

Being the best
business information
bridge between
buyers and sellers
means...

...acting responsibly

Meet John

John Oakley – Area Sales Manager, Yell UK

I have been with Yell for over 21 years and have seen many changes in this time. Perhaps most significantly I have seen how our positive approach to corporate responsibility has supported our commercial activities, from motivating our sales people, to working together with our customers on community activities. Our achievements are closely linked to our approach.



...providing the right service

Yell will be the best business information bridge between buyers and sellers in its markets, regardless of channel, time or location.

We are committed to:

- Being there for our users 24 hours a day, 7 days a week
- Offering a wide choice of channels
- Providing users with more advertisers from whom to choose
- Providing advertisers with high quality business leads
- Continually developing our products and services

Our advertisers rely on us to provide advertising solutions that deliver quality business leads and our users trust and value the information we provide. Meeting their needs is what we do well, whether in Birmingham, Alabama or Birmingham, West Midlands.

Our integrated, cost-effective and easy-to-use products are available as printed, online and telephone media.

Yellow Book is the oldest and largest independent classified telephone directory publisher in the US and has been putting buyers in touch with sellers since 1930. Today, Yellow Book's 565 editions cover 43 states and Washington DC. We distributed 82 million directories in FY05.

Yellow Pages is our UK printed classified directory. From a single directory in 1966, Yellow Pages has grown to 102 editions, covering the whole of the UK. In FY05 we distributed 28 million copies to homes and businesses.

Yell.com is our UK online advertising medium. It features almost 2 million UK businesses, with searchable information from more than 140,000 advertisers.



Yellow Book



Yellow Pages



Yell.com
Yellowbook.com



Yellow Pages
118 24 7



Business Pages

Yellowbook.com is the website of Yellow Book, featuring more than 570,000 advertisements, 31 million business listings and more than 107 million residential listings.

Yellow Pages 118 24 7 is our operator-assisted phone-based directory information service. Launched in 2003 to replace Talking Pages, the service is firmly established as a niche player. In FY05 we received 7.2 million calls and featured more than 70,000 listed advertisers.

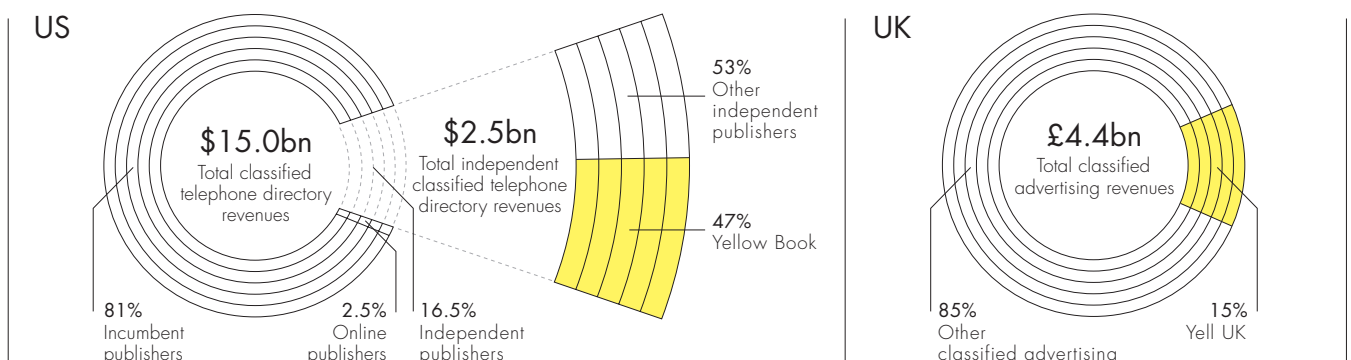
Business Pages is our printed business-to-business directory covering England, Scotland and Wales. In FY05 we published nine editions and distributed 2.2 million copies.

In the US and the UK we operate in the classified advertising market where we compete with a range of media such as other printed directories, local and national newspapers, online directories and providers of business and residential information over the phone. In 2004 this market was worth \$34.0 billion in the US and £4.4 billion in the UK. Despite increased competition, in the UK we have maintained our classified advertising market share at around 15% for more than five years. The majority of our advertisers are small businesses employing fewer than ten people.

In the US, Yellow Book is an independent publisher of classified telephone directories, that is, a publisher without ties to a parent telephone operating company. We are the largest independent publisher and have a 47% share of the independent sector which was worth \$2.5 billion in 2004. We compete predominantly with telephone directories published by the Regional Bell Operating Companies and by other large former telecom companies, collectively known as 'incumbents', as well as with other independent publishers.

The total US classified telephone directories sector of the classified advertising market was worth \$15 billion in 2004.

By realising our goals and maintaining the highest standards of corporate responsibility, we will deliver real value to our users and advertisers, our people, our shareholders and the communities in which we operate.



Performance Highlights

Full year results to 31 March 2005

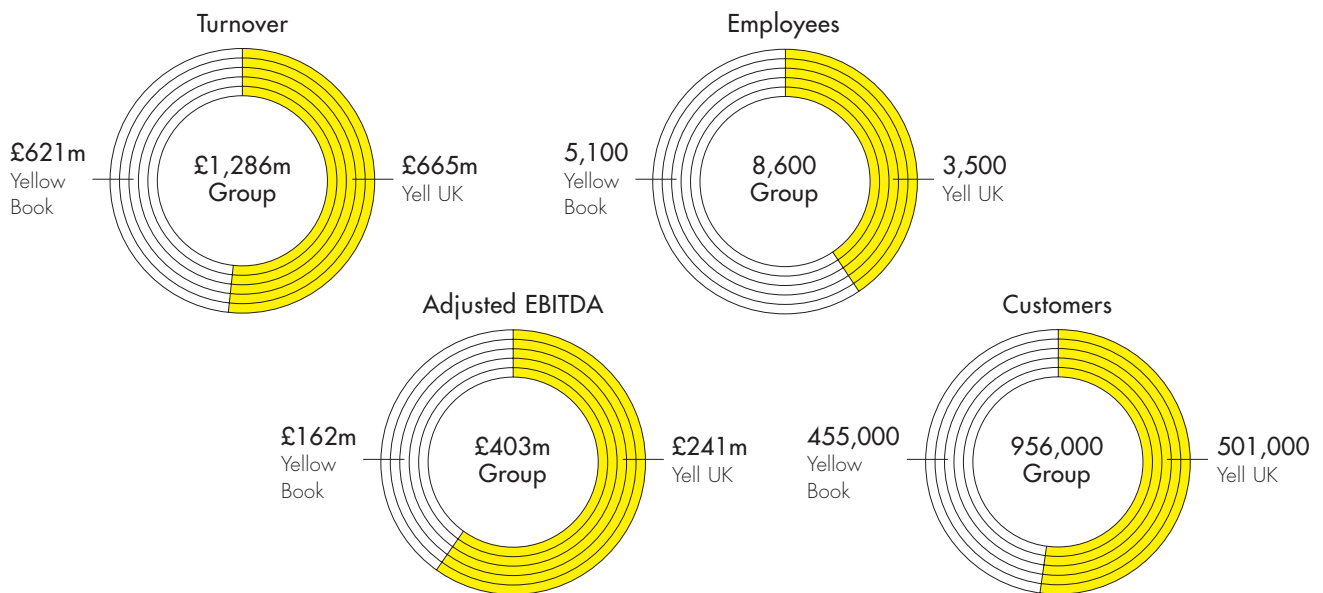
51% of UK households recycled their old Yellow Pages

88% of our UK people would recommend Yell as a good place to work

0.6% of Group pre-tax profits invested in the community

Yellow Book is ranked 5th out of the 25 best US service companies to sell for

Yell is listed in the Dow Jones Sustainability Indexes World covering the top 10% of companies globally in our sector



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...building for future success

Meet Allison

Allison Doyle – Account Representative, Yellow Book USA

I enjoy working with my customers to help their businesses grow. Revisiting them is a great experience because a lot of their success is due to the long-term relationship we have built with them.



Chief Executive Officer's Welcome

I am pleased to introduce Yell's first annual Corporate Responsibility Report. The report tracks our performance over the past year, introduces the key issues for Yell and reflects our Group-wide commitment to corporate responsibility.

We take pride in the way we manage our business and our relationships with our stakeholders. We believe that long-term shareholder value is created when we meet the needs of our advertisers and users, our people, our suppliers, our local communities and the environment.

For Yell, corporate governance and corporate responsibility are inextricably linked. Good governance involves being a responsible company and a sound approach to corporate responsibility necessitates good governance. We have recently launched our governance and responsibility framework which reflects this.

Aligning responsibility and governance gives us the strength to provide our investors and stakeholders with the confidence that we manage our business in a responsible and ethical way. This defines the way in which we have always operated.

Yell Group is made up of two operating divisions, Yell UK and Yellow Book USA. Our UK business has a well developed product range, an established customer base, loyal, long-serving people and a more formalised approach to corporate responsibility. Our US business, which we acquired in 1999, operates in a different business environment. It is growing rapidly through organic growth and the acquisition and integration of other independent directory companies. This presents a challenge for us in terms of reporting at Group level as well as in the co-ordination of our corporate responsibility activities. Our plan is to implement a Governance and Responsibility Programme across the Group. In the meantime this report focuses on our UK activities.

We have already achieved notable recognition for our Group performance with respect to corporate responsibility through our listing as an index component in the Dow Jones Sustainability Indexes World. This covers the top 10% of some 2,500 companies across the globe. We were also listed in the Dow Jones Indexes Stoxx which covers leading European companies in our sector. This was a great achievement and provides a firm foundation for future improvement.

Further evidence of our success came in November 2004 when Yell UK became the first company to win the European Quality Award for large businesses for a second time. In the US, Selling Power magazine voted Yellow Book the fifth Best Service Company to Sell For, and Yell UK was ranked 22nd in The Sunday Times 100 Best Companies to Work For, one of only two FTSE 100 companies in the list.

Thanks to the skill and professionalism of our people, operationally and financially this has been a highly successful year for Yell. We have initiated a governance and responsibility framework and have set ourselves stretching targets for the coming years. We believe our approach will allow us to continue to develop and deliver further success.



John Condron
Chief Executive Officer



Yell's Approach to Corporate Responsibility

Over the last twelve months representatives from across our company and the Board have been discussing what governance and responsibility means to Yell. The outcome of this is a Governance and Responsibility Programme for the Group fully endorsed by the Board.

