



 Reed Elsevier

**United Nations  
Global Compact**  
Communication on  
Progress 2007



Corporate responsibility means building on our expertise to further this agenda. Examples include using our technological know-how to deliver new, value-added products and services; expanding our involvement in 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 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."

This Communication on Progress provides a review of how we are applying the ten principals. As one of the world's largest media companies, it reflects our interest in transparency and desire to be a market leader in all aspects of our operations.

Sir Crispin Davis, CEO

# Table of Contents

Page	
4	Our Business
5	Defining Our Corporate Responsibility Agenda and Key Developments in 2006
7	Implementing the Ten Principles
9	<b>Principle 1</b> Support and respect the protection of internationally proclaimed human rights
9	<b>Principle 2</b> Make sure that we are not complicit in human rights abuses.
11	<b>Principle 3</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining
12	<b>Principle 4</b> Elimination of all forms of forced and compulsory labour
14	<b>Principle 5</b> Effective abolition of child labour
15	<b>Principle 6</b> Elimination of discrimination in respect of employment and occupation
17	<b>Principle 7</b> Support a precautionary approach to environmental challenges
19	<b>Principle 8</b> Undertake initiatives to promote greater environmental responsibility
21	<b>Principle 9</b> Encourage the development and diffusion of environmentally friendly technologies
23	<b>Principle 10</b> Work against corruption in all its forms, including extortion and bribery
24	Appendix 1 Corporate Structure
25	Appendix 2 Corporate Governance
26	Appendix 3 Reed Elsevier Values
27	Appendix 4 Our Code of Ethics

## Our Business

Reed Elsevier is a world leading publisher of science and medical, legal and business information for professional users. Every year our operating divisions produce more than 15,000 different magazines, books, CD ROMs and internet based data and information services. Our three divisions, Elsevier, LexisNexis and Reed Business, deliver authoritative content through market leading brands, enabling our professional customers to find the essential data, analysis and commentary to support their decisions.



[www.elsevier.com](http://www.elsevier.com)

**Elsevier** is a world leading provider of scientific, technical and health information for professional users. These include scientists and researchers, doctors, nurses and health practitioners, academics and students. Elsevier's 20,000 products and services include print and online journals, books, CDs, databases and portals. Elsevier's innovative electronic products include its ScienceDirect platform, the Scopus database, the award winning scientific web search engine Scirus and MD Consult.

Its world-renowned publications include *Gray's Anatomy*, *The Lancet*, *Tetrahedron* and *Cell*.



[www.lexisnexis.com](http://www.lexisnexis.com)

**LexisNexis** is a global provider of authoritative legal, tax, regulatory, public records, news and business information solutions, both online and in print. LexisNexis uses new advanced technology to allow law firms and businesses to customise products to the specific information needs and language of a country, jurisdiction or market, with seamless searching and linking.

LexisNexis works with legal and business professionals across six continents, providing information solutions through some of the world's most respected and authoritative imprints, such as *Martindale-Hubbell*, *Butterworths*, *Tolley*, *Juris Classeur*, *Matthew Bender*, *Abeledo-Perrot*, *Orac* and *LexisNexis*.



[www.reedbusiness.com](http://www.reedbusiness.com)

**Reed Business** is a leading global business-to-business publisher and exhibition organiser, providing magazines, exhibitions, conferences, online media, directories and marketing services to business customers across six continents.

Reed Business Information has a portfolio including leading brands such as *Variety*, *EDN* and *Interior Design* in the US; *Community Care*, *New Scientist*, *Estates Gazette*, *totaljobs.com* and *Kellysearch* in the UK; Elsevier, Boerderij, and DistriFood in the Netherlands. Reed Exhibitions manages 460 events globally in 52 industries, bringing together 90,000 suppliers and 5.5 million buyers each year.

## Our Corporate Responsibility Approach and Key Developments

Over the last year we made progress in each of the five areas – corporate governance, marketplace, workplace, community and environment – that comprise our corporate responsibility agenda.

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 CR policy is also shaped by our membership in Business in the Community, Earthwatch, the London Benchmarking Group, the Corporate Responsibility Group, as well as involvement with the UK All Party Parliamentary Group on Corporate Responsibility.

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 examining how joint action might improve media literacy, especially public access and understanding of media.

In 2006 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.

