



Building Trust

Corporate Responsibility Report

2005-2006

Vision, Mission, Values

Vision

A global, independent communications leader that positions and establishes relationships for our clients with their stakeholders in an increasingly connected and complex world.

Mission

To provide public relations counsel and strategic communications services that enable our clients to build strong relationships and to influence attitudes and behaviors.

- We undertake our mission through convergence by integrating specialist knowledge of practices and industries, local market understanding, proprietary methodology, and breakthrough creativity.
- We are dedicated to building long-term, rewarding partnerships that add value to our clients and our people.
- Our clients are leaders in their fields who are initiating change and seeking new solutions.

Values

Quality

Excellence in products, services, and people that drives long-term growth and employee satisfaction.

Integrity

Responsible, trustworthy partners respected by all stakeholders.

Respect

Positive relationships with our colleagues, clients, and the communities in which we do business.

Entrepreneurial Spirit

Superior staff with the drive to take charge and make a difference for our clients.

Mutual Benefits

Financial success that rewards our firm, our employees, and our clients.

About This Report

This report reflects the policies and practices of Edelman and its six specialty firms. Instead of structuring the report around our practice areas or geographies, we have organized it around the areas – our stakeholders, our employees, our Code of Conduct – that are at the core of our business.

We recognize that this report, the first public account of Edelman's CR efforts, is not as comprehensive as it could be. For example, we are a global firm, yet the content is heavily U. S.-centric. Also, we intended to engage a wide and diverse group of stakeholders during the development of the report, but in the end spoke to far fewer.

While we are proud of our accomplishments and high standards, we also recognize that our corporate citizenship can continue to improve. We are working to increase the diversity of our workforce at all levels of the company. We have 46 offices with a large ecological footprint, yet our environmental policies are in their infancy.

Despite these deficiencies in our reporting and some of our policies, we are pleased to share with you the work that we have done to date. This report serves as our road map, outlining our strategies for improving upon our practices and, in some areas, setting targets for the coming year.

Global Reporting Initiative

Although we did not report in accordance with the Global Reporting Initiative (GRI) framework, we used the indices as a structure to aid in our reporting.

Scope of report

The report covers the 2005-2006 fiscal year. All money listed is in US\$. The information was collected through an internal survey of our offices and businesses and audited by Edelman's Corporate Social Responsibility practice. It has not been independently verified.

Daniel J. Edelman (DJE) is the parent company of Edelman. DJE also owns Zeno Group. Edelman is completely independent of Zeno, which operates as its own firm with its own systems and reporting capabilities. Zeno's CR efforts and activities are not reported here.

Future reporting

This report details the challenges and successes of our CR efforts during the 2005-2006 fiscal year, and we are committed to issuing reports regularly in the future. We intend to issue reports in the future, but we have not yet formalized a schedule. We will update information about our corporate responsibility efforts and progress on Edelman.com.

We welcome your feedback

As you will read in this report and see on our Web site, Edelman encourages open dialogue with all of its stakeholders. We invite you to share your frank feedback on the report, as well as on our policies. Please e-mail us at corporateresponsibility@edelman.com.

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About Edelman

Edelman is the world's largest independent public relations firm. Our integrated network combines local country and regional knowledge with specialists experienced in specific practices and disciplines around the globe.

Our practice areas include Consumer Marketing, Corporate, CSR, Crisis & Issues Management, Design, Editorial, Employee Change, Entertainment, Food, Health, Financial Communications & IR, Government, Interactive, Litigation, Multicultural, Productions, Public Affairs, Sports, Technology, and Travel & Tourism.

Edelman is the parent company of six specialty firms:

- Blue (advertising)
- BioScience Communications (medical education and publishing)
- First&42nd (management consulting)
- me2revolution (media lab)
- MATTER® (entertainment)
- StrategyOne (research)

Edelman's business – fostering communication with and among many parties – positions our company in a multifaceted world of diverse stakeholders. They include our employees; our clients; “consumers” of our clients' products, services, and messages who rely on us to provide them with accurate and honest information; NGOs; peers; business partners; suppliers; government officials and regulators; media; and many others. We benefit greatly from listening to their concerns, maintaining an open dialogue with them, and asking for their feedback.

Corporate Summary

Founder and Chairman

Daniel J. Edelman

President and Chief Executive Officer

Richard Edelman

Ownership

Edelman is a privately held, family-owned company, founded in 1952. We are the world's largest independent firm, third overall.

Employees

2,168 worldwide

International Operation

Edelman has 46 wholly owned offices worldwide and more than 50 affiliates.

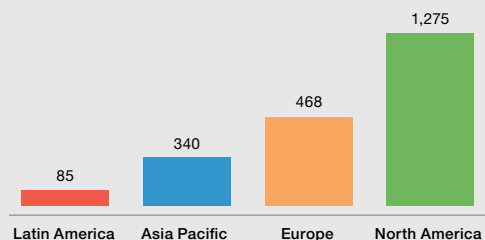
Headquarters

Our company headquarters is shared by our New York and Chicago offices.

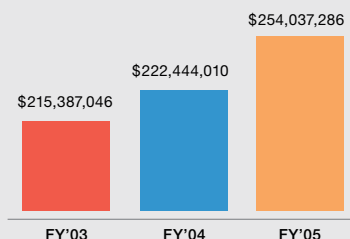
On the Web

Visit www.edelman.com for more information.