As set out by our CEO, corporate governance and corporate responsibility are inextricably linked for Yell. We firmly believe that good governance involves being a responsible company and that a sound approach to corporate responsibility necessitates good governance. Our programme brings the two together, both for internal management purposes and for reporting to stakeholders.

Our governance and responsibility vision is:

Providing our shareholders and other stakeholders with confidence that Yell is a well-managed and responsible company.

This vision reflects our commitment both to our shareholders and to the wider community of stakeholders which includes our users and advertisers, suppliers, communities and our people.

Supporting our governance and responsibility vision are our Guiding Principles of excellence, reliability, responsibility and integrity. They define how we work and underpin our approach to all aspects of our business.

Excellence We have a philosophy of continuous improvement and constantly seek to 'make the best better'. We have leading brands and aim to provide high quality products and services in the most efficient and effective way.

Reliability We pride ourselves in meeting targets and expectations, and in keeping our promises. We give confidence to our shareholders through relevant and timely communications. We provide advertisers with a wide choice of products and services of consistently high quality, and our users with timely access to comprehensive, relevant information.

Responsibility Yell is a long-term business, accountable to all its stakeholders. We operate in a clear and transparent fashion and take responsibility for all our actions.

Integrity We operate with the highest ethical standards in all our activities. We have respect for each other and for all our stakeholders. Trust, honesty and integrity are key values across our business.

Every Yell person is expected to carry out his or her role within our company in accordance with our Guiding Principles.

Governance Elements

The elements that make up our Governance and Responsibility Framework are:

- The 'Yell Way' – our culture, our values and how we work
- Baseline compliance – meeting all laws and regulations relevant to our business
- Risk management – maximising opportunities whilst minimising risk
- Responsibility – adding value through being responsible
- Brand integrity – managing and maintaining our reputation and intellectual capital
- Accountability and openness – ensuring transparency and clarity in our operations and communications

The framework is set out on the opposite page.

Within each element there are processes and activities which will help us to deliver our Governance and Responsibility Programme. Whilst we expect the processes and activities to evolve over time to address the changing expectations of our stakeholders, the elements themselves will remain consistent. Within this report we focus primarily on the 'Responsibility' element whilst touching upon the other areas which naturally contribute to this.

Governance and Responsibility Framework

Element	Sub-elements	
The Yell Way	<ul style="list-style-type: none"> • Values • Culture 	<ul style="list-style-type: none"> • Roles, responsibilities and accountabilities • Business excellence
Baseline compliance	<ul style="list-style-type: none"> • Laws and regulations 	<ul style="list-style-type: none"> • Listing rules
Risk management	<ul style="list-style-type: none"> • Internal control • Internal audit 	<ul style="list-style-type: none"> • Business continuity • Sarbanes-Oxley
Responsibility	<ul style="list-style-type: none"> • Environment • Customers • Suppliers/Partners 	<ul style="list-style-type: none"> • Investors • Yell people • Community
Brand integrity	<ul style="list-style-type: none"> • Reputation and brand management 	<ul style="list-style-type: none"> • Fair selling
Accountability and openness	<ul style="list-style-type: none"> • Stakeholder dialogue • Combined code 	<ul style="list-style-type: none"> • Reporting • Internal communications

Reporting on Corporate Responsibility

This is our first annual Corporate Responsibility Report. Further information on other elements of our Governance and Responsibility Programme can be found in our Annual Report, online at Yellgroup.com and through various investor communications. In line with best practice, we have referred to two of the most widely recognised reporting guidelines: Business in the Community and the Global Reporting Initiative. We have added other subjects and tailored these guidelines where appropriate.

The primary focus of this report is our UK operations, where Corporate Responsibility policies and processes have been established for many years. All significant direct and indirect issues have been reported on. In the US we have provided an overview of Yellow Book's operating environment and reported on the key issues.

Throughout the year we have consulted investment analysts specialising in Socially Responsible Investment, suppliers and community groups about the issues we should be reporting. Their views have been considered. Active stakeholder engagement is a key part of our approach and we welcome feedback on this report from any group or individual. See page 36 for information on how to contact us.

How we Manage Corporate Responsibility

Overall direction for Yell's approach to Corporate Responsibility is managed by the Governance and Responsibility Steering Group. The steering group reviews our performance against corporate governance best practice and designs and implements policies and procedures to ensure our continuing compliance. It reports directly into our CEO who is our champion at Board level.

This group will present relevant information on corporate responsibility to the Board on an ongoing basis and will develop a programme of corporate responsibility activity and performance indicators at Group level. The group has recently developed the Yell Group Code of Ethics which will apply across our UK and US operations. It sets out the ethical standards we expect from all Yell people. The Code will be endorsed by the Board and will be introduced across our business during the coming year.

In the UK, our day-to-day corporate responsibility activities are integrated into our business activities and managed by functional managers, line managers and community and environmental champions. Our Corporate Responsibility Programme is co-ordinated by a Corporate Responsibility Steering Group. This group is made up of senior representatives from across the business and is responsible for identifying key issues, reviewing strategy, policy and performance, and setting objectives and targets. Each year this group sets targets in a scorecard to outline desired performance and activity for the year ahead. We plan to set up an equivalent steering group in Yellow Book.

Such is our emphasis on health and safety and the environment that we have assigned responsibility to a dedicated UK committee, led by our Operations Director. This is supported by a network of more than 50 regional representatives.

Internal and External Review

The Governance and Responsibility Steering Group is responsible for verifying the various disclosures we make. Much of the information presented is formally verified through a mixture of external and internal assessments. In the UK, these include external compliance reviews against key quality standards (see page 11 for further details), benchmarking of our community programmes by the London Benchmarking Group, and our tri-ennial Investors in People (IiP) assessment. We were recently recognised under the IiP Leadership and Management Model and were externally assessed against the European Foundation for Quality Management’s Business Excellence Model.

Best Practice

We are active members of the London Benchmarking Group, the CSR Media Forum and Business in the Community—forums where we share and learn from best practice. We benchmark our performance against other companies in corporate responsibility related assessments such as the Dow Jones Sustainability Index assessment.

Risk Management

Our directors have overall responsibility for establishing and monitoring the systems of internal control and risk management. This is managed by Yell’s Head of Risk. In addition, each area of our business carries out a risk assessment and ensures that key risks are identified and monitored as part of our business planning process. The risk assessment is reviewed by senior management and the Audit Committee. Our risk register takes into account any social, environmental and ethical issues as part of the overall risk management process. Risk issues are reviewed by the Audit Committee at least once a year.



Yell is listed in the Dow Jones Sustainability Indexes World



IMS: 56314

Yell UK is accredited to key quality standards



Yell is a member of Business in the Community

What we Report on and Why

Corporate practice

Yell UK

Corporate practice defines the way we manage relationships with our economic stakeholders, our business standards and the way in which they are upheld. Providing confidence that Yell is well managed is vital for our future success.

Workplace

Our people are the foundation of our success. Providing an environment where they are motivated, developed and rewarded ensures we are able to meet our objectives.

Environment

We work alongside our key business partners to ensure our operations reinforce and support our commitment to the environment. Minimising adverse effects from our production process is essential for the future success of our business and the environment.

Community

We are considerate of the interests of the communities in which we operate and encourage our people to work within them, and with charities, in ways which complement our business activities. This reinforces our brand values as well as developing the wider skills of our people.

Yellow Book USA

Key issues

Our commitment to corporate responsibility in the US is of equal importance to our commitment in the UK. We plan to build on our success in the UK by establishing a Corporate Responsibility Programme in the US to ensure we take a truly company-wide approach.

...building relationships

Meet Mel

Mel Hardcastle, Sales Consultant, Yell UK

Our customers come first and meeting their needs is my main priority. We all work to the highest standards to ensure we provide the best products and services.



Yell UK Corporate Practice

We define Corporate Practice in terms of the relationships we have with economic stakeholders, our business standards and the way in which they are upheld. Our interpretation differs from the Business in the Community 'marketplace' definition and reflects a broader range of issues that are important to our business.

The issues

- The regulatory and legal environment
- Supporting users and advertisers
- Sales and service excellence
- Accessibility
- Working in partnership with our key suppliers
- Maintaining quality standards

What we are doing

The regulatory and legal environment

Regulation

Since 1996 Yellow Pages has been subject to regulatory undertakings. The undertakings impose a price cap on advertising rates in our UK Yellow Pages directories, together with other restrictions.

In August 2004 the Office of Fair Trading (OFT) announced a review of Yell UK's undertakings in respect of our Yellow Pages directories. In November the OFT announced this review would take the form of a market study under the terms of the Enterprise Act. At the conclusion of their study in April 2005, the OFT referred what it defined as 'classified directory advertising services' to the Competition Commission for investigation.

In the ten years since the Monopolies and Mergers Commission completed its first review, the classified advertising market has become increasingly dynamic and aggressively competitive. Recently there have been a number of new entrants into the market. These include printed directories from BT and Trinity Mirror, more than 80 phone-based services and numerous online services. We believe that this has served advertisers and users well, and that the market is still evolving.

We are committed to playing an active role in the investigation. Our internal team is supported by appropriate external advisors to ensure that our arguments are properly supported and heard.

Advertising

The Advertising Standards Authority (ASA) is the main UK regulatory body for non-broadcast advertising media. Rules are set out in the British Code of Advertising, Sales Promotion and Direct Marketing (the CAP Code). There are also other pieces of legislation in place to protect the interests of consumers.

In most cases, compliance with advertising regulations is regarded as the responsibility of the advertiser. To support our advertisers we have produced an advertisement policy manual to guide them on the CAP Code and applicable laws and regulations. When non-compliant advertising is brought to our attention, steps are taken to correct it at the first available opportunity. For some types of advertising, the law and regulation are very complex and Yell has a team of specially trained people to monitor and review advertising prior to publication. In extreme circumstances where public interest dictates we have barred advertisers from advertising.

In the year to December 2004, there were four upheld formal investigations, five formal investigations and two compliance cases by the ASA relating to advertisements which were in breach of the CAP Code.



Yell UK were European Quality Award winners for the second time



Yell UK hosted its second annual supplier forum and launched its Ethical Purchasing Guidelines

Supporting Users and Advertisers

It is our advertisers' legal responsibility to ensure that their advertisements comply with the CAP Code. However, we aim to ensure the information in our directories is up-to-date, legal, decent, honest and truthful. We focus on three areas of activity to support users and advertisers:

1. Informing – publishing consumer information within our directories
2. Supporting – working with Trade Associations to support the industry
3. Representing – acting as a lobbyist in the consumer arena

1. Informing

During the past year, in a joint initiative with the Department of Trade and Industry (DTI), we launched Consumer Tips to provide consumer advice in 13 different classifications in all our Yellow Pages directories and on Yell.com. The Yellow Pages preface also carries information on consumer rights and the contact details of organisations such as the Advertising Standards Authority (ASA), the Office of Fair Trading (OFT) and the Consumers' Association for more detailed advice.

