late phase. We also encourage full public disclosure of the minimum 20-item trial registration dataset at the time of registration and before recruitment of the first participant (see *Lancet* 2006; **367**: 1631–35 and http://www.who.int/ictpr/data_set/en/index1.html).

Appendix 5 – Sample Journal Editorial Policy *The Lancet* continued

The registry must be electronically searchable and accessible to the public at no charge. Reports of randomised trials must conform to revised CONSORT guidelines, and should be submitted with their protocols. All reports of clinical trials must include a summary of previous research findings, and explain how this trial affects this summary. The relation between existing and new evidence should be illustrated by direct reference to an existing systematic review and meta-analysis; if neither exists, authors are encouraged to do their own, or to describe the qualitative association between their research and previous findings (see *Lancet* 2005; **366**:107). Cluster randomised trials must be reported according to CONSORT extended guidelines. Randomised trials reporting harms must be described according to extended CONSORT guidelines. Studies of diagnostic accuracy must be reported according to STARD guidelines. Systematic reviews must be written according to the Cochrane Collaboration guidelines. Aim for 3,000 words and 30 references. A semistructured summary in four paragraphs (Background, Methods, Findings, and Interpretation) is needed. Summaries should not exceed 250 words; if space is short, report only the primary outcomes. In EES, you will be asked to copy and paste this section at the “Submit Abstract” submission stage.

The Lancet uses the SI system of units and the recommended international non-proprietary name (rINN) for drug names. Gene names should be those approved by the Human Gene Organisation. Novel gene sequences should be deposited in a public database (GenBank, EMBL, or DDBJ), and the accession number provided. Authors of microarray papers should include in their submission the information recommended by the MIAME guidelines. Necessary additional data should be included as part of your EES submission. Authors should also submit their experimental details to one of the publicly available databases: ArrayExpress or GEO.

Appendix 6 – Product Donation Policy

Product Donation Policy

Destroying or remaindering product costs the company millions of dollars each year. When certain products no longer have commercial viability, they may remain in great demand by qualified, deserving recipients on a local or international level.

Because product donations may have tax and market implications, they should be approved by relevant managers. All product donations must never compromise the commercial interests of the company or, to the extent possible, create any adverse liabilities.

However, when and where appropriate, we encourage business units to seek domestic outlets or those in the developing world for surplus or non-saleable product to registered charities. Donations should be useful and not an excuse to dump unwanted material.

Business units, with relevant management approval and control, may also decide to make donations of new or commercially viable material for educational or humanitarian purposes.

All donated physical product should be clearly stamped or labelled, 'Donated by [Reed Elsevier or business unit name]: Not for Resale.'

All donations should be recorded and reported in the community survey, which catalogues Reed Elsevier's giving, conducted by the accounting services group annually.

Appendix 7 – Sample 2006 Remediation Reports

	Non-Compliance	Actions Taken to Comply	Follow-Up Action
Manufacturer: prepress, composition Report # IDA-2392-01 Location: New Delhi, India Audit Date: November 9 and 10, 2006	1 Total overtime hours worked exceeded legal limit	Revised overtime policy and now track overtime through online system	Review overtime records in 6 months
	2 October 2006 overtime wages were not paid within timeframe required	Changed payment of wages to second day of following month	Completed
Manufacturer: origination, books and journals Report # IDA-2424-01 Location: Noida, India Audit Date: November 22, 2006	1 Evacuation Plan was not displayed	Evacuation plan now displayed at various locations	Completed – photo proof received
	2 Total overtime hours and number of days worked exceeded legal limit	Instruction given to not exceed limits	Review overtime records in 6 months
Manufacturer: origination, journals Report # IDA-2428-01 Location: Chennai, India Audit Date: November 23, 2006	1 Proof of age records not maintained	Obtained documentary evidence of age from all employees and changed policy to collect at time of hire	Completed
	2 Overtime wages not calculated at required rate	Adjusted overtime rates to be in compliance	Review overtime records in 6 months
	3 Work subcontracted without written consent of RE	Formal consent from RE received	Completed
	4 Posting of RE Code of Conduct	Reed Elsevier Code of Conduct posted	Replace copy, as needed, due to wear and tear