Employee Headcount



Revenue



Edelman and Corporate Responsibility

Dear Reader,

This report on our on corporate responsibility policies and practices – our performance, our successes, and our shortcomings – is a first for Edelman and for the PR industry.

Why should a privately owned, independent PR firm report on its social and environmental performance? Relatively speaking, our CO₂ footprint is not large. We do not rely on a complex supply chain prone to human rights abuses or manufacture products that pose safety risks to consumers.


We are reporting because we believe that, like all businesses, Edelman has a responsibility to take a leadership role on societal issues. This report is a yardstick that measures how well we are following through on this commitment and a benchmark for our new efforts, such as our first company-wide environmental policy and a strategic plan for improving our diversity. The report also details our employees' efforts to contribute to society, which long has been a central tenet of our firm.

Most of all, reporting holds Edelman up to the highest standards of accountability and transparency. We work to ensure that we always operate honestly and ethically, and we regularly educate our staff about best practices in communications. For example, we recently reviewed our Code of Conduct in light of newly implemented best practice guidelines for social media programs.

We believe that our ongoing CR effort will contribute to our clients' success, guide our employees, and ultimately benefit all of our stakeholders. We hope our effort inspires our colleagues to report on their activities and that it furthers awareness of the importance of responsible behavior in the PR industry.

We welcome your feedback.

Sincerely,



Dan Edelman
Founder and Chairman



Richard Edelman
President and CEO

Corporate Governance

Edelman is committed to promoting effective oversight and sound management of our company. We engage in strong corporate governance practices that enable our global network to provide the highest level of service to all our stakeholders. Led by Dan Edelman, our Founder and Chairman, and Richard Edelman, our President and CEO, the company is governed by an Executive Committee and organized in a matrix structure, with responsibilities divided among geographies and practices.

Revamped Executive Committee and New CFO

Responding to continued growth, in 2005 Edelman expanded its Executive Committee, the firm’s senior team of leaders responsible for setting and implementing corporate strategy, from four to 12 members. The Executive Committee was broadened to include our core geographies and practices so that our strategy is developed and implemented by an integrated, empowered leadership team. The Committee is charged with the direct responsibilities of charting the firm’s future, taking the company to the next stage of development, and ensuring its success.

Edelman also appointed Kenneth Dutcher as Executive Vice President and Worldwide Chief Financial Officer, with responsibility for managing global financial operations at Edelman and overseeing them at Zeno. Ken joined Edelman from the publicly held company Euro RSCG Worldwide, where he served as Senior Vice President and Chief Financial Officer, North America. He oversees financial strategy and planning, treasury, mergers and acquisitions, legal functions, and global financial systems, and, as a member of the Executive Committee, contributes to the firm’s business planning.

Membership in Industry Organizations

Edelman plays an active role in our industry as a member of organizations that support and promote public relations and marketing communications. We are a member of the Public Relations Society of America, the International Public Relations Association, and the International

Edelman Executive Committee

Dan Edelman	Matthew Harrington
Richard Edelman	Mitch Markson
David Brain	Nancy Ruscheinski
Derek Creevey	Pam Talbot
Kenneth Dutcher	Nancy Turett
Charles Fremes	Alan VanderMolen

Communications Consultancy Organization. Individual offices are active in their local and regional associations as well.

Tobacco Policy

It has been Edelman’s global policy since 2002 not to perform services for tobacco companies or tobacco products. In addition, while the firm maintains a relationship with Kraft Foods, it is strictly with Kraft, and we have turned down opportunities to pursue business with Philip Morris, the tobacco company owned by Altria, Kraft’s parent company.

The Edelman Code of Conduct

Even as public relations grows as an industry and as a key component of many companies’ marketing plans, issues of trust, honesty, and ethical behavior continue to challenge the profession’s reputation. To help set standards for behavior in our industry and encourage best practices, in 2005 Edelman instituted a formalized Code of Conduct.

The development of the Code was led by Matthew Harrington, President of Edelman’s Eastern Region. As we drafted the Code and an accompanying Day-to-Day Situation Guide, we shared it with a wide variety of our stakeholders, including representatives from Starbucks, Charles Schwab, Swiss Re, Union Theological Seminary, Harvard Law School, the Leadership Institute, and Fair Trade, as well as with outside counsel. Edelman founder

Dan Edelman, a longtime advocate of ethical behavior for our industry, also reviewed and contributed to the Code.

The Code of Conduct provides a uniform understanding, informed by our values, of what is expected of Edelman employees, and embodies our commitment to excellent counsel and service to all stakeholders. We believe it reflects the realities of doing business globally and seeks to strike the right balance between local needs and our goal to operate uniformly as a network.

The Code of Conduct also contains industry-specific guidelines for day-to-day communications practices, including interaction with the media, use of transparent and credible broadcast tools, spokesperson engagement, and outreach to appropriate target audiences, whether through traditional channels or emerging new media vehicles such as blogging.

All Edelman employees must subscribe to and sign the Code. Employees who violate the standards in the Code are subject to disciplinary action up to and including

The Edelman Code of Conduct sets out basic principles that cover a wide range of general business practices and procedures.

The complete Code of Conduct and the Day-to-Day Situation Guide are publicly available on our Web site at www.edelman.com/about_us/mission.

termination of employment. Edelman also provides the Code to all agents and representatives, including consultants, vendors, and freelancers who work on behalf of Edelman, and asks them to follow it.

A living document, the Code of Conduct will be periodically updated to reflect ongoing dialogue about our business practices, and changes brought by evolving technology and our clients' needs.