2. Supporting

For more than seven years we have been working with Trade Associations to counter abuse of accreditation systems such as the trade association endorsement logos. Today, we have a dedicated team working with more than 30 associations to ensure industry standards are upheld. At the front of the directory there is additional advice for our users, encouraging them to contact the relevant trade associations to check the membership status of advertisers they are intending to contact.

3. Representing

We maintain strong and effective relationships with government departments, the OFT, the DTI, and Trading Standards. We work with consumer organisations and the DTI to extend consumer information within our directories. For example, we worked closely with the DTI in support of its Quality Mark which aims to provide certification for competent builders through reference to the Mark in Yellow Pages directories. We also work with Government agencies to encourage the strengthening of consumer laws and the introduction of new powers to ban rogue traders.

Sales and Service Excellence

We aim to continually increase customer satisfaction levels and reduce the number of complaints received. Last year we appointed a dedicated Customer Excellence Director to lead activity in this area.

We have processes in place to ensure advertisements in our directories contain accurate name, address, telephone number and classification (NATC) information. Last year we achieved a NATC error rate of 0.085% for the 1.2 million advertisements which were processed.

We carry out extensive research to understand the value our users and advertisers gain from our products. We also measure our advertisers' overall satisfaction with the service we provide.

Our Yellow Pages 118 24 7 call centre operation in Bristol received recognition last year for the quality of its overall service. Performance is measured on an ongoing basis through independent surveys run by Performance House and the regulator Ofcom. In the Performance House monthly survey assessing the main 118 providers from September 2004 to January 2005, our Yellow Pages 118 24 7 service came first on every occasion except one. In October 2004, we won the inaugural Performance House, Best 118 Service from a Landline Award.

We are committed to selling fairly and sell on the benefits and quality of our products. We work on the principles of putting our customers first, being honest about and respecting our competitors and treating fairly those buying from our competitors. All our sales people are trained on our Sales Code of Conduct as part of their induction and we have recently launched our 'Winning Fairly, Selling Fairly' initiative to promote these principles, with a dedicated helpline for enquiries.

Accessibility

We provide directory services through print, telephone (voice and text) and the Internet. We believe this allows users to access information easily and free of charge through at least one or more channels. Our Yellow Pages 118 24 7 service is available through '195', a free telephone directory service for registered blind users and last year we received 1,207 referrals from this service. We have a free text phone service at our Yellow Pages 118 24 7 call centre for users with hearing impairments. For our advertisers, we offer customer correspondence on alternative media and have a dedicated team in place to ensure we provide a personal service.

Both of our websites – Yell.com and Yellgroup.com – comply to the level A Standard of the World Wide Web Consortium (W3C) Web Accessibility Initiative (WAI) Web Content Accessibility Guidelines (WCAG) which is the first of three levels.

Working in Partnership with our Key Suppliers

We aim to build strong, long-term, mutually beneficial relationships with our key suppliers to deliver business objectives. We meet with our key partners (pre-press, print and paper) twice a year to share strategy, objectives and performance.

We hold an annual Supplier Forum at which we share our corporate responsibility and business objectives. In 2004, we communicated our corporate responsibility objectives and launched our Ethical Purchasing Guidelines. These guidelines set out the ethical and environmental standards we require all suppliers to sign up to. They are based on the UN Declaration of Human Rights and the International Labour Organisation Conventions. Our policy is to use our purchasing power fairly and to pay promptly. In our latest annual supplier survey, 85% of our Yell UK suppliers thought we were effective in paying invoices on time.

Maintaining Quality Standards

Our management systems are built on our culture of continuous improvement and commitment to business excellence and are maintained through regular assessment and review against key quality standards.

We have recently been accredited to the BS 15000 IT Service Management Standard. We are one of only ten organisations to achieve this. Our Information Services Department has undergone an IT Infrastructure Library Assessment, against a set of best practice guidelines for managing IT services in an operational environment. Our resulting score was the highest ever achieved by an organisation, exceeding the benchmark best for 12 out of 15 processes.

Yell Quality Standards:

Maintained since:

ISO 9001:2000 (International Quality Management Systems Standard)	1993
TickIT 9001:2000 (Standard for Software Development using ISO 9001:2000)	1996
ISO 14001 (International Environmental Management Systems Standard)	1999
OHSAS 18001 (Occupational Health and Safety Management Systems Standard)	2001
BS 15000 (British Standard for IT Service Management)	2004

Where Next?

As a result of feedback from our advertisers and operational staff, over the next year we will be reviewing our advertising policies. We were told that our policies are typically too long and confusing in their attempt to include all industry legislation. We have taken this view on board and recognise that we are unable to police over 1.2 million advertisements covering all industries with varied and complex legislation. As a result, we will ensure that our advertisers are aware of and able to access all relevant industry legislation covered in the CAP Code.

We will incorporate our Ethical Purchasing Guidelines into our suppliers' contracts and are aiming to have 90% of suppliers signed up to them by March 2006.

We plan for both our websites to comply with level B of the accessibility guidelines.

Royal Institute of British Architects (RIBA)

Yell has been working with RIBA for more than four years. Last year they decided to offer free membership to all undergraduates but had no effective means of communicating this opportunity. In January 2005, Yell partnered with RIBA to promote this initiative, sponsoring a student handbook which went out to over 10,000 architectural students at colleges across the UK.



This gave those students Undergraduate Membership of RIBA, plus access to the prestigious RIBA library in their London headquarters.

Yell also sponsored an architectural competition to promote new designs for public buildings and high environmental standards across the UK.

...valuing our people

Meet Robert

Robert Carr – Strategy and Development Manager
Information Services, Yell UK

Yell is a great place to work. It has excellent products, strong brands and good opportunities for career development. The best thing is the support I get from management and colleagues and the flexibility to balance my work and home life.



Yell UK Workplace

Our people are the foundation of our success. Our programmes and policies are designed to attract, retain and develop the very best and ensure we act as a responsible employer.

Our Guiding Principles of excellence, reliability, responsibility and integrity define how we work and underpin our approach to all aspects of our business (see page 4). They also shape our values which are:

- Satisfying customers
- Developing people
- Working together
- Continuously improving
- Delivering results
- Acting responsibly

Our values reflect our commitment to excellence. They identify the beliefs and behaviours that are important to the way we work.

External recognition of our success in managing and developing people was provided by the award of two special prizes at the European Quality Awards in November 2004. Yell was awarded special prizes for Leadership and Constancy of Purpose and People Development and Involvement in addition to the overall European Quality Award for Excellence.

Furthermore, in The Sunday Times 2005, 100 Best Companies to Work For survey, we were ranked 22nd, one of only two FTSE 100 companies to make the list.

The issues

Recruiting the best people
 Retaining our people
 Developing our people
 Valuing equality and diversity
 Providing a healthy and safe working environment

What we are doing

Recruiting the best people

We operate in a competitive market. We believe we offer a good work-life balance, excellent career prospects, high standards of training and personal development, and offer fair reward and recognition. We also have high ethical standards and strong values. Our responsible approach helps us to recruit people of the right calibre who are increasingly choosing employers who offer balanced and satisfying positions.

In addition to recruiting through traditional media, our referral scheme encourages current employees to recommend potential employees who will bring value to the business, with a £1,500 reward. We have operated an undergraduate scheme for the past four years. Not only do we benefit from fresh ideas in the business and are able to view at first hand potential graduate employees, but we also help undergraduates obtain work experience.



Yell UK is listed in the 100 Best Companies to Work For



Yell UK has been recognised since 1997 as an Investor in People



Yell UK recently achieved recognition under the Leadership and Management Model



Yell UK is accredited with the 'Two Ticks' symbol

Retaining our People

Our culture of rewarding, recognising and valuing people is reflected in our high people retention levels. Furthermore, last year in our employee opinion survey Tell Yell, 88% of our people said they would recommend Yell as a good place to work.

We offer a good balance between life at work and home through our 'Harmony Programme'. This gives people the flexibility to manage their commitments through part-time working, job-sharing, home-based and term-time working, career breaks, leave for carers and special leave for community work. Currently almost 20% of our people take advantage of these types of working options.

We promote open communications. Since 1989 we have run Tell Yell to monitor and measure perceptions on a wide range of employment issues (see page 17 for further details). The survey results are used as the basis for improvement plans. On a day-to-day basis we have developed a range of communication channels to enable effective two-way, horizontal and vertical communication. For example, HR Online is a one-stop service providing car, family and general HR information.

Our Gold Awards scheme (see page 15) is just one way in which we recognise the achievements of our people. Managers are expected to openly recognise achievements at regular team and departmental meetings. We encourage departments to apply for awards as a form of external recognition and to celebrate success with their teams. For example, in 2004 we won Best IT Department of the Year awarded by Computing magazine, and in 2003, the IM2003 Knowledge Management Award.

We foster involvement with the company through initiatives such as our ShareSave scheme, where people can share in the success of the company whilst saving for the future. We also offer opportunities to our people to volunteer for events such as Comic Relief Red Nose Day for which we provide a call centre.

Developing our People

Since 1997 we have been recognised as an Investor in People (IiP). A central part of this standard is how we develop our people. Everybody in Yell has a Personal Development Plan that identifies training and development needs. In 2004 we invested 4% of our payroll budget in training and development. Yell also provides support to people to gain appropriate professional qualifications.

Sales is a particularly important part of Yell and we are particularly proud of our sales training, considering it amongst the best. On joining the company, every sales person attends a three week residential course covering sales technique, product knowledge, sales code of conduct, company values and ethics.

We measure the success of our training plans through a mixture of perception and performance indicators. The results provide key inputs to our people strategies and HR initiatives. In 2004, 89% of our people said there were sufficient opportunities to receive training to improve their skills in their current job.

In March 2005, we gained recognition under the IiP Leadership and Management Model for our approach to leadership and people management. This is in addition to the IiP accreditation we hold.

Valuing Diversity and Equality

Our values support our approach to diversity and equality and we promote and ensure fairness in all our policies and processes. All managers involved in recruitment and selection attend diversity and equal opportunities training. We review the percentage of ethnic minority employees against the ethnic mix of the catchment area and, where possible, tailor the recruitment media used to ensure a balanced mix of applicants.

