



Reed Elsevier and Corporate Responsibility Our Performance in 2003

Reed Elsevier with its four divisions – Elsevier (science and medical), LexisNexis (legal), Harcourt (education), and Reed Business Information (business) - believes that corporate social responsibility (CSR) matters. As one of the world's leading media companies we have a responsibility to all our stakeholders - employees, customers and the communities and environments – where we live and work.

The following review is part our commitment to transparency in reporting our CSR performance and is indicative of our goal to be a market leader in all aspects of our operations.

A handwritten signature in black ink that reads 'Crispin Davis'. The signature is written in a cursive style and is underlined with a single horizontal line.

Sir Crispin Davis, CEO

Key accomplishments during 2003 include:

- *Setting clear objectives, measurement systems and sharpening accountability*
- *Launching a new Code of Ethics and Business Conduct*
- *Introducing a Vendor Code of Conduct*
- *Conducting a second global employee survey*
- *Expanding our community engagement*
- *Advancing our environmental management system*

During the year we established a CSR Forum led by CEO Sir Crispin Davis to explore Reed Elsevier's key CSR issues of governance, marketplace, workplace, community and the environment. This Forum, which comprises a newly appointed CSR Director and other senior managers, looks at the company's CSR risks and opportunities, policies, and goals, and will monitor progress against them.

We are committed to transparency and report regularly to stakeholders including employees and shareholders on our CSR performance. We are members of the UK's Business in the Community (BitC); the London Benchmarking Group; the Dow Jones Sustainability Index; the FTSE4Good Index and the PerCent Club. We are members of the CSR Media Forum comprised of sector peers and have participated in the development of a statement on key CSR issues affecting the industry.

In BitC's 2003 Corporate Responsibility Index we were placed first overall in the media sector and led our industry in the companion Business in the Environment Index (our absolute ranking of the top 100 companies was 23rd place). Morley Fund Management upgraded Reed Elsevier to a B2 grade for socially responsible investors and the Ethical Investment Research Service (EIRIS) noted "Reed Elsevier has provided good disclosure of its systems for engaging with its stakeholders."

1. Governance – Embedding the Reed Elsevier Values

2004 Objectives: Use of CSR Forum to monitor CSR risks, policy, and programmes; continue to find ways to facilitate understanding of the Code of Ethics and Business Conduct among all employees; stay abreast of trends in company law; further involvement with the UN Global Compact; address issues resulting from CSR Media Forum Stakeholder analysis

The Reed Elsevier Values are a starting point for all we do. Customer Focus, Valuing Our People, Passion For Winning, Innovation and Boundarylessness are five guiding principles for our activities. We monitor the progress of each division in embedding the values in their processes. Senior executives are assessed on their values leadership.

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

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.

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.

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.

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.

Entrenching the Reed Elsevier values is an on-going process. We provide training on the values as part of a new orientation website. We hold special events celebrating the values – for example, at head office a different month during the year was devoted to each value. During Passion for Winning month staff met representatives from all four business units who introduced cutting edge products. The exercise, while devoted to one value, cut across others including Customer Focus (demonstrating a commitment to ensuring what we deliver surpasses customer expectations) Valuing Our People (training and development), Innovation (creativity translated into market leading offerings), and Boundarylessness (bringing colleagues together across business, functional and geographic boundaries).

A central aspect of the Personal Development Plan completed annually by all members of the group is a review of how we “live the values.” And the Values Awards recognise those staff across the group who embody the values in their work.



Recognising a Passion for Winning

René Leermakers, publishing director of the Healthcare and Travel Group, at Reed Business Information in the Netherlands was honoured with a 2003 Passion for Winning Award. As his CEO Herman van Campenhout noted in his presentation about René's work, "He deserved the award because of his outstanding performance on achieving his targets and beating the competition, despite a tough economy. But he also succeeded in upgrading his group and RBI as a whole."

The Reed Elsevier Values are implicit in our Code of Ethics and Business Conduct, which underlines the company's commitment to its employees and ethical working practice. The Code applies to all of our business units worldwide, amended as necessary to comply with local legislation.

The Code represents a commitment to excellence and ethics, with clear provisions covering, among other areas, acceptance of gifts and entertainment, proprietary and confidential information, political involvement, fraud, competition and antitrust laws, bribery, advertising and promotional activities, human rights, environment, Code compliance and protection against retaliation.

In addition to complying with the policies and practices of the Code, Senior Officers of Reed Elsevier must abide by the requirements of a separate Reed Elsevier Code of Ethics for the Chief Executive and Senior Financial Officers.

As part of good governance we meet all statutory obligations where we do business, including the Sarbanes-Oxley Act in the United States. We stay abreast of developments that may affect company behaviour, including the Company Law Review and the proposals for a statutory Operating and Financial Review (OFR) in the United Kingdom, and the Tabaksblat Code on corporate governance in the Netherlands. We seek always to follow best corporate governance practice and to go beyond minimum requirements. We are a signatory to the United Nations Global Compact, a voluntary commitment to uphold core values in human rights, labour standards and the environment, and its nine principles are incorporated into our Code of Ethics.