Appendix 8 – Reed Elsevier Socially Responsible Supplier (SRS) Group

Mission

Reed Elsevier holds suppliers, including pre-press, printers, paper manufacturers, data converters, media providers and freight forwarders, to the same standard of conduct it sets for itself: adhere to all laws to which subject and embody and promote best practice in business operations, treatment of employees and respect for the environment, as indicated in the ten principles of the United Nations Global Compact to which Reed Elsevier is a signatory. These principles are reflected in our Supplier Code of Conduct ("Code") which we ask key suppliers to sign and to post prominently in the workplace (key suppliers are those constituting at least \$1 million in sales or 25% or greater of annual supplier category spend). To monitor compliance, we regularly conduct internal and external audits of key suppliers and review their environmental and other performance information. Suppliers in violation of the Code or its parts will be subject to remediation agreements; failure to rectify non-compliance can lead to contract termination.

Activities

Among its activities, the RE SRS Initiatives Group:

- maintains a master supplier database with comprehensive information including Code versioning/signing, initiative tracking, audit dates, remediation plans and compliance
- sets and reviews internal and external audit guidelines
- establishes policies and undertakes relevant initiatives including a Supplier Environmental and Paper Survey.

Each supplier receives the Code and additional associated documents as part of any Request for Quote (RFQ) or Request for Proposal (RFP). Upon contract signing, suppliers are required to meet Code requirements and participate in monitoring activities like the Supplier Environmental and Paper Survey, as appropriate and as requested.

Internal and independent external audits are performed on a regular basis. High risk suppliers as determined by the SRS Initiatives Group, such as those operating in areas where human rights, labour, environmental, or other abuses have been known to occur, are audited every two years. Suppliers with repeat Code violations are audited annually. Results are communicated to suppliers along with any remediation required; remediation target dates are agreed and follow-up audits are performed to ensure issues identified have been resolved.

March 2006

Appendix 9 – Charities we supported centrally in 2006

ADOPT – £3,000 to fund heart check-up camps at a Medical Centre in Chharba village, India, and open-heart surgery for one child. www.adoptfoundation.org



AfriKids – £5,700 to support the education of 300 children at the Zuarungu Children's centre in Ghana for one year. www.afrikids.co.uk

Alchemy World – £11,800 to help establish an education and entrepreneurship coaching drop-in centre for unadopted children (aged 16+) leaving the Bahar Dar Orphanage in Ethiopia. www.alchemyworld.org

All Stars Project – £2,777 to support leadership and career training for young people at the Joseph A. Forgione Development School in New York. www.allstars.org

Bethesda Foundation – £7,000 to fund publication of a book on human rights in a South African community with a series of associated outreach workshops in secondary schools.

BookAid International – £16,800 to support a reading promotion project in Sierra Leone and Namibia. £3,275 for urgent repairs to BookAid's forklift, which is used to sort and transport books. www.bookaid.org



Booklink – £5,000 to help the charity hire a national book inspector who will ensure books get to readers in Ethiopia. Funding will also help produce distribution information guides for Booklink staff across Ethiopia.

Book Power – £7,500 to produce low-priced tertiary level textbooks in Business Studies, Catering and Tourism for university students to advance study in developing nations in Africa, the Caribbean and the Indian sub-continent.

Children with Aids – £2,400 to support an education programme that will see young HIV/AIDS infected Londoners conduct work experience for three days a week at the charity. www.cwac.org

Concerns of Police Survivors (COPS) – £2,340 to provide educational scholarships for a child of a fallen law enforcement officer in various locations in the USA. www.nationalcops.org

Dyslexia Action – £6,000 to support a Fulfilling Potential Fund that will provide bursaries for assessment and tuition for young people from disadvantaged families in the UK. www.dyslexiaaction.org.uk

Friends of Chernobyl's Children (Mid Sussex) – £2,500 to bring a disadvantaged child affected by the Chernobyl disaster from Belarus to Sussex, England for one month a year over five years on an educational exchange programme. www.focc.org.uk

Friends United Network (FUN) – £4,850 to cover training costs for volunteers, staff resources and external trainers to further FUN's work fostering outreach to children in London growing up in socially excluded, lone parent families.

Herald Cancer Association – £670 to help produce an informative "Breast Cancer" booklet in Chinese, which will increase breast cancer awareness and knowledge for Chinese-Americans in the USA. www.cancer.cchc.org

HOPEHIV – £8,500 to help fund the education of Masaka Primary school – a boarding school in Uganda for orphans with severe speech and hearing difficulties.