We are accredited with the UK's Two Ticks symbol for our positive approach towards disabled people. Furthermore, in 2004, 97% of our people said Yell provides an environment which is accepting of differences in culture, background, lifestyle or gender. Currently 6% of our UK workforce is from ethnic minorities.

Providing a Healthy and Safe Working Environment

Throughout Yell we have policies, processes and systems in place for the effective promotion and management of our Health and Safety (H&S) responsibilities. For example, our flexible working policy has resulted in an increase in permanent home workers. We have therefore developed a Home Working Policy and Assessment to ensure they receive the correct equipment and to maximise their comfort and safety. Our Lone Worker Policy, mainly for field sales, ensures that there is a system of contact in place.

We encourage Yell people and contractors to report all H&S incidents and accidents which have or could have resulted in injury. We have an online system for reporting, ensuring greater accuracy and improved management.

There are three main H&S risks.

1. With 50% of our people driving on company business, driving is Yell's most significant H&S risk. We have completed an initial driver training programme which included all business drivers under our Car Ownership Scheme and all other Yell people who drive regularly on company business. We are about to start the refresher stage of our programme while continuing to provide initial safer driver training to all new business drivers.
2. Our second main risk arises from the use of display screen equipment (DSE), as incorrect use can result in upper body injuries. Our new DSE online assessment package is available to all Yell people and provides an up-to-date training and self-assessment process.
3. Our third main H&S risk concerns the management of contractors, as we have less direct control over the hazards and risks associated with them. We have assessed the H&S and business risk for the various activities and introduced measures that work alongside our procurement processes and enable the effective management of contractors.

We encourage the involvement of all our people in the development and maintenance of a safe and pleasant working environment. Our overall approach is managed by a team of H&S professionals and a Health and Safety Committee. They are supported by a network of more than 50 health, safety and environment representatives throughout our regional offices. We are accredited to the OHSAS 18001 Standard and at a recent British Standards Institute audit we were commended for our systems and internal audit process.

In March 2004 and 2005 we were awarded the National Safety Award by the British Safety Council, in recognition of our lower-than-average accident rates.

Where Next?

We will be focusing on further aligning our business objectives with our people strategy in the following areas:

- Improving recruitment – reinforcing and extending the use of role profiling as a recruitment tool, identifying more effective recruitment media and better positioning of Yell as an employer. This will improve both the recruitment process and the calibre of people that we attract into our business.
- Improved performance management – reviewing and refining our approach to setting personal objectives, agreeing personal development plans and conducting annual appraisals. We will be working to achieve even better alignment of individual objectives with our business objectives and to further motivate our people.
- Enhancing career development – assessing the need for both role-specific and general management programmes. This will work alongside our recruitment programme to further develop our people base.

Gold Awards

Recognition – saying thank you for a job well done – is a key feature of the Yell culture and the Gold Awards for Business Excellence are our most prestigious form of recognition. Now in their sixth year, the Gold Awards focus both on the behaviours that support and reinforce our company values and on outstanding performance against objectives. Everyone has the opportunity to nominate a colleague as someone whose attitude, approach and performance marks them out as exceptional.

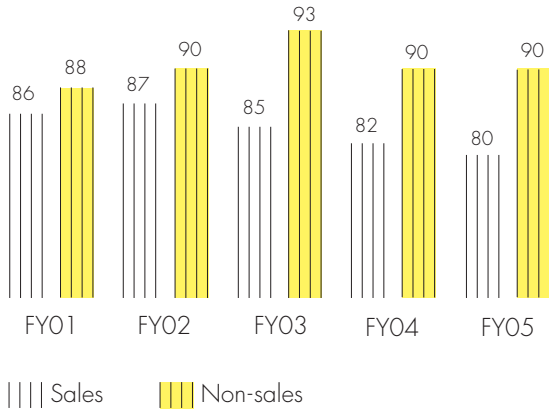


Being nominated shows that an individual or team has won the respect of colleagues, winning a Gold Award marks people out as the best of the very best. The Gold Award categories are reviewed and revised each year to ensure they reflect changing customer expectations and the changing demands made on our business.

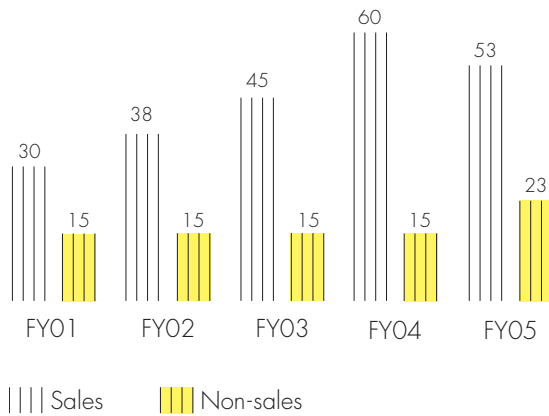
Winners and their partners celebrate their achievement at a high profile event hosted by our Executive Management Group.

Performance

People Retention (%)



Average Training Hours per Person

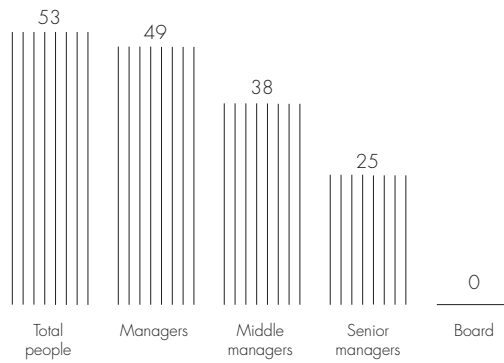


RIDDOR/Accident Incident Rate

We record and benchmark incident information in line with recommendations from the Health and Safety Executive to comply with the Reporting of Injuries, Diseases and Dangerous Occupancies Regulations 1995 (RIDDOR).

For the last three financial years our RIDDOR/Accident Incident Rate was 85.17, which is considerably lower than the insurance industry sector's Standard Industry Classification of 226.66. We benchmark our rate against the insurance industry due to the similar nature (fieldsales, telesales and office personnel) of both operations.

Proportion of Women by Employment Group in FY05 (%)



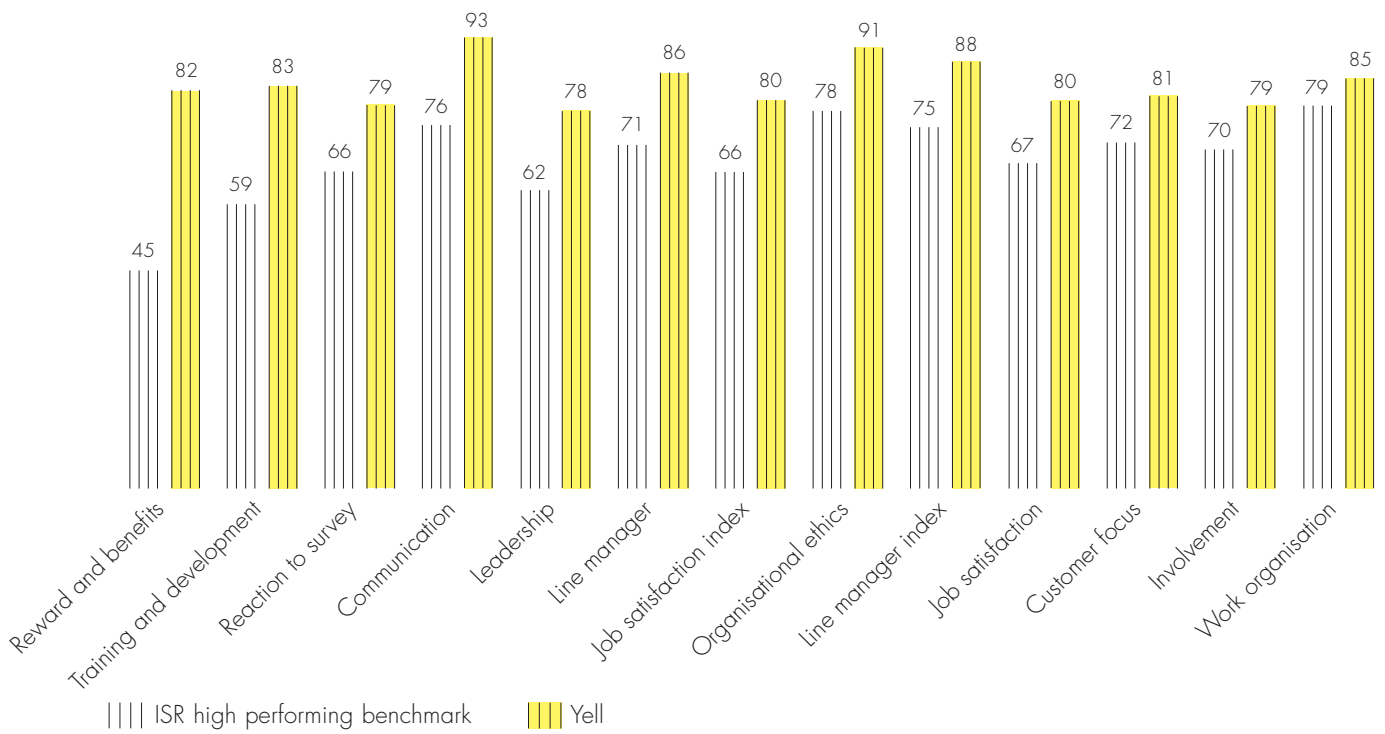
One way we measure diversity is by looking at female/male ratios. We will use these ratios as a benchmark for reporting in future.

Tell Yell 2004

Our annual people opinion survey is conducted by International Survey Research (ISR) and benchmarked against 140,000 company results across Europe. This year we achieved a 94% response rate, so the following results reflect the majority of our people's views. We benchmark our results

in the categories shown below against the ISR 'high performing companies'. We have produced the best overall results against all other benchmarked companies for the three years that we have been working with ISR.

Percentage of Favourable Responses (%)



...operating efficiently

Meet Matthew

Matthew Pentland –
Publishing Environment Manager, Yell UK

To be successful it is important to achieve a balance between a purely commercial and an environmental focus. Working in partnership with our suppliers has, I believe, enabled us to operate efficiently and get the balance right.



Yell UK Environment

We proactively manage the impact of our business on both the local and global environment, support initiatives that are designed to enhance or protect the environment and seek to protect resources through effective supply chain management. Our approach is based on our business-wide philosophy of continuous improvement.