### Composition of the CR Forum

Chairman CEO

Members:

CR Director  
General Counsel/Company Secretary  
Director of Corporate Relations  
Head of Organizational Development  
Director of Group Taxation  
Director of Strategy  
Corporate Audit Services Director  
Corporate Finance Director  
Group Chief Accountant  
Global Supplier Management Director  
LexisNexis Director of Corporate  
Responsibility  
RBI CEO of International Business Unit  
Elsevier Director of Strategy

Our CR agenda is bolstered by ongoing dialogue: with employees through such mechanisms as the Reed Elsevier 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.

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 (NBA), and have recently been short listed for the overall 2007 NBA Corporate Responsibility Award, 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.

## Implementing the Ten Principles in our Business

Since becoming a signatory, Reed Elsevier has sought ways to advance the principles of the UN Global Compact (UNGC) within the company and beyond. In 2006 Reed Elsevier served on the UK Network steering group, chaired the Communications subgroup, and helped launch a new UK Network website. We liaised with the US, South African and Dutch Networks, and participated in the UNGC Learning Forum in Accra, Ghana, among other initiatives.

### 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 business units, including new online training courses developed by our LexisNexis division; oversight by the 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; the RE 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 and Supplier Code of Conduct and the Environmental Management System
- Proactive approach to environmental transparency participating in initiatives like the Carbon Disclosure Project and Business in the Community's Environmental Index
- 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 and Supplier Code of Conduct and the RE Environmental Management System
- Numerous RE publications that promote environmental awareness and knowledge 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](http://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 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



# Human Rights

## Principle 1

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

## Principle 2

Make sure that they are not complicit in human rights abuses

## Implementing the Principles

These Principles are incorporated in RE's Code of Ethics and Business Conduct, Supplier Code of Conduct and RE divisional harassment and other policies:

*"Reed Elsevier supports and respects international human rights within the Company's sphere of influence. Reed Elsevier also seeks to ensure that the Company is not complicit in human rights abuses."*

RE Code of Ethics and Business Conduct

[http://www.reedelsevier.com/media/pdf/f/p/Reed\\_Elsevier-Code\\_of\\_Ethics\\_and\\_Business\\_Conduct-Sep\\_2006\\_1.pdf](http://www.reedelsevier.com/media/pdf/f/p/Reed_Elsevier-Code_of_Ethics_and_Business_Conduct-Sep_2006_1.pdf)

Our Supplier Code of Conduct, built around the UN Global Compact, [http://www.reedelsevier.com/media/pdf/e/i/Reed\\_ElsevierPLC-Supplier\\_Code\\_of\\_Conduct-March2006\\_1.pdf](http://www.reedelsevier.com/media/pdf/e/i/Reed_ElsevierPLC-Supplier_Code_of_Conduct-March2006_1.pdf), contains standards on child labour, involuntary labour, wages, coercion and harassment, non-discrimination, freedom of association, and health and safety. It makes clear *"at Reed Elsevier we are committed to:*

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

In 2006, we revised our Code of Ethics 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. We regularly review internal and external auditing of compliance with RE's Code of Ethics and Supplier Code of Conduct to ensure the Code's principles are met. During 2006, 13,000 employees completed a new online training course on our Code of Ehtics and Business Conduct. We anticipate reaching 20,000 employees trained in the Code this year.

RE also incorporates Principle 1 and 2 in divisional harassment and other policies, accessible to all employees on the RE intranet.

## Principle in Action

We seek in our giving of products, services and cash to advance global human rights. For example, in 2006 we supported the Bethesda Foundation's publication of a book on human rights in South Africa, bolstered by outreach workshops in secondary schools.

*"Ensuring that I am properly equipped to do what is required of me is central to being part of Reed Elsevier. Reed Elsevier believes that its people are its most important asset and for that reason they make sure I can perform at my best. I can be confident that I am always at the forefront of modern management and business practices. I really do feel that Reed Elsevier practices its corporate Value of "Valuing our People" by ensuring I have the confidence to be the best I can be."*

Mike Booth, Strategic Operations Director at LexisNexis South Africa

# Labour Standards

## Principle 3

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

## Implementing the Principle

This Principle is incorporated in the RE Code of Ethics and Business Conduct:

*"In each of the countries in which it operates, Reed Elsevier complies with applicable laws relating to employment and employment conditions. Reed Elsevier respects employees' rights of freedom of association and representation either through trade unions, works councils or any other appropriate forum."*

## Principle in Action

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, keep abreast of statutory obligations that may be introduced or vary according to jurisdiction.

Our Human Resources Management Council is made up of 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 Group Director of Human Resources and Head of Organisational Development, undertake a group wide talent review twice each year to identify advancement opportunities for current staff and develop the in-house bench strength that will help drive the business forward.