Targets and Objectives

In 2006, Edelman began the following process of reviewing how the Code of Conduct is applied to emerging social media, including the blogosphere, citizen journalism, consumer-generated content sites like YouTube and Flickr, and community sites like Wikipedia.

1. A thorough audit: We are applying best practice guidelines to every program in every market and specialty area. In the United States, we are drawing upon codes established by the Word of Mouth Marketing Association (WOMMA) and the Public Relations Society of America. In markets where guidelines do not exist, we are committed to drafting them.
2. Employee counsel: We have established a round-the-clock hotline so that our me2revolution team can review, provide counsel on, and apply best practice guidelines to social media programs before they are implemented.
3. Education: All employees attend an Edelman University class on ethics in social media presented over a global conference call. We also are creating ethics materials that will be distributed to each office and presented as part of each office's local Edelman University curriculum so that all new employees become familiar with our guidelines.

Trust: Our Core Conviction

We believe in the importance of building, maintaining, and keeping trust, the key driver of our relationships. We are dedicated to fostering trusting relationships with people inside and outside our company. We encourage our clients to build trust with all of their stakeholders, and we work to do the same with ours.

We view the building of trust as the cornerstone of our work and our most essential competency. The consumer who needs to know about a new medication's side effects; the NGO representative who wants to hear about a corporation's plans to treat its workers fairly; the reporter who requires clear, direct, factual information about a service or company; the client who requires fairness and clarity in billing and reporting – each of these stakeholders, and many more, expect and deserve to “trust the messenger.”

We also work to develop trust with and among our employees. Open communication, the fostering of work-life balance, opportunities to learn and grow, and the nurturing of a company culture that encourages cooperation, teamwork, and mutual benefits are just a few of the ways that we engender trust at our workplace.

Building Trust Through Quality

Edelman's ongoing commitment to quality is another way we build trust with our stakeholders. Quality efforts drive the satisfaction and loyalty of our clients and allow us to maintain a leadership position in our industry. Our focus on quality work and client service fosters the professional growth and personal satisfaction of our employees. We also believe providing good value for the money our clients spend on our fees is a critical part of our responsible conduct.

In 2002, Edelman set a bold goal: to be #1 in quality reputation in the communications industry by 2007. Through the combination of a dedicated quality officer, a client evaluation system, and a network-wide training and development program, the firm's industry reputation for quality climbed from #9 in 2001 to #2 in 2004. Today, Edelman leads the industry in key client satisfaction metrics, including quality of management; full-service capabilities; involvement of senior management in accounts; media placement; and meeting deadline promises. (Harris/Impulse Research 2004)

The Edelman Quality Pledge to Clients

We pledge to deliver quality thinking, people, performance and service. We will thoughtfully and creatively identify your needs and assemble the right mix of skills and resources to meet them. With ongoing dialogue, a respectful attitude and absolute responsiveness, we will deliver informed analysis, strategic thinking, effective writing, breakthrough creative, excellent execution, and sound measurement. We will value your perspective and anticipate your needs. We will be intelligent and resourceful, timely, and accurate – and committed to the sound financial management of your business. With you, our client, we will be partners in a dynamic relationship achieving mutual benefits.

Edelman Excellence (E2)

Edelman's Chief Quality Officer oversees an evaluation system that holds staff accountable for clients' expectations. Edelman Excellence (E2) invites clients to review the performance of their account teams. Every team, program, and project is assessed. E2 ratings also are integral to each employee's annual performance appraisal.

Global Q Rating: External Reviews

	Q FY05 (July-June)			Q FY06 (July-June)		
	Q Score	# of Reviews	% Returned	Q Score	# of Reviews	% Returned
Global	7.9	280	61%	8.05	547	55%

Q Rating by Region: External Reviews

	Q FY05 (July-June)			Q FY06 (July-June)		
	Q Score	# of Reviews	% Returned	Q Score	# of Reviews	% Returned
Asia Pacific	7.53	49	88%	7.5	98	69%
Canada	8.43	15	56%	8.65	42	62%
Europe	7.56	82	56%	7.64	153	51%
Latin America	7.51	29	72%	8.2	47	75%
U.S.	8.37	105	56%	8.45	208	50%
Central U.S.	8.2	29	51%	8.58	53	50%
Eastern U.S.	8.39	49	55%	8.33	106	50%
Western U.S.	8.5	27	66%	8.59	49	51%

While only 38% of our competitors

have quality programs, Edelman has received more than 1,300 client assessment questionnaires for a score of 8.05 (on a 10-point scale) in overall client satisfaction.

More than 98% of our clients

would recommend Edelman to colleagues.

Valuing Our Employees

The 2,100 men and women in our offices worldwide are dedicated professionals who bring expertise, commitment, and the highest levels of services to their daily work. In this section, we highlight our commitment to our employees, to their professional and personal development, to fostering open dialogue, and to making our workplace as diverse, challenging, and rewarding as possible.

Toward a More Diverse Workforce

As a global company, Edelman strives to employ a workforce that reflects the diversity of the world in which we live and work. We do this not only because it's the best business strategy, but also because it's the right thing to do.

We recognize that to serve our growing international roster of clients we must identify with the world from local, regional, and global perspectives. While Edelman is relatively modest in size, our employees work in 46 cities across 23 countries on four continents, bringing not only much-needed diversity to our efforts, but also a diverse understanding of the complexities of the world, its cultures, markets, and issues.