Our Operations Director champions our environmental activities. An environmental committee and network of more than 50 environment, health and safety representatives ensure our goals are shared regionally. Each year we produce a specific environmental scorecard which is monitored quarterly and supports our corporate responsibility and overall company scorecards. Our environmental objectives and targets are therefore fully integrated with our business objectives and targets. Progress is monitored by the Corporate Responsibility Steering Group. All of our UK operations have been registered to the ISO 14001 standard since 1999.

The issues

The use of paper
Directory recycling
Working with key partners to manage our supply chain
Managing the resources in our offices and buildings
Transport and car usage

What we are doing

The use of paper

Our largest environmental issue is paper. Last year we used more than 58,000 tonnes and printed and distributed 30 million copies of our directories. When deciding on what grade of paper to use we consider the environmental merits, its suitability for the printing process and equally, that it meets our users' and advertisers' expectations on quality.

There are three ways in which we manage the issue of paper:

1. Together with our paper suppliers, we review grammage (weight) of the paper
2. We optimise the recycled fibre content of the paper
3. We aim to ensure that the virgin fibre used in the paper we buy comes from well managed, sustainable forestry operations

There is a balance between the amount of recycled fibre we can use and paper grammage. Lowering grammage and increasing recycled fibre results in a reduction in the strength of the paper. We work with our paper suppliers in an effort to optimise recycled fibre content and grammage and we benchmark our performance with other directory publishers.

We currently include an average of 46% recycled fibre within the main body of the directory and have recently reduced grammage from 36gsm to 34gsm. In the 2004 European Association of Directory Publishers survey Yell's recycled fibre content level was higher than the industry average (see page 24 for further details).

Yell is committed to the use of sustainable forestry and recognises independently certified forestry schemes. Our main paper suppliers, UPM-Kymmene, supplied 91% of our paper in the 2005 financial year. They are ISO 14001 accredited and their forestry activities in Finland are environmentally certified in accordance with The Finnish Forest Certification Scheme (FFCS) which is endorsed by the Pan European Forest Certification Council (PEFC).



Yell UK runs the Yellow Pages Directory Recycling Scheme

Directory Recycling

Our users perceive directory disposal as being our greatest impact on the environment. Although there is no legislation governing this, since 1993 we have directly managed the issue of directory waste through the Yellow Pages Directory Recycling Scheme (YPDRS). The scheme works across the UK in partnership with local authorities, environmental organisations, schools and end-users to assist, establish and promote recycling opportunities for Yellow Pages directories.

The Scheme offers financial assistance to local authorities towards the cost of establishing recycling facilities and we offer media support to promote initiatives. We publish details on our Group website, and in all our Yellow Pages directories. We also have a dedicated Directory Recycling Helpline – 0800 671 444 and a YPDRS newsletter which enables the sharing of best practice with local authorities, environmental organisations, end-users and interested parties. Currently 94% of councils are offering recycling facilities. This is an increase from 55% in 1998, and we continue to target progress in this area.

The collection of old directories is only the starting point of the recycling process. Demand for products made out of directories is essential and the YPDRS offers end-user support. Broadening the variety of end-users is key and there are currently a number of recycling routes available including card and board, egg boxes, packaging, insulation, animal bedding and more recently, newsprint.

Independent market research conducted by FDS International in 2004 indicated that 51% of UK households recycled their old Yellow Pages directory. This is the highest level to date and compares favourably against the 30% average household recycling rate for paper and card (e-Digest of Environmental Statistics, August 2004).

Working with our Business Partners

Many of Yell's important processes are outsourced. We have chosen to use world-class suppliers and have worked with our paper, pre-press and print production partners for more than 20 years.

We have a dedicated publishing team to give further focus on our supply chain. Our approach is to work in partnership for the achievement of environmental objectives. All key publishing partners including suppliers of ink, glue, paper, printing and pre-press services meet each year to discuss and agree environmental performance and goals associated with directory production.

In September 2004, we launched our Ethical Purchasing Guidelines at our annual Supplier Forum (see also page 11). These guidelines set out the environmental standards we require all our suppliers to commit to and promote in their supply chains. They will be mandatory for all our suppliers from September 2005.

Managing the Resources in our Offices and Buildings

We operate from our head office in Reading and a further 39 offices across the UK. We aim to rationalise the consumption of resources and have an internal environmental programme called Think Again which promotes our reduce, reuse, and recycle philosophy. Running since the early 1990's, this programme is supported by our network of local environment, health and safety representatives and is promoted through ongoing internal communications. We provide office recycling facilities to enable us to achieve objectives. Examples of target areas include:

- Reduce – office paper, electricity and water consumption
- Reuse – renewable energy, recycled paper
- Recycle – inkjet and toner cartridges, batteries, fluorescent tubes, plastic cups, aluminium cans and redundant IT equipment

We manage the disposal of our old IT equipment in line with the requirements of the forthcoming WEEE Directive (Waste, Electrical and Electronic Equipment) which will require companies to recycle rather than landfill redundant equipment. None of our old IT equipment is sent to landfill and where possible we donate redundant computers to schools.

Our overall target for the use of electricity from renewable sources is 10% and we are reviewing whether we can increase this target. In our Reading head office we are on an Energy Green Tariff where our provider purchases the equivalent amount of electricity we use from renewable sources. We have recently launched an Energywise campaign to raise awareness about conserving resources. More than 150 people gave suggestions for improvements. We also have a separate energy plan to look at ways we can reduce our energy consumption. We are currently investigating the use of Nightwatchman, a computer-based programme, to conserve energy used from our IT equipment at night.

Transport and Car Usage

Yell's fleet is made up of around 1,500 cars and our business travel CO₂ data reflects our emphasis on face-to-face selling. Our car scheme is a key part of our overall rewards package and we aim to give people as wide a choice of cars as possible whilst maintaining the right balance between business cost, risks to safety and CO₂ emissions. Over the next year we will be presenting more environmental information on our Car Ownership Scheme website to give people environmental and safety information when choosing their car.

We also have a Green Travel Plan and work with local authorities and transport groups to publicise alternative transport systems (eg Park and Ride) to our people via our intranet. Included in this plan are activities such as car sharing and Yell's Angels, a scheme promoting cycling to work.

Conference calling has increased by 35% over the last year as more people are making use of technology to avoid business travel.

Where Next?

Next year we aim to increase directory recycling to 55% and the percentage of local authorities offering recycling opportunities to 96%.

We are in the process of establishing a robust methodology for measuring the impact of our door-to-door delivery operation. We will also be investigating the feasibility of using the rail freight network, as an alternative to road, for the first stage of the delivery process to the main delivery sites.

We have decided to enforce a policy of only using diesel hire cars where possible for business travel. We also intend to investigate the ways to encourage company car drivers to choose more environmentally friendly cars.

We are aiming to reduce our office electricity consumption per square metre by 1% (see page 25 for further details on current performance).

We will also integrate and align our thinking on managing CO₂ emissions resulting from business travel, office use, directory printing and directory distribution. This will address climate change as an issue in itself and we will reflect this in our next report.

Yellow Woods Challenge

Where Yellow Pages recycling facilities have been absent or very limited, our flagship environmental campaign – the Yellow Woods Challenge – has been highly effective in filling the gaps.

Since 2002, more than half a million school children have taken part in the Challenge, bringing their old Yellow Pages to school for recycling and learning about paper, recycling and woodland conservation. Participating schools benefit from free educational materials and schools collecting the most directories per pupil win cash prizes.



For every pound we award to schools, a matching pound is given to the Woodland Trust – the UK's leading conservation charity.

In the 2004 campaign there were 65 Challenges with almost 1,400 schools and 330,000 schoolchildren taking part. In total £50,000 was awarded to schools and more than £50,000 was donated to the Woodland Trust.

Further details of Yellow Woods and the 2005 Challenge can be found at www.yellow-woods.co.uk (see page 27 for further details).

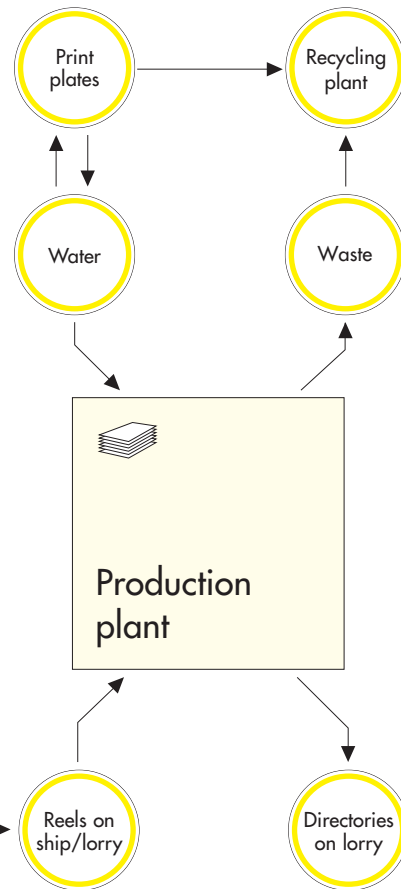
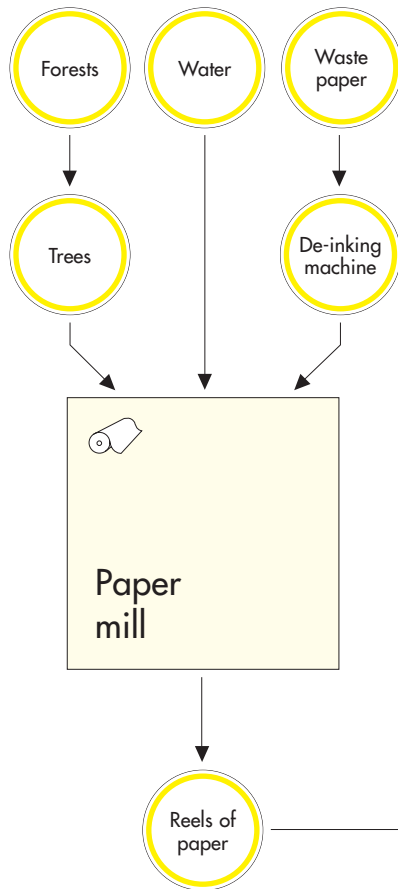
The Yellow Pages Supply Chain

Paper

Issue	Response
Use of natural resources: • 58,000 tonnes of paper consumed.	Work towards ensuring all paper is sourced from sustainable forestry with recognised independent certification. Optimise recycled fibre content within the limitations of paper grammage. Work with all production partners to reduce paper grammage and reduce tonnage without affecting the quality of the end product.
Other issues include water consumption, energy required to de-ink waste paper, etc.	Meet to discuss environmental objectives at our key supplier meetings.