International Law Book Facility – £3,000 to fund the shipping of three cases of donated law books to legal professional bodies, advice centres, pro bono groups, law schools, institutions and individuals in Bangladesh and Swaziland. www.ilbf.org.uk

Appendix 9 – Charities we supported centrally in 2006 continued

Juvenile Court Book Club – £1,500 to support the San Diego Juvenile Court Book Club programme help pregnant or parenting teenage girls (who have been victims of abuse or neglect by their families) to improve their reading skills.

Karuna Trust – £8,500 to help provide shelter, education, counselling, medical treatment and social support for young female runaways in Mumbai, India.

Morris Land Conservancy – £1,700 to support a New Jersey land trust dedicated to preservation and helping disadvantaged young people learn about the environment through involvement in community service projects.

National Board of the French Foreign Trade Advisers – £3,500 to assist in the transport of 4,500 French language books to universities in developing countries so students can access important resources to advance their studies.

National Children's Orchestra of Great Britain – £15,000 to help talented young musicians from disadvantaged communities in Great Britain attend the 2006 Beijing Music Festival in October where they will engage with their Chinese counterparts for an unforgettable life experience.

NPower – £7,500 to upgrade computer technology at Girls Incorporated, a charity enabling girls in at-risk situations to reside in positive, nurturing environments.
www.npowerpa.org

Orlando Opera Company Limited – £4,274 to help the Orlando Opera Company's educational programme, which will see 60,000 fifth-grade students benefit from several performances and also bring art into students' everyday lives.

PEPY – £10,000 for a Bike-to-School Programme which will provide bicycles to students in rural areas of Cambodia as a reward for elementary school graduation and as a means to access secondary schools. www.pepyride.org

Plan UK – £7,500 towards a new primary school in Tawaranda, Togo that will increase access to education for local children.

Reading Quest – £11,500 to fund a Reading Quest tutor to work with up to 30 children in schools in Barton and Cuttesslowe, UK that will increase literacy levels and self-esteem of children who for many reasons need additional support in their learning.

Royal Opera House – £14,000 to support Creative Teachers, a new project providing primary school teachers around the UK with skills to lead their pupils in the creation of an opera, which will give students skills in creativity and confidence, improving their performance across the school curriculum.

Saraswathi Foundation – £15,000 to provide a year's accommodation to 15 girls at The St Andal Girls Home foster home in Bangalore which will allow the girls – who would otherwise be sent away with no home, money and care – to undertake pre-university study. www.12help.org

Southeast Asian Volunteers Group – £5,000 to help provide IT training to at least 90 visually impaired young people in Hanoi, Vietnam, giving them skills enabling them to find gainful employment.

Special Olympics Great Britain – £2,500 to support the participation of young people with learning disabilities in sport, improving their opportunities to enjoy healthy lifestyles. www.specialolympicsgb.org

Strive – £2,500 to help fund the Academics & Arts Programme, focused on English language teaching: fluency, reading, writing and math skills proficiency. www.strive-la.org

Appendix 9 – Charities we supported centrally in 2006 continued

The Children's Society – £5,000 to support the running of ten 'Safe in the City' parenting courses centring on issues such as child behaviour, adolescence, peer pressure and how parents can best communicate with their child.
www.childrenssociety.org.uk

The Children's Trust – £6,250 to help equip a skills training lab with IT resources for children with brain injuries at The Children's Trust; it will form an integral part of the children's therapy and education.
www.thechildrenstrust.org.uk

The Great Knights – £5,000 to fund career-focused scholarships for youth in New York, New Jersey and Connecticut which provide hands on workshops and discovery programmes for young people, giving them the skills necessary to make career and life choices.

The Lapdesk Company – £7,000 to manufacture and supply around 1,500 Lapdesks to South African children who do not have access to a school desk. www.lapdesk.co.za

The San Diego Council on Literacy – £1,700 to support two Literacy Americorps Programme members in delivering literacy programmes at a primary school and a homeless shelter in San Diego, which will increase levels of literacy in children and adults in the San Diego County.

Treloar Trust – £7,500 to help construct a Hall of Residence and an independence flat for severely disabled children. This will replace existing accommodation which was built in the 1960s and is no longer adequate. www.treloar.org.uk

UK Career Academy Foundation – £5,000 to support the London UK Career Academy in spreading their Career Academy programme to 60 students of four schools throughout the London region, helping to provide teaching and learning resources.