The Nine Principles of the United Nations Global Compact

HUMAN RIGHTS

Principle 1: Support and respect the protection of international human rights within the company's sphere of influence

Principle 2: Make sure the company is not complicit in human rights abuses

LABOUR STANDARDS

Principle 3: Freedom of association and the effective recognition of the right to collective bargaining

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

Principle 5: The effective abolition of child labour

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

ENVIRONMENT

Principle 7: Support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

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

*At the June 2004 Global Compact Leaders Summit attended by the Reed Elsevier CSR Director, a Principle 10 was adopted, "Businesses should work against corruption in all its forms, including extortion and bribery." This will be incorporated into policy documents where it is not already made explicit, for example, the RE Vendor Code of Ethics.

We took an active role in the CSR Media Forum, comprised of corporate peers like Pearson and United Business Media, working with KPMG to identify CSR issues particular to the media industry including transparent and responsible editorial policy and impartial, balanced, and culturally-diverse output. In 2004 we will be working with the Forum on engaging key stakeholders including members of the socially responsible investment community on their views of core CSR risks for the media sector overall.

2. Marketplace – Customer Focus and Upholding Reed Elsevier Values in our Supply Chain

2004 Objectives: Enhanced reporting on customer relations across the group; wider roll-out of the Vendor Code of Conduct and independent auditing of compliance; maintain momentum of projects disseminating products and services to the developing world

Our customers are fundamental to all our businesses – their satisfaction is essential to our success. As such throughout each division customer service teams engage in ongoing customer dialogue on all aspects of products, sales and service.

At Elsevier, librarians – core users of our science products – serve on a North American Library Board and a European Library Board. They also participate in editorial conferences giving them a chance to engage with the company. During the year Elsevier colleagues launched Product Information Management Strategy (PIMS) a new technology process to streamline changes in journals and related products. Such strategic activity is part of a focus in the divisions on improving product quality, service and reducing costs. Likewise Elsevier's Author Gateway, developed in direct response to market feedback, now allows authors to modify individual journal pages to add information and improve layout.

At LexisNexis market information is shared by customer service teams through regular meetings; communications to all staff; Spectrum, the company's call-tracking tool; and Webstar, the LexisNexis problem escalation/tracking tool. In addition, a field-based systems engineering team obtains customer views on technical issues from the top 250 accounts in the North American Legal Markets section. Customer service representatives receive ongoing product and career development training which enable them to collect customer views and serve as their advocates in the development and roll-out of new

products. Customers also receive training (direct and distance learning) to increase their comfort with and use of online products.

At Harcourt in the United States, staff work with their constituencies, including teachers, to inform product development. A new collection of books, based on current scientific research on reading, and directly aligned with requirements of federal education legislation, was introduced during the year to American schools. The package encompassing teacher guidebooks, lesson planners, student textbooks, and reading material for children reading on, below and above grade level aims to take reading instruction to a higher level.

Reed Business Information engages in regular customer dialogue. In the UK customer service teams meet weekly to monitor customer views and annually utilise the services of Neilson Media Research to benchmark all sales activity.

We listen to customer feedback and constantly aim to add value to our products. For instance the online product ScienceDirect (with over four million full-text articles and 59 million abstracts from all fields of science, covering more than 1800 prestigious Elsevier journals such as *The Lancet* and *The Journal of Molecular Biology*) is constantly expanded to provide even greater access to critical, world-leading information.

We have numerous programmes to assist those in the developing world who require our publications and services. We work with key partner Book Aid International to provide nearly 250,000 books from all four divisions to developing world libraries and educational institutions, primarily in Sub-Saharan Africa. Our staff have also directly lent their support; as part of a global Reed Elsevier Cares Month in September all four UK business divisions held a Bring a Book Week with staff donating over 2000 books to Book Aid (the company matched this with a cash contribution to cover their shipment to Africa). We also gave a gift of £10,000 to Book Aid from our international charitable budget for the purchase of African published books to aid literacy and learning among 15,000 young readers: child refugees and/or children affected by conflict in Somalia, Ethiopia and Kenya.

In a complementary effort, the Elsevier Foundation donated to both Book Aid International and our US book donations charity, Sabre, \$12,500 each to support a joint project distributing science and medical books to libraries, medical schools, and other partner organisations in Tanzania and Ghana. Elsevier also works in conjunction with non-governmental organisations (NGOs) like the Food and Agricultural Organisation, the World Health Organisation (WHO), Cornell's Mann Agriculture Library, the Rockefeller Foundation, and other major scientific publishers on the Access to Global Online Research in Agriculture (AGORA) project. Here Elsevier has made 185 journals accessible to developing countries on a free and discounted basis to support agriculture, food and environment research.