Production Plant

Issue	Response
Waste arising from the printing process.	Ensure 100% of trim and process waste is recycled. Ensure special and general waste is recycled.
Harmful compounds emitted into the air (VOCs): • currently at 10% of the legal maximum.	Installation of a regenerative thermal oxidiser to collect and destroy VOCs.
Waste arising from the disposal of print plates.	Recycle 100% of plates.
Water consumption during the plate making process.	Use water recyclers to minimise water consumption during the plate making process.

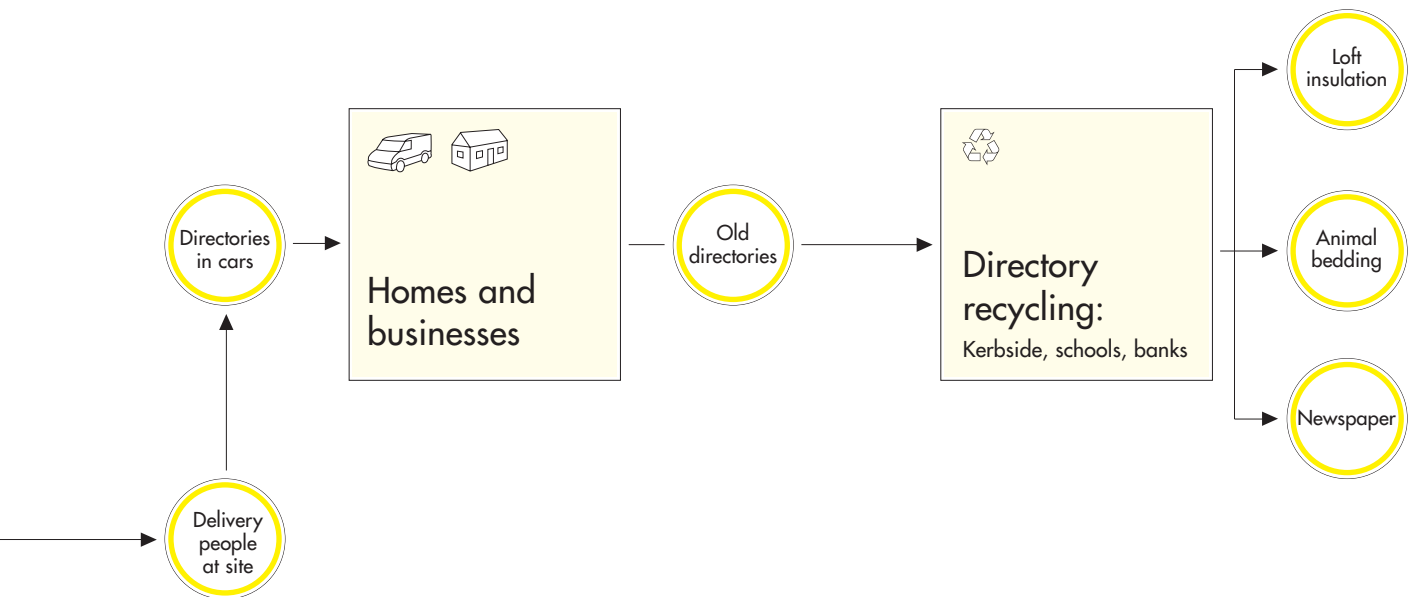


Distribution

Issue	Response
<p>CO₂ and other harmful exhaust emissions:</p> <ul style="list-style-type: none"> • 30 million directories delivered across the UK by specialist delivery companies. 	<p>Optimise route and load sizes.</p> <p>Use local people with local knowledge.</p> <p>Investigate distribution impact and look at ways to offset/reduce it.</p>
Road traffic noise and congestion.	Optimise route and load sizes.

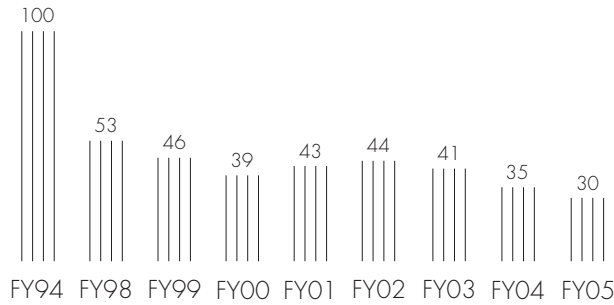
Directory Recycling

Issue	Response
<p>Conserve the use of natural resources.</p>	<p>The implementation and development of the Yellow Pages Directory Recycling Scheme:</p> <ul style="list-style-type: none"> • Finding recycling partners and uses for old directories. • Develop and diversify the supply of end users.
<p>Providing directory recycling facilities to avoid landfill:</p> <ul style="list-style-type: none"> • 30 million directories distributed. 	<p>The implementation and development of the Yellow Pages Directory Recycling Scheme:</p> <ul style="list-style-type: none"> • Offer financial assistance to local authorities and environmental organisations to offset costs of establishing recycling opportunities.
<p>Packaging waste:</p> <ul style="list-style-type: none"> • 300 tonnes of plastic used to polybag directories and stretch wrap pallets. 	<p>Compliance with 1997 Packaging Regulations by purchasing packaging recovery notes.</p>



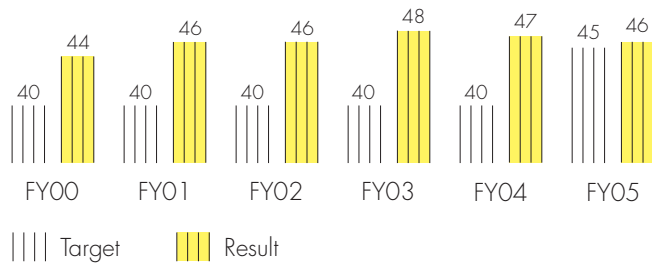
Performance – Supply Chain

Paper Process Waste from Printing Indexed^(a)



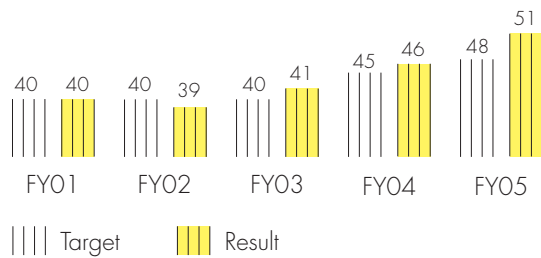
(a) We have set FY94 as a base year (100) to calculate annual reductions in paper process waste.

Recycled Fibre Content of Directory Paper (%)^(b)



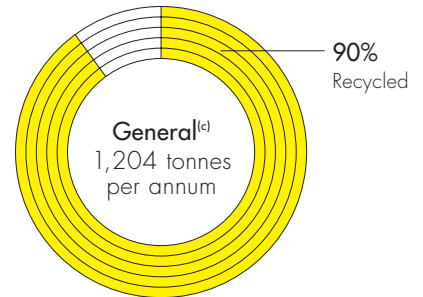
(b) These figures exclude paper from the front and back cover, inserts and preface section (currently 4% of total paper).

Households Recycling Yellow Pages (%)

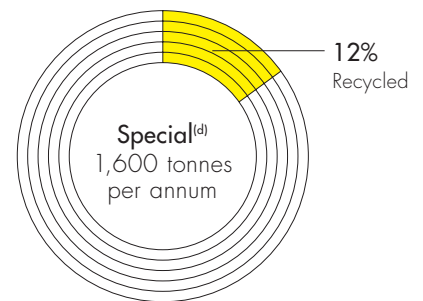


Source: FDS International

Waste Generated from Printing Directories

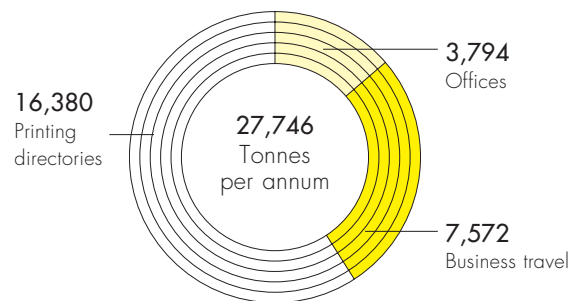


(c) General waste refers to all waste generated excluding special waste and electrical/IT waste.



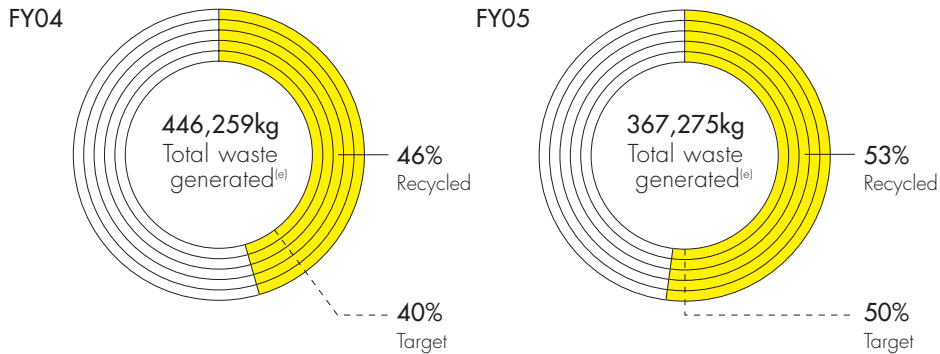
(d) Special waste refers to all materials which are classified as hazardous in the current version of the European Waste Catalogue. For printing processes this will typically include residues of inks and other printing chemicals and used chemical containers.

Estimated CO₂ Emissions



Our Offices

Waste Recycled



(e) Total waste generated comprises paper, card, computer equipment, fluorescent tubes, inkjet and toner cartridges, plastic cups and cans.

Energy Consumption and Greenhouse Gas Emissions

		Total consumption (kWh)	Consumption per sq m ^(h) (kWh)	Change year-on-year (%)	Total CO ₂ emissions ⁽ⁱ⁾ (tonnes)
Electricity ^(f)	FY04	7,806,731	314.3	–	3,357
	FY05	7,897,838	310.9	– 1.1	3,396
Natural gas ^(f)	FY04	1,902,435	142.6	–	361
	FY05	2,094,483	146.1	+ 2.4	398
Total	FY04	9,709,166	390.9	–	3,720
	FY05	9,992,321	393.4	+ 0.6 ^(j)	3,794

		Total consumption (m ³)	Consumption per person per day (litres)
Water ^(g)	FY04	6,345	24.1
	FY05	5,391	20.2
Target Thames Water benchmark		–	50.0

(f) Electricity and gas consumption are reported for all offices where Yell pays the utility bill, or there is good information from the landlord. Some rented premises may be excluded.