UNICEF – £5,100 in support of aid for victims of the Indonesian Earthquake. www.unicef.org

University of Central Florida Foundation – College of Education – £12,500 to assist in the construction of the National Reading Center, which will be a resource for those interested in the art and science of teaching reading, Florida. www.ucf.edu; www.Foundation.ucf.edu; www.eduction.ucf.edu

Vereniging Wereldkinderen (Working group: Pleegzorg Xining) – £7,000 to support the Pleegzorg Xining foster care programme which provides care for children in the Xining Children's Home, Qinghai, China, most of whom are disabled. www.pleegzorgxining.nl; www.wereldkinderen.nl

Voluntary Service Abroad (VSO) – £2,000 to support a Disabilities Empowerment Programme in Kenya which places international volunteer specialists in communities in Kenya to raise awareness about how to respond to the educational needs of children with different disabilities.
www.vso.org.uk

Wasaare Jamm International (WAJI) – £3,486 to assist in the extension of a nursery school in Senegal which will welcome 80 students a day.

Youth Off the Streets – £2,490 toward Youth Off the Streets Life Skills Programme, which helps homeless and other young people in Sydney, Australia gain general skills necessary to live independently by offering a range of services such as money management, education, and social development.

Appendix 10 – LBG Assurance Statement – Elsevier UK (Oxford)



We have been asked by Elsevier UK (Oxford), a division of Reed Elsevier's UK operations, to assess its use of the London Benchmarking Group (LBG) model to measure and report on its corporate community involvement activity during 2006.

Reed Elsevier is an active member of the LBG (London Benchmarking Group). The LBG model helps businesses to improve the management, measurement and reporting of their corporate community involvement programmes. It moves beyond charitable donations to include the full range of contributions (in time, in kind and in cash) made to community causes, and assesses the actual results for the community and for the business. (See www.lbg-online.net for more information).

As managers of the Group, we have worked with Elsevier UK (Oxford) to ensure that it understands the LBG model and applies its principles to the measurement of community involvement programmes. Having conducted an assessment, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.

The Corporate Citizenship Company
www.corporate-citizenship.co.uk
April 2007

Appendix 11 – Ernst & Young LLP Assurance Statement

Independent assurance statement to Reed Elsevier management

Reed Elsevier's Corporate Responsibility Report 2006 (the Report) has been prepared by the management of Reed Elsevier Group plc who are responsible for the collection and presentation of the information within it. Our responsibility, in accordance with Reed Elsevier management's instructions, is to carry out a limited assurance engagement on selected 2006 environmental data from the UK and US businesses contained within Appendix 12 of the Report. We do not, therefore, accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What did we do to form our conclusions?

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000). The environmental data have been evaluated against completeness, consistency and accuracy criteria agreed with the management of Reed Elsevier as follows:

Completeness

→ Whether all material data sources have been included and that boundary definitions have been appropriately interpreted and applied

Consistency

→ Whether the 'Reed Elsevier Environmental Guidance for completion of the Group Environmental Survey (updated 10 January 2007) has been applied

Accuracy

→ Whether site-level data has been accurately collated at Group level

→ Whether there is supporting information for the data reported by sites to Group

In order to form our conclusions we undertook the steps outlined below:

1. Interviewed specialists responsible for managing, collating, and reviewing environmental data at a Group level for internal and public reporting purposes

2. Reviewed a selection of management documentation including guidance documents, environmental data, training materials and the results of previous data reviews
3. Undertook seven one-day visits to key locations in the UK and US to examine the systems and processes in place for managing and reporting environmental data against the environmental data reporting guidance prepared by Reed Elsevier Group. Two sites were visited in the UK and five in the US
4. Additional supporting documentation was sought for a sample of data points for sites not visited through our work. Supporting documentation was sought and reviewed for 25 additional data points
5. Reviewed Appendix 12 of the Report and challenged the environmental data validation and collation processes by following the sample of data collected at the seven sites visited through to the Group reporting level
6. Reviewed Appendix 12 of the Report for the appropriate presentation of the data including the discussion of limitations and assumptions relating to the data presented

Level of assurance

Our evidence gathering procedures have been designed to obtain a sufficient level of evidence to provide a limited level of assurance in accordance with ISAE3000

Limitations of our review

Our scope of work was limited to the following data sets from the UK and US businesses of Reed Elsevier Group:

→ Total energy usage from both electricity, gas and other fuels

→ Carbon emissions from energy usage and transport

→ Water usage

→ Waste (for the UK businesses only)

We have not tested previous years' data. We visited seven sites and undertook tests on 25 data points from 21 further sites, out of a total of 65 possible locations.