During the year Elsevier partnered with the International Union of Toxicology (IUTOX) in an effort to promote educational and career development for toxicologists in 24 countries in Eastern Europe, South America and Asia - all with nascent toxicology research programmes. Elsevier has made a donation to the project, worth \$35,000, by pledging copies of its Comprehensive Toxicology Series 1-13. As a result, one research library in each of the countries will receive the full collection, thereby facilitating access to the latest information for researchers in toxicology, and thus promoting educational and career development in the field. Moreover, Elsevier is a primary supporter of WHO's Health InternetWork Access to Research Initiative (HINARI), through which Elsevier grants electronic access to over 650 of its top scientific health and biomedical journals to institutions in developing countries.

Doing Good by Doing Good Business: Elsevier Supports Doctors in Asia

In China and India, where some doctors earn less than \$200 per month, access to the crucial medical information contained in Elsevier journals is limited. This situation has required creative thinking and Elsevier Asia staff have introduced innovative pricing and production initiatives. This strategy of providing 'must have' information at 'can have' prices is putting important science and medical information in the hands of those who need it most while at the same time increasing sales by almost 20 fold in a region where sales previously languished.

To help improve access to Reed Elsevier products, we are focused on increasing online product delivery. We consequently launched the global Innovation programme to invest in new ideas, undertake rapid experimentation, and promote meaningful collaboration across all Reed Elsevier divisions. Marketplace views have been key: Elsevier conducted over 50 customer visits and 50 internal workshops drawing more than 500 participants; LexisNexis undertook 87 customer visits with 90 internal workshops drawing more than 700 participants; Harcourt conducted 50 customer visits with 30 internal workshops; while RBI carried out 100 interviews and 40 internal workshops.

RE Values in the Supply Chain

To ensure our business partners meet the standards we have set for ourselves, we have introduced a Code of Conduct for Vendors. This requires our key suppliers to have minimum standards on a broad range of issues from labour practice to human rights. We have retained an independent auditor to ensure, through a rolling audit programme, that our suppliers are in compliance, thereby encouraging good practice in our supply chain.

Among core provisions in our Vendor Code are prohibitions on child labour, involuntary labour, coercion and harassment, discrimination, and retaliation for good faith disclosures. Likewise the Vendor Code mandates safe and healthy work environments and stipulates that "vendors will comply with all applicable laws and regulations and must abide by the three principles on the environment...set out in the United Nations Global Compact," including the obligation to promote the environment. It further commits Reed Elsevier and its designated agents, auditors, and third party agents to monitor vendor activity. Infinity, our global production and distribution initiative, is committed to working with vendors to change any behaviour that constitute Code non-compliance through detailed remediation plans, while the Code states that ultimately, compliance failure "may result in the cancellation of all existing orders and termination of the business relationship between Reed Elsevier and vendor."

Reed Elsevier Vendor Remediation Plans

Our stand on social responsibility extends to our suppliers. Through our global Infinity programme we make sure quality, price, and delivery is matched by good business practice. Signing the Vendor Code of Conduct is just the beginning of our partnership with key suppliers. We monitor product, performance, and conditions and where necessary issue remediation plans to address concerns. As an example, one of the vendors we audited last year was a favoured print supplier in China. There were no serious violations of the Code. However, a minor issue was reported on health and safety, specifically the need for emergency lighting in exits and stairwells. The vendor subsequently installed the required lighting.

3. Workplace – Valuing our people

2004 Objectives: Take steps to address results of 2003 global employee survey, REspond; further development of the graduate recruitment programme; improved reporting on training policy and health and safety data collection

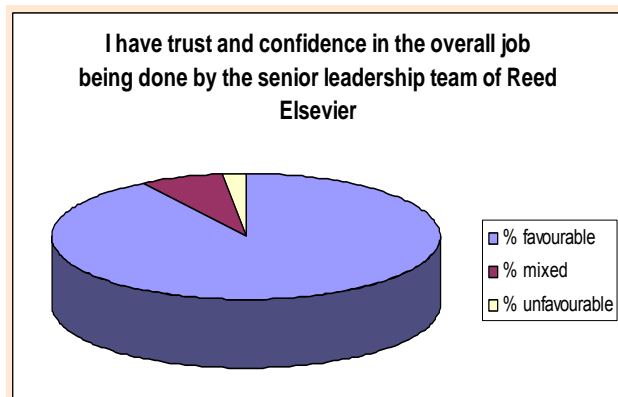
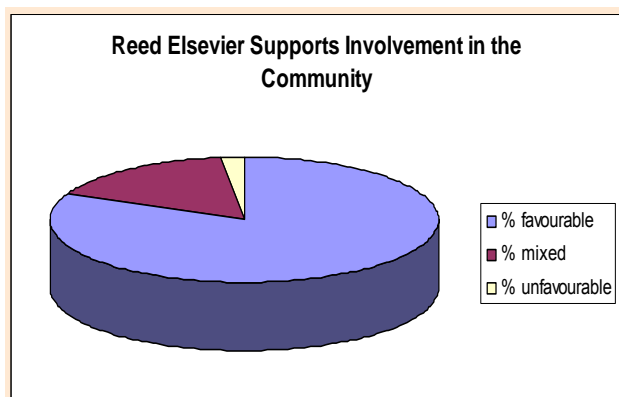
We enable our people to develop to their fullest extent through annual appraisal and objective setting using the Personal Development Programme (PDP), which extends to every employee. The PDP allows employees, with support from their managers, to identify their key accomplishments, near-term objectives and progress against them, training needs, and long-term goals.