We actively seek to hire and promote people from varied heritages. Our belief in the value of a diverse workforce is evident in our 13 U.S. offices, each of which reflects the country's increasingly diverse demographics. Today, approximately 20 percent of our employees in the United States are from racially diverse backgrounds, and 70 percent are women.

However, we're aware that simply hiring members of legally protected minorities is not enough, especially if their values and experiences closely mirror those of the rest of our workforce. Our diversity and inclusion efforts strive to benefit the entire company by fostering multiple approaches to issues and problems; avoiding the "group-think" that often occurs in homogeneous groups; and responding to the needs and desires of the widest possible array of Edelman stakeholders. We achieve these goals by finding people with different perspectives on the issues that affect how we run our business. Pioneer thinking—not simply looking different—is what matters most.

We also continuously educate and mentor our employees, and nurture a culture in which diversity is valued and expected. "Manager Boot Camp," our new intensive interactive development workshop, includes a module on managing diverse teams. Participants explore biases and attitudes that prevent inclusion, discuss the business case for diversity, and most importantly learn how to manage diverse teams.

In addition, we benefit by building partnerships with community organizations and minority- and women-owned businesses. We are proud of our partnerships with the National Black Public Relations Society, Hispanic Public Relations Society, Hispanic Alliance for Career Enhancement, Howard University's John H. Johnson School of Communications, and National Minority Supplier Development Council, Inc.

Targets and Objectives

In the 2006-2007 fiscal year, Edelman will unveil a three-year strategic plan developed by our diversity advisory council that details our commitment and lists specific goals. One is to increase our brand awareness as a diversity employer of choice by sponsoring speaking engagements and publishing opportunities for our mid- and senior-level leaders. We also are working to formalize a supplier diversity policy to better invest in diverse business communities and foster economic development.

Employee Development and Training

Edelman University

Launched in 1996, Edelman University is a comprehensive in-house learning and development program for all employees. In recent years, the program has evolved from a small-scale pilot to a global strategic initiative. The expansion of Edelman U reflects our commitment to developing the knowledge and skills of our employees so that they can deliver the highest quality service for our clients. Today, Edelman U encompasses ongoing courses in each of our locations, online courses for all staff, and the Edelman International Summer School, an annual educational gathering of Edelman employees from around the world.

Tuition Assistance

Edelman recognizes the mutual benefits derived from personal growth and increased work competence. Edelman provides reimbursement to U.S. employees who satisfactorily complete pre-approved educational studies at accredited colleges and universities or through other specialty or technical programs.

Membership and Accreditation

Edelman encourages employees to participate in professional public relations associations and industry-related organizations. Edelman covers the cost of one membership or accreditation annually, subject to General Manager approval.

Mentoring Program

In 2005, Edelman formalized a mentoring program to promote an environment that fosters growth and profes-

sional development through the sharing of resources, knowledge, and ideas. Edelman's approach is collaborative. Mentor and mentee engage in a power-free partnership to learn from each other. All employees who have at least six months of service may participate in the voluntary program.

Performance Management Program

The Performance Management Process facilitates the achievement of business results by managing employee performance. The purpose of the Performance Appraisal is to assist both the employee and his or her manager in reviewing, discussing, and evaluating the employee's performance against mutually agreed-upon business objectives and developmental goals. Performance appraisals are conducted annually and include a 360-degree appraisal process (for employees at Level III and above) and a career development plan.

Balance and Satisfaction

Edelman's employees are our most valuable assets. We believe that balance between the personal and working lives of each employee is the key to maintaining health, productivity, creativity, and overall job satisfaction. Edelman managers assist each employee in achieving a strong and healthy sense of balance while still providing our clients with quality service.

This goal is the responsibility of both the individual employee and the organization. Edelman commits to providing every employee with meaningful work, an enjoyable environment, and tools that make work easier. Edelman expects that each employee will work hard, be smart, and take control of his or her professional destiny.



Time Away from Work

Edelman recognizes the importance of time away from the office and urges its employees to use their paid time off. All full-time employees are eligible for vacation time. All part-time employees in the United States with at least 20 scheduled hours are eligible for a pro-rated share of vacation based on the number of hours they are scheduled. Optional days are provided in addition to formal holidays and may be used at the discretion of the employee on a jurisdiction by jurisdiction basis. Edelman also offers employees in the United States days off to be used during the summer months.

Equal Employment Opportunity

Equal Employment Opportunity has been, and continues to be, both policy and practice at Edelman in the United States. The U.S. policy is to:

- Recruit, hire, train, and promote persons in all job classifications without regard to race, color, religion, national origin, gender, age, disability, sexual orientation, marital status, or any other protected status
- Ensure that promotion decisions are in accord with principles of Equal Employment Opportunity
- Ensure that all personnel actions, such as compensation, benefits, transfers, layoffs, returns from layoff, and any social or recreational programs, will be administered in accordance with the principles of Equal Employment Opportunity.

Flextime

Based on the business needs of a particular office, Edelman may offer a flextime schedule for full-time U.S. employees. Those who complete six months of full-time service with Edelman are eligible to apply for a flextime schedule. Flextime allows employees to work a full-time schedule with earlier or later starting or ending times, provided employees are at Edelman during core hours.

Health and Well-Being

Health Benefits

Edelman offers its employees a comprehensive health and welfare benefits package. Through the Edelman benefits program, employees have the option of enrolling in medical, dental, and vision coverage in order to create a health care plan that best meets their needs. Edelman shares the costs of health benefits with employees.