We have not sought evidence to support the statements, claims, or data presented within the Report other than that contained within Appendix 12.

Appendix 11 – Ernst & Young LLP Assurance Statement continued

Our conclusions

Based on our review:

- We are not aware of any material reporting units which have been excluded from the UK and US environmental data
- Nothing has come to our attention that causes us to believe that the UK and US environmental data has not been properly collated from the information reported by sites
- We are not aware of any errors that would materially affect the environmental data presented in Appendix 12.

Our observations

Our observations and areas for improvement will be raised in a report to Reed Elsevier's management. Selected observations are provided below. These observations do not affect our conclusions on the Report set out above.

- Across the sites visited we noted that the environmental data reporting and guidance system had been applied in gathering the data presented in Appendix 12
- Supporting documentation for energy and water usage was available at all sites visited and for those that were selected for further review on a sample basis. Supporting documentation for waste data was not always available and reporting performance in this area typically required a greater use of estimation methodologies
- The application of processes to review data at site-level varied. Further refinements to the environmental data collection and Workbook completion procedures are planned for 2007 that aim to address this
- The data collation system for site submissions to Group does not readily allow sites to view revisions made during the Group-level quality review process.

Our independence

This is the first year Ernst & Young LLP has provided independent assurance services in relation to Reed Elsevier's CR reporting. With the exception of this work we have provided no other services relating to Reed Elsevier's approach to CR or any of the business processes relating to the management of the issues discussed in the Report.

Our assurance team

Our assurance team has been drawn from our global environment and sustainability network, which undertakes similar engagements to this with a number of significant UK and international businesses.

Ernst & Young LLP
London
30 March 2007

Appendix 12 – Reed Elsevier UK and US Environmental Data

Basis of reporting

We believe in transparency and in making continuous improvements in our reporting. Following on from the assurance we received last year from KPMG LLP on UK environmental data, we have engaged Ernst & Young LLP to externally review UK and US reported environmental data in 2006. The UK and US are our largest markets and together represent 71% of our business by turnover. As well as expanding coverage, we have extended the assurance scope to include waste data by weight for the UK and CO₂ emissions from energy and transport. We will continue to broaden the scope and coverage of our external assurance going forward.

Progress in 2006

In 2006 we introduced an Environmental Workbook and guidance to provide a standardised format for collecting environmental data. The Environmental Workbook has simplified the checking and assurance processes, made submitting data easier through such measures as automatic conversion of information from local amounts and currencies, and ensured the resulting data is more robust. Methodology was reviewed by Reed Elsevier Internal Audit, while the data was collated through the RE Hyperion Financial Management System with assistance from Reed Elsevier Accounting Services. Facilities managers at each site were responsible for entering data, which was subsequently reviewed by RE Environmental Champions before undergoing substantive internal testing.

Environmental data

Reported environmental data is derived from the 2006 Reed Elsevier Group Environmental Survey (extracted from site Environmental Workbooks) along with information from our transport providers. It covers 63 facilities (21 UK and 42 US) encompassing all four RE divisions: Elsevier, LexisNexis, Harcourt Education, and Reed Business Information. Operations with limited numbers of employees in primarily small leased spaces have been omitted.

The majority of our operations are office-based and energy and water use are directly linked to related heating, lighting, electrical appliances, and sanitation.

Energy Consumption

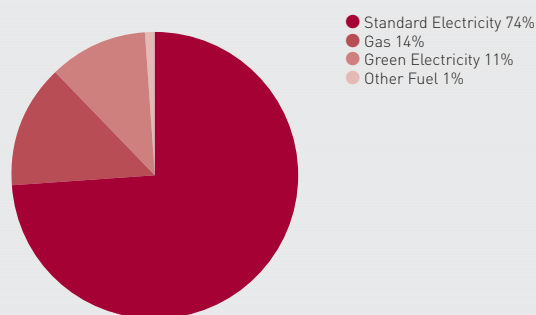
11% of our energy comes from UK green sources, primarily hydro-generation from utility Scottish and Southern. Green electricity is supplied to all UK locations where we have control over energy supply and is considered Climate Change Levy exempt, and thus responsible for zero emissions according to UK Department for Environment, Food and Rural Affairs (DEFRA) guidelines. Gas comprises 14% of our energy supply, while 1% is derived from other fuels for back-up generators to ensure business

continuity.