Management development is a high priority and we conduct an annual Organisation and Talent Review. All senior management vacancies are regularly reviewed by executive management to ensure we identify our best people to fill these roles.

We maintain regular communication with employees through management briefings, through aREna, our global intranet for all staff, and through consultations with staff and works councils including our European Works Council. aREna hosts “Crispin’s Open Door”, enabling staff to address queries to our CEO, whose responses are sent directly to them and posted online. We further enhanced aREna, establishing an orientation section to provide information required by new recruits. Before the close of the year we hired a new Organisational Development executive who will drive the company’s work in this area.

As an equal opportunity employer, we value the diversity of our workforce. Our senior management group now comprises 13 nationalities, with women occupying 22% of these positions. Women account for approximately 50% of our total workforce, as they have done over the last three years.

In order to understand the views of our employees we conducted the global Reed Elsevier global staff survey REspond, last carried out in 2001. The overall response was excellent with 79% (over 28,000) of all employees participating. Despite our businesses having experienced very tough market conditions in the last two years, most employees felt that Reed Elsevier was doing better. We will use the information, particularly areas highlighted for improvement, including greater support for first-line managers, to make effective changes.



A global network of human resources professionals - each business location has a properly trained individual responsible for the well-being of its staff - report to the Global Director of Human Resources and are members of a Human Resources Executive Council. The position of Global Director of Human Resources reports to the CEO and the Board on key workplace issues.

Reed Elsevier's Code of Conduct and Business Ethics contains a confidential grievance procedure which enables employees to report, either in person or anonymously, suspected violations of law or the Code. The Code also prohibits retaliation against any complainants who have acted in good faith.

Health and safety

Responsibility for health and safety is the ultimate responsibility of the CEO. However policy is managed by each business unit through a network of health and safety managers who report to the business unit CEOs, usually through the human resources function.

The importance of health and safety communication is addressed in the Reed Elsevier Code of Ethics which commits us to providing a safe workplace for all employees. Health and safety officers throughout the group utilise visual materials, training, and policy documents to get their messages across to employees. For example, Reed Business Information in the UK has a Health and Safety Administrator who reports to a seven person Corporate Policy Committee on the division's health and safety procedures and annually reviews policy documents covering fire and emergency, sanitation, contractors, water, events, office operations, and visitors.

While the Code of Ethics imparts a strong standard, our business units are also subject to laws and regulations in the countries in which they operate, requiring them to ensure specific health and safety conditions.

We consult with staff on health and safety issues through staff and work councils in our global businesses. While our businesses monitor health and safety data, centrally we currently capture only UK-based data as indicated.

UK Health and Safety Data

	2003	2002
Fatalities	0	0
Work related injuries reportable to enforcement authority	0 per 1000 employees	29 per 1000 employees
Work related illness reportable to enforcement authority	0 per 1000 employees	1 per 1000 employees
Lost employee days as a result of injuries or illness	30 days	464 days
Number of enforcement notices	0	1
Estimated financial cost to Reed Elsevier of work related injuries and illnesses suffered by staff in 2003	£9,400	£36,000

There were no health and safety legal proceedings or prosecutions against Reed Elsevier in 2003.

4. Community

2004 Objectives: Deepen RE Cares programme in 75% of business locations (increased activities and employee involvement); create greater awareness of RE Cares programme in remaining 25%; project development (like the global RE Cares Month)

In January 2003 we launched a global programme, Reed Elsevier Cares, underlining our mission to play a positive role in our local and global communities, primarily through employee involvement. The central focus of the programme is to provide education for disadvantaged young people and community initiatives of importance to local employees.

In October we held our first group wide Reed Elsevier Cares Month marked by almost 100 different activities supporting schools, community organisations and charities with the involvement of thousands of employees.