(g) Water consumption is reported only for offices that have reliable metering and covers offices where 29% of our people are based.

(h) Not all offices use gas therefore the figure for consumption per square metre has been adjusted appropriately.

(i) Factors used to convert kWh electricity to tonnes CO₂: 0.00043; Natural Gas 0.00019 (Defra 2004).

(j) This was due to us bringing a new office into use during the year with a different energy consumption profile than our other main offices.

...supporting our communities



Meet Karen

Karen Lloyd – Training and Logistics Co-ordinator, Yell UK

I joined Yell two years ago because of the great people working there and their approach to community issues. Working in a team to deliver projects for Yell and, as a Community Champion for the wider community, is a real high for me. I am looking forward to continuing my activities in this area.



Yell UK Community

We believe our products provide a vital, high quality service to communities throughout the UK. More than 30 million copies of Yellow Pages are distributed to homes and businesses, and together with Yellow Pages 118 247 and Yell.com, people can access important local business and community information through the channel of their choice – print, online or telephone.

However we aim to do more than this. Our community programmes support specific groups of people as well as our brand values. Our aim is to support and invest in the development of our local and national communities whilst at the same time adding value to Yell.

The issues

Working with charities
Involving our people
Supporting young people
Playing a part in our local communities

What we are doing

Working with charities

Since 1999 we have built partnerships with two national charities, Marie Curie Cancer Care and The Woodland Trust. We have chosen these charities on the basis of their strong alignment with our business activities, brand values and the community goals we both share. The benefits of the partnerships are two way. Last year our community programmes generated £3.7 million in equivalent advertising value in UK press for Yell and almost £900,000 in cash, in-kind and time support for our charities and community activities.

It is our aim to make a real difference to those causes we support. For this reason Yell only provides financial support to its chosen national charity partners. We do however support other charities in our regional offices through in-kind support and the giving of our people's time. Regional charitable events and activities are co-ordinated by our Community Champions.

Marie Curie Cancer Care Since 1999 we have supported the charity's biggest annual fundraising campaign, the Great Daffodil Appeal. To date we have helped to raise £11.6 million which equates to more than 770,000 hours of nursing care for people terminally ill with cancer.

The highlight of the 2004 Appeal was 'Words Worth Reading', which saw more than 250,000 schoolchildren across the UK break the record for the world's largest ever poetry reading by reciting Wordsworth's famous Daffodils poem.

The Woodland Trust Since 2002, we have supported the Trust through the award-winning Yellow Woods Challenge (see also page 21). The Challenge is run by Yell in partnership with the Woodland Trust working with local authorities and aims to:

- Recycle old Yellow Pages directories
- Educate schoolchildren about the importance of recycling and woodland conservation
- Support the Woodland Trust in helping to keep native woodland alive

Payroll Giving We run a payroll giving scheme – Give as You Earn. Yell covers the cost of administering the programme and last year matched £50,000 of the £57,000 raised by our people. The amount of company matching was recently increased by £10,000 in recognition of high participation rates.

Involving our People

In 2003 we set up a national network of Community Champions in the UK to co-ordinate community involvement throughout our regional offices. All of our community activities and programmes place people involvement and development right at the heart of their objectives.

There are three ways people are encouraged to get involved – supporting our national charity campaigns, volunteering in schools-based events and by fundraising for their local charities of choice.



Yell UK supports the Woodland Trust, the UK's leading conservation charity



Yell UK sponsors Marie Curie Cancer Care's Great Daffodil Appeal



In 2005, Yell UK was re-awarded a Big Tick by BITC for the Yellow Woods Challenge

Supporting Young People

Our main activities include providing:

- Work experience placements for local pupils
- Mentoring for teachers and pupils
- Key skills training courses
- Visiting schools as guest speakers

In 2004, facilitators from Yell worked with more than 1,000 children in schools to help them prepare for work. These activities are designed to develop their problem solving and communication skills, introduce them to career opportunities and prepare them for interviews. We also support the Government's apprenticeship concept through the provision of one year work experience placements.

Playing a Part in our Local Communities

We aim to establish and develop local business community partnerships for the benefit of people living, learning and working in the communities in which we have our main offices. We are members of Business in the Community, the Reading Business Community Partnership and are on the management committee of the Slough Business Community Partnership, whose offices we host.

Reading In March 2005, more than 240 Yell people volunteered to man the phones and process donations as our Reading office once again provided a pledging centre facility for Comic Relief. The event was supported by a wide range of local fundraising activities.

Slough Since 1999 we have supported Slough's Football in the Community Programme where more than 12,000 children have benefited from recreational activity and advice on key issues such as self-esteem, discipline, standards and attitudes. The programme directly tackles the problem of social inclusion by focusing on those children with the greatest need.

Leeds One of our highest performing Field Sales teams has been supporting education activity for the last four years. The team believes its community work has contributed towards its sales success by promoting good teamwork and providing individual sales consultants with more well-rounded skills. Projects include mock interviewing for school leavers and enterprise and industry days in schools. Five years of fundraising work for the Sir Robert Ogden School for children with autism has raised more than £30,000. More than 75% of the sales team are involved in volunteering.

Where Next?

We are currently preparing for a review of our community programmes in early 2006. We are looking to develop a more strategic approach, linking our business activities to our work with charities more closely.

We are extending the coverage of the Yellow Woods Challenge and for the 2005 Challenge we are aiming to run a minimum of 70 Challenges. We are also planning to help to raise £3 million in funds for the Marie Curie Cancer Care Great Daffodil Appeal.

Internally we are hoping to build on a successful year and extend the levels of volunteering and our reach in our local communities. Next year we aim to increase by 9% the number of young people supported in our communities through our work with schools.

London Benchmarking Group Assurance

We, the Corporate Citizenship Company, have been asked to assess Yell's use of the London Benchmarking Group (LBG) model to measure and report on corporate community involvement activity. Yell has been an active member of the London Benchmarking Group for two years.

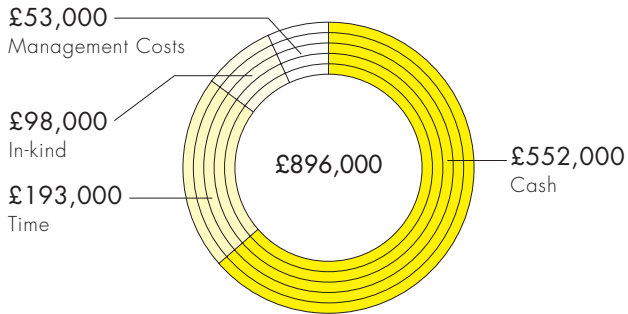
The LBG model helps businesses to improve the management, measurement and reporting of their corporate community involvement programmes.



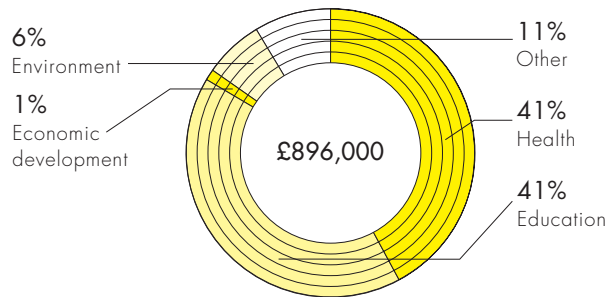
As manager of the LBG, we have worked with Yell to review its understanding of the LBG model and its application to the measurement and reporting of Yell's wide range of community programmes. Our aim has been to ensure that the evaluation principles are correctly and consistently applied. We are satisfied this has been achieved. Our work has not extended to an independent audit of the data presented in this report.

Performance

Total Community Investment



Area of Investment



Marie Curie Cancer Care (MCCC) and Yellow Woods

	FY03	FY04	FY05
Equivalent advertising value in UK press (£000's)	620	3,633	3,685
<small>(Source: Metrica)</small>			
Total funds raised for MCCC (£000's)	1,790	1,900	2,620
Number of Yellow Woods Challenges	—	49	65
Directories recycled through Yellow Woods (tonnes)	—	344	533

Involvement

	FY04	FY05
People volunteering due to company support (%)	30	36
People making payroll contributions (%)	23	19

...working consistently

Meet John

John Wholey – Vice President Production
and Manufacturing, Yellow Book USA

It's great that Yellow Book is rapidly growing,
but that presents challenges such as aligning
our standards across all our operations.
This is not just about being responsible,
it makes good business sense.



Yellow Book USA Key Issues

Yellow Book is a more rapidly evolving business than Yell UK. It originated in 1930 and developed slowly, undergoing several changes of ownership until the late 1990's. Since its acquisition by Yell in August 1999, growth and expansion have accelerated both through organic growth and the acquisition of other US independent directory publishers.

Since 1999 we have acquired 26 businesses and have integrated more than 3,500 people into our operations. Yellow Book now employs more than 5,000 people in 300 offices, across 43 states. We are continuing to expand and in May announced an agreement for the purchase of Transwestern, another leading independent directory publisher. This acquisition will bring another 2,500 people into Yellow Book and increase our coverage to 45 states.

The rapid rate of growth in Yellow Book, coupled with the introduction of different operating environments, presents us with a variety of challenges with regard to corporate responsibility activity. We are however, committed to our approach to governance and responsibility across Yell Group and to addressing these challenges.

Corporate Practice

Yellow Book has grown through a focus on the requirements of users as well as on providing our advertisers with real value.

Our approach has been to develop the content of our directories to provide superior benefits for our users. In this regard we have long been a leading proponent of an industry-wide syndicated usage study. This study is now being conducted by an independent research organisation and Yellow Book is one of the largest participants. Initial results are expected early in 2006.

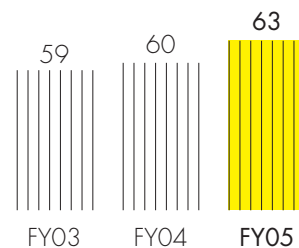
We are dedicated to improving customer satisfaction. Our sales and customer service people attend training programmes aimed at how to best identify and serve our advertisers' needs. We constantly seek new ways to measure and improve customer satisfaction.

To ensure our sales people maintain the highest standards of ethics, they are highly trained and committed to a code of conduct which incorporates Yellow Book values and the associated behaviours.

Workplace

In 2005, 68% of our people were in sales roles. Over the last year we have continued our focus on retaining our key sales people building on our progress over the last three years.