## Principle 4

The elimination of all forms of forced and compulsory labour

### Implementing the Principle

This Principle is incorporated in RE's Code of Ethics and Business Conduct, Supplier Code of Conduct:

*"Reed Elsevier's labour and employment policies and practices are consistent with and are intended to ensure compliance with the principles of the United Nations Global Compact regarding fair and non-discriminatory labour practices."*

*"Reed Elsevier prohibits any verbal or physical abuse, or the threat of it, and any other form of intimidation of or by employees in the course of their work. Among other types of abuse or intimidation"*

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."*

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

## Principle in Action

Internal and external audits by independent auditors ITS are performed on a rolling basis – high risk suppliers are audited every two years and facilities/suppliers where breaches have occurred are audited annually. Results are communicated to suppliers along with any remediation required. Remediation target dates are agreed and follow up audits ensure resolution of outstanding issues. Follow-up audits are performed to ensure identified issues are resolved. For example last year, 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.

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."*

We work collaboratively with suppliers to review key sustainability issues through internal and external audits. We encourage our suppliers to drive socially responsible activities forward in their own supply chain and we seek ways to highlight their best practice activities. In our 2006 CR Report we highlighted the ways one of our key suppliers, Office Depot, an office products company, is working to positively impact their local communities: "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."

## Principle 5

The effective abolition of child labour

### Implementing the Principle

This Principle is incorporated in RE's Code of Ethics and Business Conduct:

"Reed Elsevier operates in many different countries with varying labour standards and conditions. Wherever we do business, we seek to ensure that Reed Elsevier and its vendors provide employees throughout the world with satisfactory working conditions and wages (taking into account local economies), specifically prohibiting the exploitation of employees and the illegal hiring of child labour."

### Principle in Action

Reed Elsevier supports community projects like Karuna Trust, which provides educational support to children in India in order to remove them from child labour. We provided funding for a project to provide educational support in slum communities in Pune, India. Our support helped provide study to nine pre-school kindergarten classes, and support 19 study classes for school-going children. We also supported awareness raising and vocational training sessions for the children's parents, to help them provide an ongoing supportive framework. [www.karuna.org](http://www.karuna.org)

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!"

## Principle 6

The elimination of discrimination in respect of employment and occupation

### Implementing the Principle

This Principle is incorporated in RE's Code of Ethics and Business Conduct:

*"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."*

It is also part of our Supplier Code of Conduct:

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

## Principle in Action

One of RE's core values is Valuing our People which encourages a work environment based on respect and open and honest communication.

Approximately every 18-24 months the REspond global employee opinion survey is conducted. It helps to continue effective workplace policies and address any weaknesses. All employees are asked to assess how they believe we are living up to our values. Despite our businesses having experienced tough market conditions, most employees felt in the last survey that Reed Elsevier performed better than in previous years. We used the information, particularly feedback on areas for improvement, to make effective changes. In order to increase participation in the 2006 survey, we donated \$0.50 to Save the Children for each survey completed within the first two weeks of its circulation. This 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.



# Environment

## Principle 7

Businesses should support a precautionary approach to environmental challenges

## Implementing the Principle

This Principle is incorporated in RE's Code of Ethics and Business Conduct:

*"Reed Elsevier recognises that its businesses have an impact on the environment, principally through the use of energy and paper, the use of print and production technologies and the recycling of waste. Reed Elsevier is committed to ensuring that this impact is reduced where practicable and to abide by the three principles on the environment that are set out in the United Nations Global Compact: 1) to support a precautionary approach to environmental changes; 2) to undertake initiatives to promote greater environmental responsibility; and 3) to encourage the development and diffusion of environmentally friendly technologies.*

*"To satisfy this commitment, Reed Elsevier seeks to ensure that the resources and materials used by our businesses are sustainable, are capable of being recycled and are used effectively with the minimum of waste; that where practicable, we utilise technologies, materials and processes which do not have an adverse impact on the environment and, where such impact is unavoidable, it is minimised; and that our suppliers and contractors have the same objectives."*

It is also part of our Supplier Code of Conduct:

*"Suppliers are to ensure that the resources and materials they use are sustainable, are capable of being recycled and are used effectively with a minimum of waste unless Reed Elsevier specifically requests Supplier to use a specific product or material. Where practicable, Suppliers also are to utilize technologies that do not adversely effect the environment; and, when such impact is unavoidable, to ensure that it is minimised."*

## Principle in Action

In 2006, Reed Elsevier became a founding member of PREPS (Publishers for Responsible Environmental Paper Sourcing). The PREPS group has established a database to aggregate the technical specifications of the pulps and forest sources for our major production papers.