Inclusive Family Benefits

In the United States, spouses, same-sex domestic partners, and children may be considered for coverage under Edelman's medical benefits plan. In addition, a U.S. employee has the option of purchasing term life insurance for a spouse, a same-sex domestic partner, or children.

Adoption Assistance

Edelman provides all eligible employees in the United States financial assistance for expenses related to adoption. Financial reimbursement is for certain costs related to all legal means of adoption, including public and private agency adoptions, independent adoptions, and international adoptions.

Parental Leave

Parental Leave is a paid-time-off program offered to eligible employees in the United States to bond with their newborn or newly adopted children. Employees must have three months of service to qualify, and the amount of paid time off is based on the employee's status (full-time or part-time).

Avian Influenza Information Guidelines

In 2005, Edelman set up a special Web site to provide guidelines to staff worldwide seeking advice on the Avian Influenza issues gaining attention around the world. The site houses materials and information, including a brochure, frequently asked questions, and a global list of key experts and opinion leaders, developed by a joint international healthcare and issues/crisis management team. We believe we owe it to ourselves and to our clients to be knowledgeable about such complex global issues so we can help cut through the swirling fog of rumor, speculation, and concern they can cause.

HIV/AIDS Global Workplace Policy

Edelman has developed a global HIV/AIDS workplace policy. This policy outlines guidelines intended to maintain a workplace environment that positively responds to HIV/AIDS issues.

Non-Discrimination

- Edelman will not tolerate discrimination or harassment against employees or job applicants infected by HIV or AIDS.
- HIV/AIDS testing is not required of employees, their dependents, or applicants.

Confidentiality and Disclosure

- HIV and AIDS are treated confidentially as medical conditions, in accordance with applicable laws and DJE policies.
- An infected employee is not obligated to disclose his or her condition to management or co-workers. If an employee chooses to disclose an AIDS or HIV condition, this information will be treated in a confidential manner with strict adherence to disclosure requirements.
- Edelman encourages employees to get routine, confidential, voluntary testing within the provisions of their health insurance plans.

Work Environment

- Edelman is committed to providing a work environment that protects employees' health and safety and respects employees' privacy.

Education

- Edelman will provide and promote workplace-based education on HIV/AIDS awareness and prevention.
- We encourage employees to share educational information with friends and families.

Treatment

- Because insurance plans vary by country, Edelman employees work with their local HR representatives on insurance coverage for HIV/AIDS treatment.

More than 85% of employees
“strongly agreed” with the following statements:

I am proud to be employed by Edelman.

Overall I like my job and the work I do.

Edelman offers exceptional quality to its clients.

Environmental Impact

We believe that every company needs to do its part to help protect our planet's environment and precious natural resources. Edelman is currently developing our first company-wide environmental policy.

In 2006, Edelman's leadership is evaluating the adoption of short- and long-term policies and practices in the areas of energy, printing, and procurement. We have already begun the process of instituting environmentally sound purchasing policies. With the goal of activating these policies in the near future, Edelman has identified the following four broad environmental impact areas to initially focus on:

A. Energy use and greenhouse gas emissions

- i. Office electricity consumption
- ii. Corporate travel including air travel, rental cars, taxis, trains, and hotel stays

B. Procurement of paper, office supplies, office equipment, etc.

- i. Paper and office supplies: Virgin and recycled paper consumption and the associated number of trees cut, energy and water consumed, and greenhouse gases emitted
- ii. Office furniture and materials: Virgin and recycled wood consumed, wood sourced from sustainable or non-sustainable managed forests, non-rapidly renewable wood types, volatile organic compound (VOC) emitting materials
- iii. Computer and electronics equipment: Energy requirements and low-power capabilities, toxic materials, recycled content

C. Waste management

- i. Waste sent to landfills and incinerators: Leaching to water sources, air emissions, greenhouse gas emissions

D. Indoor air quality

- i. Indoor ventilation: Air filtration and circulation

- ii. Materials: VOC-emitting materials, adhesives, sealants, and paints

With a focus on these four environmental impact areas, Edelman will take the following steps:

1. Set Geographic Priorities

As a service company, Edelman's environmental impacts are closely linked to the location of its offices. Because more than half of the company's environmental footprint is tied to United States operations, Edelman will focus its initial environmental goals and initiatives on United States and Western European operations. Once environmental policies and practices are successful in these areas, they will be adopted by other offices worldwide, as appropriate.

Adoption of many policies will depend on leases and existing contracts. Offices will be encouraged to work with their current landlords to adapt to the new policies, and Edelman leadership will call for and enforce these policies as new leases are signed.

2. Measure Performance in Priority Areas and Establish Benchmarks

The first implementation phase of the environmental policy will be to measure Edelman's performance in each priority area and calculate the associated environmental impacts. The measured performance will be used as a benchmark against which to gauge the success of Edelman's future environmental policies.

3. Set Specific Goals for Each Environmental Priority

Edelman will carefully assess its current performance and determine which goals are realistic within both short- and long-term timeframes. Edelman also will establish and publicly report on the timeframe for implementation of its environmental goals.