A Sampling of Reed Elsevier Cares Month Activities across the Group

ELSEVIER SAN DIEGO US held an All Building Book Drive for the Monarch School for homeless children. Books were donated to drop-in centres, homeless shelters, inner-city schools, and prisons

REED EXHIBITIONS, REED BUSINESS INFORMATION, AND ELSEVIER SINGAPORE worked together to raise funds for needy children at the Learning Expo 2003 – an event organised by Reed Exhibitions – selling bookmarks and photo-shot printing

LEXISNEXIS DAYTON held a two day Book Fair and collected books for the local literacy council and sold new books to employees with a percentage going to the LexisNexis employee foundation which makes donations to health and human services charities

ELSEVIER AMSTERDAM took 50-70 mentally handicapped children to the zoo

REED BUSINESS INFORMATION NEWTON US sorted and packed food donations for hundreds of hunger-relief agencies to aid The Greater Boston Food Bank, the largest hunger-relief organisation in New England

ELSEVIER OXFORD UK undertook a range of activities with local Gosford Hill School including a presentation to business studies students and a landscaping project on the school grounds

REED ELSEVIER HQ, ELSEVIER, LEXISNEXIS, HARCOURT, AND REED BUSINESS INFORMATION UK joined CEO Crispin Davis for a six mile walk in London passing by some of the city's famous landmarks including Buckingham Palace, all in a bid to raise funds for Whizz Kidz. There were face painters and even a clown to entertain the younger (and young at heart) walkers!

HARCOURT ACHIEVE TEXAS kicked off their mentoring programme with over 65 staff visiting weekly with their assigned students at Stahl Elementary

RBI MAARSSSEN, NETHERLANDS held a festival with local school children to recruit staff mentors

During 2003 we conducted a second group-wide community survey using the London Benchmarking Group model which divides our aggregate pool into charitable gifts (philanthropic), community investment (that might be associated with some benefit to the company), and commercial initiatives (of direct business benefit).

The total of cash and in-kind donations (products, services, and time) for 2003 were:

1. Charitable gifts of £1.1 million with leveraged value (market cost of time, products and services) of £1.4 million
2. Community investment gifts of £1.2 million with leveraged value of £1.7 million
3. Commercial support (e.g., cash sponsorships; access to products like LexisNexis online services for low-income law school students) of £2.3 million with leveraged value of £5.6 million

We became members of the PerCent Club; a UK organisation which encourages corporate giving. Reed Elsevier ranked 19th in a UK list of corporate contributors, based on data compiled by Business in the Community (BitC) and the London Benchmarking Group.

Contributions from the centre augment those made by Reed Elsevier business units. Through a network of Reed Elsevier Cares Champions, we provided a range of grants for charities that support educational initiatives for disadvantaged young people from a central budget for regional and international projects as indicated in the sampling below:

International Donations

Afrikids - In support of 10 former street children (all teenage boys) currently living in a converted latrine. Funding was donated to complete the library at a new, larger centre, for street children in rural communities of Northern Ghana. www.afrikids.org

Room to Read – In support of their Cambodia library establishment programme providing library training to local teachers; enhancing English as a Second Language teaching through English children's book donations; improving the quality and variety of children's books in local languages by publishing 15 new children's books by local authors. www.roomtoread.org

The British Leprosy Relief Association – In support of school health education programme activities which raise children's awareness of leprosy, tuberculosis and malaria throughout India with educational materials such as posters, wall paintings and billboards and small prizes for school competitions. www.lepra.org.uk

HopeHIV – In support of the Masaka School for children with special needs in Uganda; specialist residential primary school for 105 children with hearing and speech impairment, many of whom are also orphans of HIV/AIDS. www.hopehiv.org

Regional Donations

Germany: Aertzliche Kinderschutzambulanz - In support of a child protection ward in Düsseldorf Hospital. www.kinderschutzambulanz.de

Netherlands: Nederlandse Stichting voor het Gehandicapte Kind (Dutch Foundation for the Disabled Child) – To help train two Computer Advisory Team members as part of the LKC-Xidis project which operates in

different regions of the Netherlands providing computer training and technical assistance to schools and rehabilitation centres with limited resources. www.nsgk.nl

UK: Consortium for Street Children – In support of "Crossroads," an educational programme for young people in London and the South East enabling them to learn about street children throughout the world. www.streetchildren.org.uk

US: All Stars Project – To support 4,000 inner city high school students from New York and New Jersey in the Developmental School for Youth where the focus is on key learning skills that will help them successfully enter the world of work. www.allstars.org

US: The Dayton Early College Academy – To support an "early college" to serve low-income and minority students who are motivated but have not had the benefit of rigorous middle school programmes, and who could benefit greatly from extensive educational training. <http://soeap.udayton.edu/echsw eb/>

European Youth Parliament – To fund the costs of sponsoring 30-40 Central and Eastern European delegates to the 45th International Session of the European Youth Parliament, held in spring 2004 in North-East England. www.eypuk.com

RE Cares Spurs Boundarylessness

Reed Elsevier group employees freshen up Harlem inner-city school

On 18 October 2003, nearly 40 Reed Elsevier employees from the New York offices of all four RE divisions joined together to help make a difference at an inner-city public school.



The employees, some joined by friends and family members, volunteered to spend their Saturday helping paint, organise and clean Hernandez-Hughes Public School in the East Harlem area of New York City.

Approximately 700 youngsters who attend the school were surprised to find newly painted murals, bright playground games, colourful furniture and tidy books when they returned to school the following Monday.

Learning Agility and Triumph of Spirit from Members of the Sierra Leone Amputee Soccer Team



On a wet August night in Oxford, a team of enthusiastic sportsmen and women from various parts of Reed Elsevier UK put their trepidations behind them to take part in an entertaining game of football with the visiting amputee team from Sierra Leone.