Energy Usage (mWh) 2006

Standard Electricity	142,946
Green Electricity	21,633
Gas	27,100
Other Fuel	2,274
Total Energy	193,953

2006 Energy Breakdown



Percentage of Total Usage

Water Consumption

UK and US water usage results primarily from sanitation and employee consumption, though at some larger sites we are responsible for irrigation of the surrounding land.

2006 Water usage (m³)

480,060

CO₂ Emissions

UK and US CO₂ emissions were derived from energy data collected through the RE Group Environmental Survey and our travel companies, BCD Travel in the UK and World Travel BTI in the US (covering only bookings made through our travel companies and excluding travel paid for by other companies). Car data included in Scope 1 includes full information for our US fleet and estimated data for the UK fleet due to the unavailability of full distance travelled figures for all cars. The estimate is based on a sample of 21% of the total number of cars for which we could collect full information. We used conversion factors from the DEFRA Guidelines for Company Reporting on Greenhouse Gas Emissions Annexes, updated July 2005, with data ordered according to the Greenhouse Gas Protocol (GHG) Scope guidelines.

Appendix 12 – Reed Elsevier UK and US Environmental Data continued

t/CO₂ by GHG Protocol scope 2006

Scope 1	
Fuel combustion including gas supplied to our facilities whether leased or owned/company owned vehicles	14,571
Scope 2	
Purchased electricity for own use	61,467
Scope 3	
Business travel	44,843
Total Emissions	120,881

Waste

Waste data is for UK operations. We recycled 38% of our waste in 2006. We aim to expand this to 50% by 2009 on a 2006 baseline. We were unable to collect waste data from five UK operations in 2006, thus we have estimated waste produced at these sites by the number of 'People in Places' which includes all full time employees, contractors, and part-time employees at each reporting location. We intend to expand waste data coverage in 2007.

2006 UK Waste Disposed	metric tonnes
Landfill	701
Incinerated	53
Recycled	472
Total Waste Disposed	1,226

Areas for improvement

The RE Environmental Management System commits us to continually improving our environmental management and information systems. In 2006 we took steps to improve data collection, by standardising methodology such as reporting periods. This led to better reliability and comparability of resulting data. However, there is more we can and will do going forward including:

- Improving Environmental Workbook and Reporting Guidelines based on feedback from the 2006 Group Environmental Survey, to ensure our environmental data is even more robust
- Reviewing key findings and implementing Ernst & Young LLP recommendations resulting from the assurance process
- Continuing to enhance communication across RE about the importance of data quality to drive improved performance and better reporting for internal and external stakeholders.

Independent assurance

We sought independent review to gain assurance on the accuracy of our reported UK and US environmental information. The external review encompassed core environmental impact areas: energy, CO₂ emissions (following GHG protocol), water and UK waste. Ernst & Young LLP's independent assurance opinion can be found on pages 112 and 113.

Appendix 13 – GRI Index

The Global Reporting Initiative (GRI) is an international framework for voluntary reporting of the economic, environmental and social impacts of company performance. The table below indicates the areas of our report which cover the GRI 3 (the third generation of guidelines) and whether we have done this fully, in part or not at all. We believe that the RE CR Report represents a balanced and reasonable presentation of our company's performance and have self declared our reporting level against the criteria in the GRI application levels as B.

Application Level Criteria

Reports intended to qualify for level C, C+, B, B+, A or A+ must contain each of the criteria that are presented in the column for the relevant level.

Report Application level		C	C+	B	B+	A	A+
Standard Disclosures	<div><div>G3 Profile Disclosures</div><div>Output</div></div>	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Same as requirement for Level B		
	<div><div>G3 Management Approach Disclosures</div><div>Output</div></div>	Not required		Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category
	<div><div>G3 Performance Indicators & Sector Supplement Performance Indicators</div><div>Output</div></div>	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic and environment			Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility		Report on each core G3 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission
							*Sector supplement in final version

Reporting Status Key:

- We report against this indicator
- We partially report against this indicator
- We do not report against this indicator

AI = Additional Indicator

Appendix 13 – GRI Index continued

GRI 3 Reporting Element

Profile, Strategy & analysis

- 1.1 CEO Statement.
- 1.2 Description of key impacts, risks and opportunities.