4. Continually Implement Changes to Improve Performance

Based on the goals set for each environmental priority area, policies need to be developed and implemented. Policies and measures to be considered for implementation will include:

A. Energy and greenhouse gas emissions

- i. Include energy efficiency and green building criteria in office-leasing procedures
- ii. Install energy-efficient lighting
- iii. Install motion sensor lighting controls in all offices
- iv. Ensure that all office equipment has sleep mode enabled
- v. Consider using centralized power management software for computer equipment
- vi. Replace non-essential travel with video conferencing equipment
- vii. Request fuel-efficient rental cars
- viii. Give preference to hotels that are members of a green hotel association
- ix. Develop an agreement with a travel agency and rental car agency to track travel-related carbon emissions and purchase offsets

B. Procurement

- i. Buy paper with at least 30% post-consumer recycled content where available
- ii. Require the purchase of Energy Star qualified equipment
- iii. Purchase EPEAT-certified computer equipment (emerging environmental rating for computer equipment)



- iv. Purchase office furniture with recycled content, or sustainable materials

C. Waste disposal

- i. Work with building managers to make recycling available in all offices
- ii. Encourage employees to participate in recycling programs
- iii. Set double-sided printing as the default for copiers and printers wherever feasible

D. Indoor air quality

- i. Establish minimum ventilation standards for offices
- ii. Require the use of low-VOC materials in new office furniture, carpeting, adhesives, paints, and sealants and other materials

5. Track and Record Progress Against Benchmarks

Progress across all the priority areas will be tracked and communicated in future CR reports.

Giving Back

Edelman encourages its offices and employees to lend their skills, time, and financial support to charities and communities. Our commitment comes from the top. Since he founded the company in 1952, Dan Edelman has stressed and demonstrated the importance Edelman places on giving back—a commitment carried on by Richard Edelman, President and CEO.

Dan has always contributed personal and company support to community and charitable organizations, and he continues to give his time and energy. He is a former board member of Save the Children Federation and the Illinois Children's Home and Aid Society, and he served as chairman of the University of Chicago Library Board. Richard Edelman serves on the boards of the New-York Historical Society and the Centers for Disease Control Foundation.

Edelman is a champion of personal responsibility and corporate citizenship, whether it's through our Global Citizenship Program; national and community public service programs to renovate schools or clean up parks; staff volunteer days to serve meals with God's Love We Deliver; ad hoc programs like designing and selling "Comfort Courage Compassion" wristbands to raise money for Katrina relief; or outreach that furthers a client's mission beyond the parameters of the actual program, as we have done for the American Heart Association and its Go Red For Women campaign.

Pro Bono Work

Every year, the Edelman network provides pro bono support to a wide range of local and national institutions. Around the world, Edelman's local offices provide tangible pro bono support commensurate with their size. Our work often takes the form of communications counsel and support, which helps raise awareness of the specific issue the organization champions, and helps attracts new

members and new funding. Crisis and issues management; media production (video, press materials, brochures, speeches); and training in messaging and branding are among the many services we provide.

Many of our pro bono relationships are multi-year partnerships. Our pro bono activities in 2005 are detailed on the following pages.

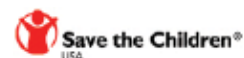
Global

Global Business Coalition on HIV/AIDS



For the Global Business Coalition on HIV/AIDS (GBC), Edelman contributed more than \$250,000 in staff time for media strategy and relations through our New York, Washington D.C., Barcelona, Madrid, and Paris offices as well as our affiliate Baird's in South Africa. We worked on a press conference with the Global Fund for AIDS, TB and malaria; a visit to South Africa by a GBC delegation, which included a visit to a DeBeers mine to observe that company's HIV testing program; and a high-profile awards gala attended by Senator Hillary Clinton and Angelina Jolie, among other well-known figures.

Save the Children



Edelman employees around the world helped Save the Children in its efforts to provide support and aid in the aftermath of the devastating tsunami that swept across the Indian Ocean on December 26, 2004. Save the Children had operations on the ground in the affected region, but no resources to handle global communications. Our work included a multi-office effort to develop a Web site and a six-month report to donors. Overall, Edelman contributed more than \$150,000 in PR services.

North America

AIDS Walk Atlanta: Media relations support before and during the event, and crisis and issues management counsel throughout the year.

American Red Cross: Strategic messaging counsel and outreach to engage the corporate community.

Amnesty International, USA: Communications counsel on messaging, media training, and issues management.

Chicago Opera Theater: Pro bono services that enhance the group's presence in key media outlets and the community at large.

Chicago Software Association, Business Marketing Association and Nano Business Alliance: PR counsel and communications support.

Columbia Shuttle Memorial Trust: Strategic counsel, messages and materials development, and media relations.

Good Beginnings: Public relations strategy and media relations for this volunteer organization, committed to providing emotional and educational support for parents with infants in the Neonatal Intensive Care Unit at Cedars-Sinai Medical Center (CSMC) in Los Angeles.

Kids Company: Consultancy support for business planning and an industry-wide fundraising effort.

Men Against Breast Cancer: Media relations for the annual charity gala of this national group dedicated to educating men as caregivers to women with breast cancer.

Metro Atlanta Corporate Volunteer Council: Media relations outreach for annual IMPACT awards lunch, grant winners, and book award winner; ongoing media relations outreach for meetings, events and seminars; editing of internal and external communications.

National History Day: Media relations for this non-profit academic program that promotes the study of history, and for its role in bringing Edgar Ray Killen to trial for the "Mississippi Burning" murders.

Sainte-Justine Hospital: PR counsel for the centennial of the largest children's hospital in Québec.

Share Our Strength's Taste of the Nation Seattle: PR and graphics support for this annual party, at which more than 65 of Seattle's finest restaurants, wineries, breweries and coffee roasters donate their time and specialties to raise funds for the fight to end childhood hunger.