The RE players ventured into the unknown, having never played against or with amputee players before – but a bigger shock awaited them as they had to try to master the art of

playing football (soccer) on crutches with one leg 'amputated' for the night, as well as trying to cope with the extraordinary skills of the Sierra Leoneans!

The match was an entertaining affair with two 'integrated' teams comprising four amputees and four 'able-bodied' players. By the close of play the amputees had long tired of the complete lack of co-ordination of the visitors! The match ended in an honourable draw.

The skill and agility of the amputees belied their so-called disabilities and their spirit and sense of fun and mischief was an inspiration to all those involved.

An after match barbecue gave everyone the chance to socialise and swap stories about their lives and vastly contrasting lifestyles. Speeches were made, during which the Sierra Leoneans expressed enormous gratitude for the interest shown in them by the visiting RE employees and the considerable contribution made by the company to make their visit possible.

Gifts, photos and souvenirs were exchanged and one staff member, Ross Bentley, even gave up his training shoes for the benefit of two of the amputees. The event proved what can be achieved in the face of true adversity.

5. Environment

2004 Objectives: Further development of the Environmental Champions network; enhanced group environmental survey; development of key facility targets; first group environmental campaign on energy reduction to help address aggregate targets; launch of group environmental intranet

We recognise that Reed Elsevier and its businesses have a direct impact on the environment, principally through the use of energy and water and waste generation and in our supply chain through paper use and print and production technologies. We are committed to reducing these impacts, whenever possible, by limiting resource use and by efficiently employing sustainable materials and technologies. We require our suppliers and contractors to meet the same objectives.

While the CEO reports to the Board on environmental issues, the global CEOs responsible for each of our four business divisions are accountable for compliance with Reed Elsevier's environmental policy and applicable regulations.

During the year we have seen positive developments in our environmental efforts:

- Introduction of our Environmental Management System (EMS) which stipulates our environmental policy
- Established a network of Environmental Champions to help implement the EMS and serve as catalysts on environmental issues throughout the group
- Refined our methodology – and had it reviewed by our internal audit team – for the 2003 annual group environmental survey of our energy, water and waste impacts
- Incorporated good environmental design in the planning of new space. In autumn 2004, Elsevier and Reed Business Information in the Netherlands will move into a purpose-built building meeting high standards set by local and national environmental agencies, featuring new energy-saving equipment encompassing electronic appliances, lighting & water delivery

Excerpt from the Reed Elsevier Environmental Management System

1.1 The need for environmental management

Environmental management is important to Reed Elsevier for several reasons:

- Meeting our responsibility as a global leader in our business sector
- Managing environmental risks to the business
- Ensuring that we are compliant with environmental legislation
- Supporting the requirements of our investors and supporting the wishes of many of our employees who are concerned that we minimise our environmental impact where possible
- Measuring our continual improvement against environmental targets
- Enabling us to publicly demonstrate that we are managing our environmental impact
- Realising cost savings and therefore supporting improved profitability

Energy

As a media company and publisher that increasingly delivers product through electronic means, and which uses vendors for the vast majority of print production, our key energy impact is through our facilities - primarily the offices in which our staff are based. Throughout 2004 our UK businesses are undergoing energy audits with the assistance of the UK government's Action Energy which offers actionable steps to energy reduction and helps evaluate the trade off costs for renewable energy.

The group energy data – as with data for water and waste – has been compiled on the basis of 75% of our key facilities, which equates to over 75% of group turnover. Total energy usage across the group in 2003 was 201,195 mWh, a decrease of 6% from 213,450 mWh in 2002, with electricity and gas as the primary energy sources.

Bright Ideas – Better Lighting Reduces Impacts and Bills at RBI UK

RBI UK has consistently upgraded its lighting since taking tenancy of its building in Sutton, England in 1980, most recently with an office refurbishment that created more open plan space, the installation of more efficient fluorescent tubes and a better distribution of light across floors, all while saving the company money as well.

* 1980 – 30 W/m² (watts per square meter)

* 1990 – 17 W/m²

* 2004 – 7.8 W/m²

Plans for further projects designed to save energy, include coating the windows with solar reflective film to cut the time and energy it takes to cool the building.

Our businesses are exploring multi-function devices (fax/printer/copier) in order to produce savings on electricity, equipment waste and paper.