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 UK) and scope. Reed Elsevier employed Ernst & Young to conduct an environmental audit of UK and US operations.

We are guided in our efforts by the RE Environmental Management System (EMS), based on ISO 14001 criteria.

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.

## Principle 8

Undertake initiatives to promote greater environmental responsibility

### Implementing the Principle

This Principle is incorporated in both RE's Code of Ethics and Environment Management System.

Environmental awareness is promoted through our corporate environmental intranet forum The gREen Room. This enables offices to share examples of best practice and guidelines for energy and waste management in the workplace. 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. To help advance environmental goals by key facilities we developed an Environmental Workbook to aid Environmental Champions in gauging yearly usage figures. In 2006 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.

The RE Environmental Management System can be read at [http://www.reedelsevier.com/media/pdf/s/h/Environmental\\_Management\\_System\\_2006.pdf](http://www.reedelsevier.com/media/pdf/s/h/Environmental_Management_System_2006.pdf)

### Principle in Action

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.

We participate in environmental benchmarking activities like the annual Business in the Environment (BiE) Index and the Carbon Disclosure Project among other benchmarking projects and surveys.

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 CO<sub>2</sub>.

## Principle 9

Encourage the development and diffusion of environmentally friendly technologies

### Implementing the Principle

This Principle is incorporated in RE's Code of Ethics and Business Conduct and Supplier Code of Conduct as outlined in Principle 7.

Numerous Reed Elsevier publications promote environmental awareness and understanding such as "Journal for Nature Conservation;" "The Management of Solid Waste in Europe;" "Macroeconomic Analysis of Environmental Policy;" and "Environmental Sustainability, a Virtual Journal."

Our Reed Exhibitions division extends environmental knowledge through shows such as OI 06 (<http://www.oi06.com/>), the world's largest marine science and ocean technology exhibition. The division also runs the largest environmental engineering conference Pollutec. Over the last two years Pollutec showcases its own environmental efforts by using recycled paper, maximizing 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.

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.

## Principle in Action

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. In 2006 we 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 CO<sub>2</sub> emissions by 2010 from a 2003 baseline.

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](http://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.

## Principle 9 Case Study: PREPS

Because paper remains a major environmental impact area for Reed Elsevier, as stated in our EMS (available at [www.ReedElsevier.com](http://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 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.

# Anti-corruption

## Principle 10

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

This Principle is incorporated in RE's Supplier Code of Conduct which states:

*"Suppliers must comply with all laws related to bribery, extortion and other forms of corruption, and will abide by the related principle adopted in the United Nations Global Compact, which provides that 'business should work against corruption in all its forms, including extortion and bribery.'"*

And the RE Code of Ethics and Business Conduct makes clear:

*"Bribery occurs when anyone offers, solicits, gives, receives or accepts anything of value in exchange for favourable treatment by a company, government authority or official. It also occurs when a company secures an unfair advantage over its competitors through secret and corrupt dealings with prospective customers. Bribery is illegal, and any Reed Elsevier employee who elicits, participates in or condones a bribe, kickback, or other unlawful payment or attempts to participate in any such activity, will be subject to strict disciplinary action, up to and including termination. Reed Elsevier also reserves the right to refer such matters to public authorities for possible criminal prosecution."*

## Principle in Action

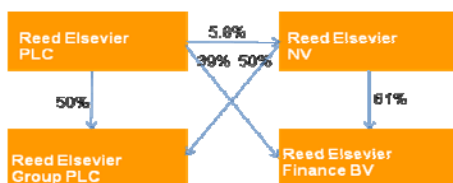
We actively promote training on the RE Code of Ethics and Business Conduct. Divisional sales managers complete the online course: "Competing Fairly" covering competition law regarding competitors and customers.

# Appendix 1

## 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.



## Appendix 2

### Corporate Governance Background



We believe good governance is essential for 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).

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](http://www.reedelsevier.com). See also Appendix 1.

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."



## Appendix 3

### Reed Elsevier Values

The Reed Elsevier values are the starting point for all we do. Customer Focus, Valuing our People, Passion for Winning, Innovation and Boundarylessness are the five guiding principles behind our activities. We monitor the progress of each division as it embeds 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 a Reed Elsevier 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.

**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.

## Appendix 4

### Our Code of Ethics

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.