VSA Arts of Georgia: Outreach for corporate, foundation, and individual support; pro bono counsel on public relations and branding concerns; ongoing strategic counsel for 2006 planning.

World Economic Forum: Media relations for the annual gathering of world leaders from business, government, NGOs, and academia in Davos, Switzerland.



Asia Pacific

Bombay First: Strategy and media outreach to build support for strengthening and sustaining Mumbai's infrastructure and other resources to ensure it retains its primacy as India's premier city and financial capital.

The Children's Hospital and School for Remedial Education: Ideation, creative, event, and production support for fundraising for Asia's first world-class hospital exclusively for children, located in Mumbai.

Mahindra & Mahindra: Strategy and media support for the company's corporate responsibility project to support the cost of cochlear implants for 60 underprivileged children – one for each year of the company's existence – including the process of rehabilitation.

Nariman Point Churchgate Citizens Association: Media, creative production, and fundraising support to keep this central business district in Mumbai clean.

Room to Read - World Change Starts with Educated Children: PR counsel, media relations, and event coordination for grant program that acts as a catalyst for community building of schools, libraries, and computer and language labs.

Europe

APN: PR counsel and guerilla campaign to get the attention of Swedish pet owners and raise awareness of a new organization dedicated to preventing cruelty toward animals.

Media Trust: Workshop, PR counsel, and event support for this organization that links the media to charities to help them communicate.

National AIDS Trust: PR counsel.

Targets and Objectives

In 2006-2007, our pro bono work will focus on universal girls' education. Edelman will apply our expertise to confronting the harsh reality that 58 million girls in the developing world are not in school. Compared to an educated girl, an unschooled girl is more likely to be poor, marry early, die in childbirth, lose a child to sickness or disease, or have children who are chronically ill or malnourished. This serious problem is thwarting much of the developing world's progress in health and challenging its social, economic, and political stability.

Through partnerships with civil society organizations, Edelman can help raise awareness of the issue and spur action to enroll and keep more girls in school. We plan to work with several global and local organizations, including grassroots groups and policy-driven organizations. We have pledged to contribute Edelman services and counsel valued at \$350,000.



Volunteer Work for Communities and Charities

Edelman people believe in the power of personal involvement to effect positive change. Every year, staffers contribute their time and effort to help organizations in their communities better the quality of life. The following are some examples of volunteer work that we did in 2005.

North America

Big Brothers Big Sisters: For the sixth consecutive year, Edelman Atlanta participated in the annual Bowl for Kids' Sake campaign. PR agencies come together in a bowling competition to raise money for Big Brothers Big Sisters, a non-profit organization that services 2,500 children throughout metro Atlanta each year.

Brain Tumor Society: Edelman staffers organized a team for the annual BTS charity walk.

Capital Area Food Bank: Edelman Washington staffers collected foods for the holiday drive.

Children's Holiday House: Edelman Atlanta spent the month of December collecting toys, bicycles, books, coats, clothing, household items, and other gifts for homeless families in the area, exceeding the office goal of 150 gifts.

DC Metro No More Homeless Pets: Edelman Washington staffers volunteered at this annual pet adoption fair.

Princess for a Night (PFAN): Edelman staffers donated gently worn formal gowns to this group to help defray the high cost of prom attendance for underprivileged students.

The Salvation Army: Edelman Atlanta volunteered at the Salvation Army to support the Angel Tree program, the

city's largest holiday assistance project for needy children, serving over 27,000 people. Edelman staff worked at the Salvation Army warehouse to sort and bag up the gifts.

Toys for Tots: Edelman New York staffers donated new toys as holiday presents for underprivileged children.

United Way of Atlanta: Edelman Atlanta chaired the advertising/PR campaign unit and more than doubled the PR industry's contribution to the annual campaign. The office also co-sponsored a fundraising event to benefit United Way: a cocktail reception followed by a performance of "Peachtree Battle," Atlanta's longest-running play.

Latin America

Associação Santo Agostinho: Edelman São Paulo organized its first holiday donation campaign to help this community institution serving 180 children and more than 50 elderly in need. During the four-week campaign, Edelman staffers collected almost 200 toys from employees for the children, and more than 100 pieces of winter clothing for the elderly.