Helping employees understand how they can reduce energy use

As part of regular communication on environmental issues, the environmental team at LexisNexis US offers these basic but effective tips to their staff

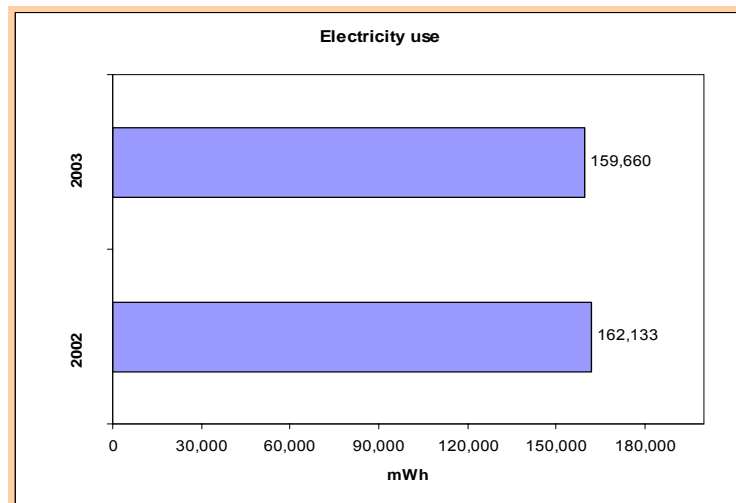
Winter

* Open blinds on windows that are receiving direct sun; close the blinds at the end of the day to cut down on heat loss!

Summer

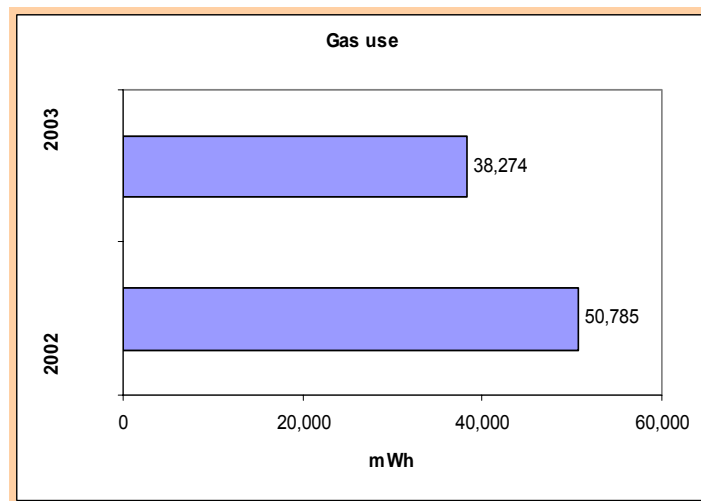
* Close blinds during the day to avoid the heat gain of direct sunlight!

2003 Electricity Data



2003 electricity usage was 159,660 mWh compared with 162,132 mWh in 2002.

2003 Gas Data



2003 gas usage fell from 50,785 mWh in 2002 to 38,274 mWh in 2003, a reduction of 25%. This result is due to increasing efficiencies, particularly in some of our European facilities, despite an increase in the number of (key) facilities reporting. This factor is applicable for electricity and water usage as well – thus a like-for-like comparison with 2002 data would have shown a larger decrease. We have confidence that improved data collection will ensure a good underlying basis for comparability with 2004 numbers next year.

Transport

While we do not consider transport as one of our key energy impacts, we are aware that business travel does have an influence on energy consumption.

We conducted an initial study of travel in our US businesses through analysis of credit card expenditure by type of transport used. US domestic air travel accounts for the largest amount of expenditure followed by domestic car rental, and domestic rail travel. We will use this as a benchmark as we continue to collect and assess data on travel expenditure.

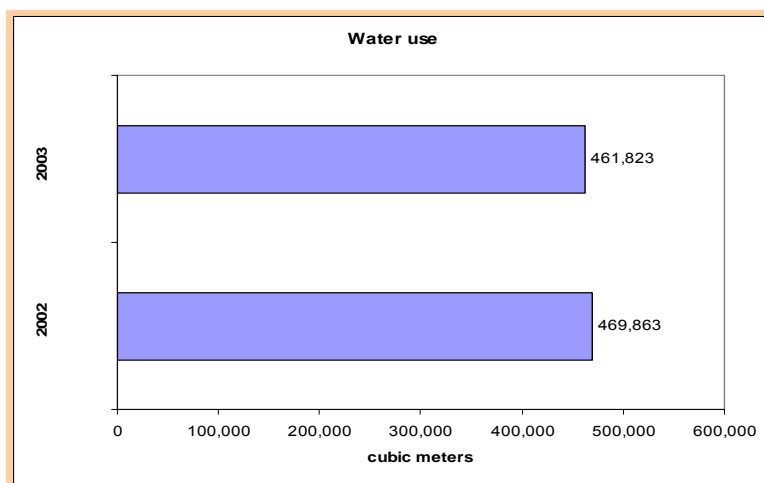
We are seeking to reduce our travel impact through video-conferencing whenever possible. Through Non Solus, the Elsevier Intranet, 29 different sites with video conferencing capabilities can be booked directly by staff. Within the division, regular team meetings often occur through these virtual means including those between Amsterdam and New York and the Far East and US sites.

LexisNexis in the US runs the Alternative Work Solutions programme to allow staff to work from home which helps reduce energy impact, Elsevier in the United Kingdom, as part of its formal travel plan, encourages staff to bike and carpool to the office.