Sales People Retention (%)



We attribute the increase in retention to our focused people strategy. Objectives include the hiring of more seasoned professionals, formulating compensation plans to attract and retain experienced people, ensuring that they have the tools to do their jobs and a focus on management development through structured training programmes. Last year Yellow Book delivered 32,300 hours of non-sales training, an average of 24 hours per person, and approximately 173,700 hours of sales training, an average of 46 hours per sales person. In the sales environment, corporate advertising has greatly increased our branding in the marketplace and our ability to attract the best sales people. Recently the US Selling Power magazine voted Yellow Book the fifth Best Service Company to Sell For.

On the issue of diversity, 50% of our people are women, 34% of our managers are women, and 10% of our people are from minority groups.



Yellow Book partners with Earth 911, an environmental information network, to provide community-specific recycling

Environment

While our commitments to the environment are made at Group level, our approach differs according to country of operation.

We are committed to sourcing directory paper containing a high proportion of recycled fibre and virgin fibre that comes from well managed, sustainable forests. Our main suppliers in 2005 (Norske Skog Canada, Kruger and UPM-Kymmene) have already made progress and are collaborating with us to further develop sources of recycled and certified fibre for the paper they supply us. Over the last year we have increased the level of recycled fibre content in our Yellow Book directories from 12% in FY04 to 19% in FY05. We aim to increase this in future.

To promote the recycling of directories we work in partnership with Earth 911, an environmental information network, to raise awareness of directory recycling within local communities. Information on Earth 911 is given in all of our US directory editions and also appears on Yellowbook.com. Last year we donated \$100,000 as part of our commitment to this partnership.

Community

Our community programmes are organised locally and our people are the key drivers of community activity. In January 2005, more than 400 Yellow Book people contributed almost \$25,000 to the American Red Cross to help those affected by the Tsunami disaster. Additional contributions from Yellow Book resulted in a total donation of \$44,000.

One of the key charities Yellow Book supports is United Way of America. United Way is an organisation that works with companies and local communities across the US to ensure that donations from employees support the most pressing local needs. Last year more than 700 Yellow Book people from 40 offices, which represented 61% of the total people in these offices, raised \$109,000 for United Way charities across the United States. Various activities were used to raise funds and meetings on company time were conducted to raise awareness. Our Cedar Rapids, Iowa office was one of the top 20 local employers supporting this community effort in 2004.

Across Yellow Book we focus on the principle of co-promotion and have a 'grassroots' fund which supports local charitable causes through corporate sponsorships.

Where Next?

Alongside the continuous development of our commercial activities we will be focusing on developing and formalising our corporate responsibility approach and activities. We plan to establish a Corporate Responsibility Steering Committee to review and assess our current activities and to develop future objectives.

Big Brothers, Big Sisters

Founded in 1904, Big Brothers Big Sisters is the oldest and largest youth mentoring organisation in the United States. In 2004, the organisation served more than 225,000 young people aged between five and eighteen, in 5,000 communities across the country, through a network of 470 agencies.

In addition to Yellow Book people volunteering as mentors, in the local Cedar Rapids Iowa area, Yellow Book supports the annual Bowl for Kids Sake, which is



the charity's main fundraising event. Yellow Book was a corporate sponsor of this high profile event and was featured prominently in all promotions and publicity. More than 60 Yellow Book people took part as bowling participants. Together with a donation from Yellow Book, \$10,000 was contributed to a record total of \$225,000 which went towards helping more than 700 local young people. Yellow Book provided in-kind support by sponsoring kick-off meetings and special events.

Objectives Summary

The following table outlines our objectives for the 2005/06 financial year.

Issue	Objectives
Supporting advertisers	Undertake a review of Yell's advertising policies.
Accessibility	Both Yell.com and Yellgroup.com websites to comply with level B of the accessibility guidelines.
Working in partnership with key suppliers	90% of suppliers signed up to Yell's Ethical Purchasing Policy.
Recruiting the best people	To reinforce and extend the use of role profiling as a recruitment tool and to review the effectiveness of recruitment media used.
Retaining the best people	Review the personal objectives setting approach. Assess the need for role-specific and general management development programmes.
Directory recycling	Increase councils offering recycling facilities from 94% to 96%. Increase directory recycling from 51% to 55%.
Climate change	Assess the ways Yell will address the issue of climate change.
Transport and car usage	To enforce a policy of only using diesel hire cars where possible. Investigate the ways to encourage company car drivers to choose more environmentally friendly cars.
Supply chain	Work with suppliers to look at the ways we can measure the directory distribution impact.
Managing the resources in our offices and buildings	Reduce electricity consumption per square metre by 1%.
Working with charities	Increase the number of Yellow Woods Challenges from 65 to a minimum of 70. Help to raise £3 million in funds for the Marie Curie Cancer Care Great Daffodil Campaign.
Involving our people	Increase the number of young people supported in our communities by 9%.
Yellow Book	Establish a Corporate Responsibility Steering Committee. Review activities and develop objectives.

Behaving Ethically

One of our Guiding Principles is integrity, highlighting our commitment to high ethical standards. We aim to be a good company to work for and to work with. Yell is driven by empowered, motivated people who pride themselves on the excellent relationships they have with each other and with our key external stakeholders – our advertisers, users, investors and suppliers.

To support this, we have recently developed a Code of Ethics which provides guidance on how our people should conduct themselves, as well as showing our ethical commitment to the stakeholders who have an interest in our activities and other parties affected by them. The key messages from our Code are outlined below.

Our Advertisers and Users

In all our dealings with customers, our people will conduct themselves with the highest standards of integrity and professionalism. Our advertising rules are applied fairly to all and we do not unlawfully discriminate between individual advertisers or single out advertisers from any respective group for special treatment. We do not offer our customers any gifts which could be interpreted as a bribe.

We ensure our products and services are accessible to all, with particular consideration for individuals with disabilities. Our products contain community information and contact telephone numbers for emergency services, local amenities, and other government and community services in an appropriate format for the product.

We protect our sensitive customer information. In particular we ensure that we do not divulge details of our customers' proposed advertising to any other customer, or to any unauthorised third party.

Our People

We comply with employment law in our countries of operation and uphold human rights. We are committed to the principle of equal opportunities and oppose all forms of unlawful or unfair discrimination. Our people have the right to work in an environment free from intimidation, harassment or abuse. We reward our people fairly according to skill and performance and pride ourselves on a culture of diversity, where everyone is encouraged to develop and achieve their potential.

Our people are expected to conduct themselves as responsible, law abiding citizens, displaying honesty and integrity in all they do. They are discouraged from undertaking outside activities that might be in conflict with Yell's interests or interfere with their full, timely and loyal performance of services to Yell.

Only individuals with a legitimate business requirement can access confidential employee information and they are committed to safeguarding this information. Our people are expected to manage responsibly the assets allocated to them in order to perform their roles.

Our people will not seek to gain from confidential information acquired during their employment with Yell, nor divulge commercially sensitive information to any external person. They are discouraged from having a financial interest in any other company if such interests are likely to conflict with the interests of Yell.

Our Shareholders and Other Investors

As a publicly listed company, we will comply with the laws, rules and regulations applicable to Yell and our relationships with its shareholders.

Individuals who are required to manage finances (such as a budget) on behalf of Yell will manage them in accordance with company rules covering matters such as the time period in which they should be declared and levels of authorisation.

Any Yell person in possession of share-price sensitive information may not buy or sell Yell shares without advice from our Company Secretary.

Our Business Partners and Suppliers

We prefer to work with suppliers who adopt ethical trading and employment practices. Our purchasing practices are fair and equitable – we treat all suppliers equally and with consistency and transparency. We do not accept or give gifts or hospitality which might impair business judgment.

Our Markets

Yell upholds free, open and lawful competition and competes vigorously and fairly in all its markets. We respect our competitors and, where we need to refer to them, we promote and sell our products and services using only fair, accurate, and verifiable information, obtained through legal means.

We will not knowingly infringe any third party trademark, copyright or database right or any other property right in the conduct of our business.

We actively avoid practices that could appear to promote our business in any way other than by legitimate means, or seek favourable treatment by any government organisation or its officials. We do not make political donations.

Our Communities and the Environment

Our people share ownership for delivery of our responsibility vision. In the context of our Code of Ethics, the key areas of focus for our people are:

- To ensure our products include up-to-date community information and contact numbers for emergency services
- To support charities that complement our business activities. We do not support charities with political affiliations, of a religious nature or which act as pressure groups
- To operate with concern for the environment
- To work with our business partners to manage and minimise any adverse effects of our production process on the environment
- To live by our philosophy of reduce, reuse and recycle in order to minimise resources consumed by our offices

The Code of Ethics will be endorsed by the Board this year. Following this, it will be introduced into all areas of our business, in the UK and US. The Code will be periodically reviewed.

Contact Details

We welcome comments and feedback on this report. Please email or write to us:

Yell – Corporate Responsibility

Tina Horne
Yell Group plc
Queens Walk
Oxford Road
Reading
Berkshire RG1 7PT
United Kingdom
responsibility@yellgroup.com

Yell – Media

press@yellgroup.com

Yell Group plc

Yell Group plc
Queens Walk
Oxford Road
Reading
Berkshire RG1 7PT
United Kingdom

Website:

www.yellgroup.com

This Corporate Responsibility Report contains forward-looking statements. These statements appear in a number of places in this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, turnover, financial condition, liquidity, prospects, growth, strategies, new products, the level of new directory launches and the markets in which we operate. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. You should read the section entitled Risk Factors in Yell Finance BV's 2005 annual report on Form 20-F filed with the SEC in June 2005 for a discussion of some of these factors. We undertake no obligation to publicly update or revise any forward-looking statements, except as may be required by law.

Yell Group plc is registered in the UK and is listed on the London Stock Exchange. It produces an Annual Report in the UK and files an Annual Report on Form 20-F which is filed with the US Securities and Exchange Commission. Copies of this Corporate Responsibility Report, the Annual Report and Form 20-F can be obtained from the Company's website – www.yellgroup.com.

All wood/pulp used in the manufacture of this paper is sourced from sustainable forestry. It is Totally Chlorine Free and is fully recyclable. The mill is certified to ISO14001 and EMAS. The ink is composed of raw materials from replenishable sources and has not been tested on animals. The glue does not contain materials hazardous to the environment. This report is fully recyclable.



www.yellgroup.com

Yell Group plc, Queens Walk, Oxford Road
Reading, Berkshire RG1 7PT, United Kingdom

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