Asia Pacific

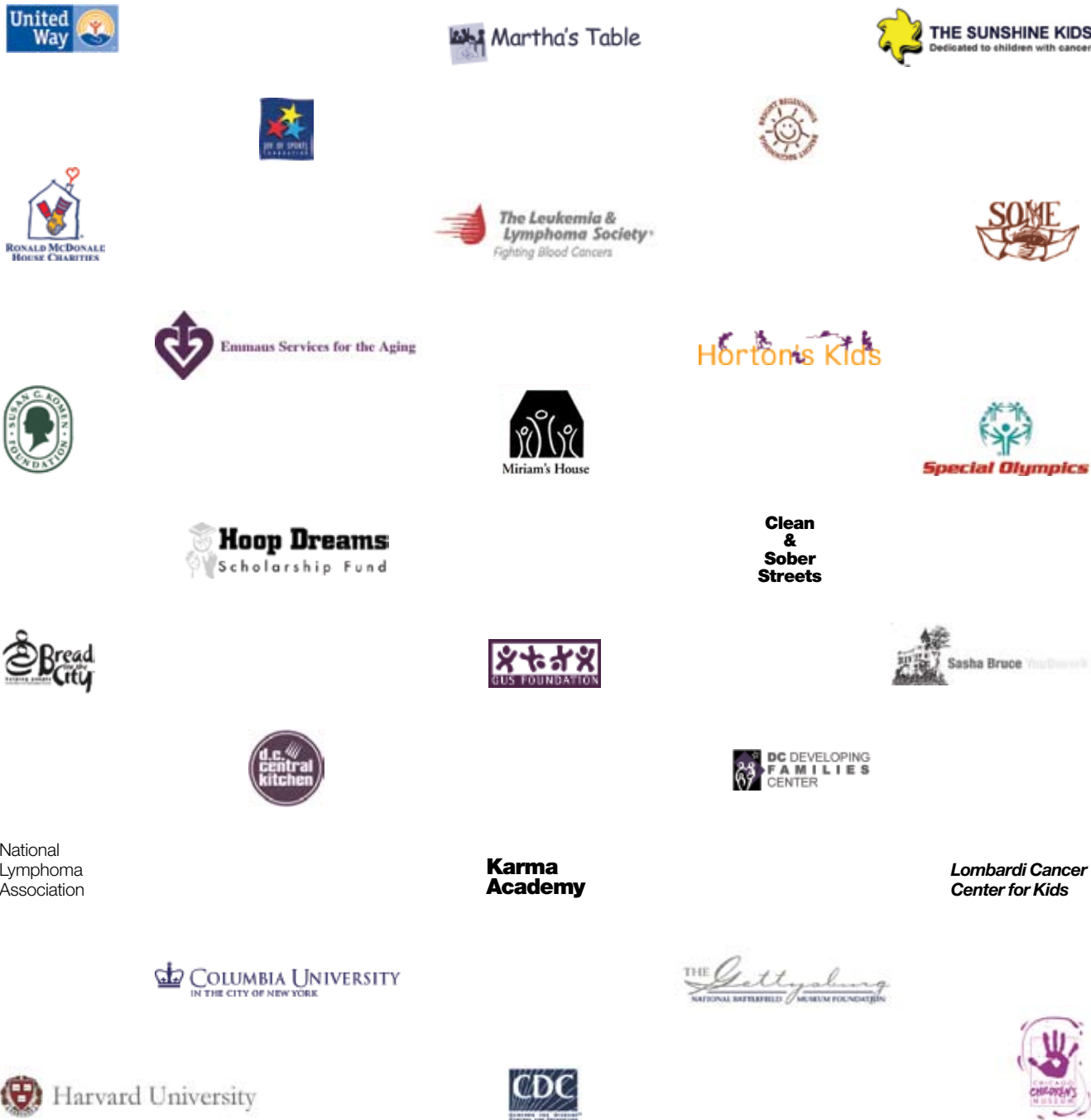
Moving Mountains - The Donation Center: Edelman China made a significant clothing donation to this non-profit, non-governmental, non-political organization, which helps create resources to aid development in China.

School Aid: At an underprivileged village school in rural Yunnan, China, Edelman staff built new desks and stools, painted classroom walls, repaired windows, cleaned and swept the schoolhouse courtyard, organized a small library of staff-donated books, and created a "Happiness Wall" that documented the day with real-time digital picture printouts. Edelman also pledged to cover all tuition costs for the following academic year.



Philanthropy

Every year, Edelman offices across our network make donations of funds to support charitable and community organizations. Below is a sampling of the groups we supported in 2005.



Global Partnerships

As a citizen of the world, Edelman joins forces with leading global organizations that promote best business practices, social responsibility, and responsible development.



U.N. Global Compact

Edelman is a participant in the United Nations Global Compact, the world's largest voluntary corporate citizenship initiative, involving hundreds of companies from all regions of the world. As a participant, Edelman joins international business and civil society organizations engaged in the Global Compact that are working to advance 10 universal principles in the areas of human rights, labor, the environment, and anti-corruption.



Business for Social Responsibility

Edelman is a member of Business for Social Responsibility (BSR). BSR is a global resource for corporate social responsibility that equips its member companies with the expertise to design, implement, and evaluate successful, socially responsible business practices.



Global Reporting Initiative

Edelman is an Organizational Stakeholder (OS) of the Global Reporting Initiative (GRI). As an OS, Edelman supports GRI by promoting the organization among our stakeholders and by participating in GRI governance and activities.



The Prince of Wales International Business Leaders Forum

Edelman is an active member of the International Business Leaders Forum (IBLF), a not-for-profit organization that promotes responsible business leadership and partnerships for international development. In 2005 Edelman partnered with the IBLF and the Harvard University Kennedy School of Government on a survey of global opinion leaders in business, civil society, and the media on the role of business in international development.

A Note on the Paper and Printing of This Report

This report is printed on paper that was manufactured using pulp that is completely derived from post-consumer recycled paper. The paper mill and printer are certified by the Forest Stewardship Council (FSC), which promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC certification numbers for the Mohawk Options PC paper are SW-COC-668/FSC-STD-40-001 and the "Chain of Custody" certification number for the printer is SW-COC-1613.



Our Guiding Principles

Edelman is committed to honesty.

Edelman is committed to transparency.

Edelman is committed to fair dealing.

Edelman will ensure activity aligns with the interests of its
employees, clients, and critical stakeholders.

Edelman will strive to model best practice in the marketplace.

Employees will not violate legal obligations or prohibitions where
Edelman does business.

For more information on this report or on Edelman's Corporate Responsibility
practice, please contact corporateresponsibility@edelman.com.