Water

As part of the effort to limit water consumption, our businesses engage in proactive reduction measures. These include capital projects; for example, reducing water usage by installing ‘hippo’ devices in cisterns at Reed Business Information and Elsevier in the UK. Our businesses also seek no-cost practical approaches to water reduction including an annual review of plumbing fixtures and related equipment to ensure optimal settings and flow-rates based on current EPA guidelines at our Elsevier office in Rockville, Maryland, Harcourt in San Diego ensures coffee makers are set for a predetermined amount of water per carafe.

2003 Water Data



2003 water usage was 461,823 m³ compared with 469,863 m³ in 2002.

Packaging

In line with the Producer Responsibility Obligations (Packaging Waste Regulations) 1997 we adhere to targets set for British industry on recovery and recycling of packaging waste. As a member of the Biffpack compliance scheme led by Biffa Waste Services, the UK's leading British-owned waste management company, we track the amount our 'obligated' packing generates as part of our products transportation and sales.

In 2003, we produced less packaging waste (paper, plastic, and wood) - 974 tons - compared with 1069 tons in 2002.

2003 UK Packaging Data

Year	Paper	Plastic	Wood	Total Obligated Packaging - Tons
2002	760	165	144	1069
2003	627	201	146	974

Waste

Continuing to reduce our waste streams is a key priority for the company and of all key facilities surveyed, we received the following results:

Group Recycling Percentages

◇ Paper	70%
◇ IT Equipment	73%
◇ Hazardous Waste	86%*
◇ Toner Cartridges	78%
◇ Drinking Cups	69%

*All but two of ten key facilities that handle hazardous waste reported 100% recycling

Supply Chain

The Vendor Code of Conduct requires our suppliers to engage in sustainable environmental practice, verified through direct and independent auditing. In 2004 we will introduce a vendor environmental survey for assurance on their targets and performance with steps to help them encourage good environmental practice within their own supply chain.

Environmental Knowledge within the Group

Many of our publications are aimed at creating awareness of environmental issues within specific communities. New Scientist, a Reed Business Information publication read by many consumers, has featured stories on greenhouse gas emissions; global warming; and agricultural production of genetically modified crops.

Elsevier has numerous environmental titles advancing knowledge in fields such as biological conservation (Journal for Nature Conservation), ecological measurement and analysis (The Management of Municipal Solid Waste in Europe; Macroeconomic Analysis of Environmental Policy); communities and organisms (Journal of Arid Environments covering such subjects as rainfall and its biological effects; wildlife conservation; and water control); and environmental sustainability (Virtual Journal of Environmental Sustainability designed to provide users with expert literature on environmental sustainability across the whole range of Elsevier journals. Such material provides users with a solid basis for reflection in light of current and historical analysis. Elsevier publications like Environmental Impact Assessment Review serve policy-makers, practitioners and academics alike, helping them to assess the environmental impact of policy, projects, processes and products, and enabling them to make decisions based upon these assessments.

Our growing environmental champions' network comprises people – many of whom are facilities managers – with specific environmental responsibilities. We support their efforts with consulting services, training, conference calls and meetings. Further, a number of environmental sub-groups explore everything from paper purchasing to water consumption across Reed Elsevier.

RBI UK London Offices Go Green

Eco-friendly employees at RBI's Wardour Street and Rathbone Place offices have formed a group dedicated to doing their part for the environment. The Sustainable Environment Group (SEG) now has 12 members from totaljobs, the Estates Gazette Group and CWJobs, and has already made a big difference to reducing waste and improving energy efficiency in the offices. According to London facilities manager, Cathie Hardiman, "It has been difficult for the London offices to implement any sort of recycling initiative before now due to lack of space and storage facilities. Now London Recycling Limited has provided us with maxi-waste wheelie bins which will accept everything apart from food. At Wardour Street, our waste going to landfill sites has already reduced by 22% and our recycling increased to 78%." Should a relocation be necessary in the future, the SEG has drawn up a list of recommendations so the good work can continue. When new office space is found it will include light sensors and pre-owned, refurbished carpet tiles. To communicate the London offices' green scheme to their suppliers, the SEG ran a competition on the London Intranet, inviting London-based employees to design a logo, with a bottle of champagne for the winner.

In 2004, for the first time, we have asked our businesses to set environmental targets for their key facilities. We will report on this next year as key facility targets will contribute to our overall goals of a 10% reduction in energy consumption and a 10% reduction in water consumption by 2008, from a 2002 baseline.

In 2004 we will introduce a group-wide environmental website and visual campaign for employees, focused on energy reduction initiated by our CEO.

As a demonstration of our commitment to environmental disclosure, we participated in the Business in the Environment benchmarking index, as part of Business in the Community's second Corporate Responsibility Index. We were ranked first in the media sector, demonstrating improvements particularly in environmental management. The Dow Jones Sustainability Index has classified Reed Elsevier as a Sustainability Leader citing a score "above the industry average with a good performance in environmental performance and reporting."