Organisational Profile

- 2.1 Company name.
- 2.2 Primary brands, products, and/or service.
- 2.3 Operational structure of the organisation.
- 2.4 Location of organisation's headquarters.
- 2.5 Countries where organisation operates.
- 2.6 Nature of ownership and legal form.
- 2.7 Markets served.
- 2.8 Scale of the reporting organisation.
- 2.9 Significant changes during the reporting period.
- 2.10 Awards received in the reporting period.

Report Parameters

Report Profile

- 3.1 Reporting period.
- 3.2 Date of most recent previous report.
- 3.3 Reporting cycle (annual, biennial, etc.).
- 3.4 Contact point for questions regarding the report or its contents.

Report Scope and Boundary

- 3.5 Process for defining report content.
- 3.6 Boundary of the report.
- 3.7 Specific limitations on the scope or boundary of the report.
- 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.
- 3.9 Data measurement techniques and the bases of calculations.
- 3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.
- 3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

GRI Content Index

- 3.12 Table identifying the location of the (GRI) Standard Disclosures in the report.

Assurance

- 3.13 Policy and current practice with regard to seeking external assurance for the report.

Reporting Status

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Where this can be found in this report

See page: CEO Statement
See pages: CEO Statement; 3; 8; 9; 17
24; 38; 46; 57

See page: CEO Statement
See pages: 2-7
See pages: 87-88
See pages: 1; 87-88
See pages: 3; 87-88
See pages: 86-88
See pages: 3-7
See pages: 3-7; 15
See pages: 2-7; 87-88
See pages: 14; 77; 13; 28

See page: 8
See page: 8
See page: 8
See pages: 1; 83

See pages: 83; 84
See pages: 2-15; 84
See pages: 2-15

See pages: 2-7; 15-16; 60
See pages: 15-16; 45; 48; 58-77
See pages: 15-16; 58-77

See pages: 10-13; 15-16; 17; 24; 38;
46; 57

See pages: 110-114

See pages: 14; 83; 110-114

Appendix 13 – GRI Index continued

Governance, Commitments, and Engagement		Reporting Status	Where this can be found in this report
Governance			
4.1	Governance structure of the organisation.	...	See pages: 87-88
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	...	See pages: 8; 87-88
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	...	See pages: 38; 87-88
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	...	See pages: 17; 38-39
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	...	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	...	See pages: 20; 23
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	...	See page: 87
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	...	See pages: 22; 34-35; 87-88
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	...	See pages: 87-88
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	...	See page: 8
Commitments To External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	...	See page: 22
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	...	See pages: 74; 84; 09
4.13	Memberships in associations and/or national/international advocacy organisations in which the organisation: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership duties or; views membership as strategic.	...	See pages: 14; 83

Appendix 13 – GRI Index continued

Stakeholder Engagement	Reporting Status	Where this can be found in this report
4.14 List of stakeholder groups engaged by the organisation.	...	See page: 83
4.15 Basis for identification and selection of stakeholders with whom to engage.	...	See page: 83
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	...	See pages: 27; 83
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	...	See pages: 26; 27
Disclosure of Management Approach		
→ Economic	...	see pages: 11; 24
→ Environmental	...	see pages: 13; 57; 59; 80-81
→ Social	...	CEO Statement; 8; 12; 48; 56
Economic Performance Indicators		
Aspect: Economic Performance		
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	..	See pages: 15-16; 99-101
EC2 Financial implications and other risks and opportunities for the organisation activities due to climate change.	...	See page: 66
EC3 Coverage of the organisation defined benefit plan obligations.	.	
EC4 Significant financial assistance received from government.	.	
Aspect: Market Presence		
EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. (AI)	.	
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	..	See pages: 34-36; 77
EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	.	
Aspect: Indirect Economic Impacts		
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	...	See pages: 15-16; 52; 99-101
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts. (AI)	.	

Appendix 13 – GRI Index continued

Environmental Performance Indicators

Aspect: Materials

- EN1 Materials used by weight or volume.
EN2 Percentage of materials used that are recycled input materials.

Aspect: Energy

- EN3 Direct energy consumption by primary energy source.
EN4 Indirect energy consumption by primary source.
EN5 Energy saved due to conservation and efficiency improvements. [AI]
EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. [AI]
EN7 Initiatives to reduce indirect energy consumption and reductions achieved. [AI]

Aspect: Water

- EN8 Total water withdrawal by source.
EN9 Water sources significantly affected by withdrawal of water. [AI]
EN10 Percentage and total volume of water recycled and reused. [AI]

Aspect: Biodiversity

- EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
EN13 Habitats protected or restored. [AI]
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. [AI]
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. [AI]

Aspect: Emissions, Effluents, and Waste

- EN16 Total direct and indirect greenhouse gas emissions by weight.
EN17 Other relevant indirect greenhouse gas emissions by weight.
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved. [AI]
EN19 Emissions of ozone-depleting substances by weight.
EN20 NO, SO, and other significant air emissions by type and weight.
EN21 Total water discharge by quality and destination.
EN22 Total weight of waste by type and disposal method.
EN23 Total number and volume of significant spills.

Reporting Status

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Where this can be found in this report

See pages: 73; 74

See pages: 75-76

See page: 61

See page: 61

See pages: 57; 58; 60-63

See pages: 62; 67

See page: 63

See page: 69

See pages: 78-79

See pages: 78; 79

See pages: 78; 79

See pages: 78; 79

See pages: 67; 68

See pages: 68; 71-72

See page: 75

See page: 59

Appendix 13 – GRI Index continued

	Reporting Status	Where this can be found in this report
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (AI)	•	
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation discharges of water and runoff. (AI)	•	
Social Performance Indicators – Labour Practices and Decent Work		
Aspect: Employment		
LA1 Total workforce by employment type, employment contract, and region.	••	See pages: 15; 38
LA2 Total number and rate of employee turnover by age group, gender, and region.	••	See page: 38
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (AI)	•	
Aspect: Labour/Management Relations		
LA4 Percentage of employees covered by collective bargaining agreements.	•	
LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	•	
Aspect: Occupational Health and Safety		
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes. (AI)	••	See pages: 12; 39; 43-45
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	•••	See page: 45
LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	•	
LA9 Health and safety topics covered in formal agreements with trade unions. (AI)	•	
Aspect: Training and Education		
LA10 Average hours of training per year per employee by employee category.	•••	See pages: 12; 41
LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (AI)	•••	See page: 41
LA12 Percentage of employees receiving regular performance and career development reviews. (AI)	•••	See page: 41

Appendix 13 – GRI Index continued

	Reporting Status	Where this can be found in this report
Aspect: Diversity and Equal Opportunity		
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	••	See pages: 15; 38
LA14 Ratio of basic salary of men to women by employee category.	•	
Social Performance Indicators – Human Rights		
Aspect: Investment and Procurement Practices		
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	••	See pages: 34; 77
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	••	See pages: 34; 77
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (AI)	••	See page: 22
Aspect: Non-Discrimination		
HR4 Total number of incidents of discrimination and actions taken.	•	
Aspect: Freedom of Association and Collective Bargaining		
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	•••	See pages: 26-28
Aspect: Child Labour		
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	•••	
Aspect: Forced and Compulsory Labour		
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	••	See page: 22
Aspect: Security Practices		
HR8 Percentage of security personnel trained in the organisation policies or procedures concerning aspects of human rights that are relevant to operations. (AI)	•	
Aspect: Indigenous Rights		
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken. (AI)	•	

Appendix 13 – GRI Index continued

Social Performance Indicators – Society

Aspect: Community

S01 Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

Reporting Status

•••

Where this can be found in this report

See pages: CEO Statement; 12; 46-56

Aspect: Corruption

S02 Percentage and total number of business units analysed for risks related to corruption.

•••

See pages: 14; 83

S03 Percentage of employees trained in organisation's anti-corruption policies and procedures.

•

S04 Actions taken in response to incidents of corruption.

•••

See pages: 22-23

Aspect: Public Policy

S05 Public policy positions and participation in public policy development and lobbying.

•••

See pages: 14; 83

S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (AI)

•

Aspect: Anti-Competitive Behaviour

S07 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. (AI)

•••

See pages: 22-23

Aspect: Compliance

S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

•

Social Performance Indicators – Product Responsibility

Aspect: Customer Health and Safety

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

•

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. (AI)

•

Aspect: Product and Service Labelling

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

•

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. (AI)

•

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (AI)

•••

See page: 30

Appendix 13 –
GRI Index
continued

	Reporting Status	Where this can be found in this report
Aspect: Marketing Communications		
PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	•	
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. (AI)	•	
Aspect: Customer Privacy		
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (AI)	•	
Aspect: Compliance		
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	•	

