

It's all about knowing
what to do

Corporate Practice
Environment
Workplace
Community

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

It's all about knowing what to do. That can make a real difference.

Yellow Pages

Connecting UK buyers and sellers for 40 years

Yellow Book

835 directories across 46 US states

Yell.com

Available via PC and mobile

Yellowbook.com

1.4 million online adverts

Yellow Pages 118 24 7

UK operator-assisted classified telephone directory service

Business Pages

Nine printed business-to-business directories covering the UK

How to find your way around this document

Yell and Corporate Responsibility

- 01 Overview
- 02 Performance Highlights
- 03 CEO's Welcome
- 04 Our Approach

Our Reporting Footprint

- 08 Corporate Practice
- 16 Environment
- 22 Workplace
- 28 Community
- 32 Yellow Book

What we are going to do

- 38 Objectives Summary

Yell and Corporate Responsibility

Overview

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

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.

Yell UK

Printed products

In the UK, our printed products are Yellow Pages, our main classified directory, and Business Pages, our business to business directory. In 2006 we produced 104 editions of Yellow Pages and distributed more than 28 million copies to homes and businesses across the whole of the UK. We produced nine editions of Business Pages and distributed more than 2 million copies to businesses across England, Scotland and Wales. Our printed directories contain almost 1.2 million advertisements from 462,000 advertisers, and are used more than a billion times a year.

Yell.com

Our UK online advertising medium and major local search engine offers information from 174,000 searchable advertisers, accessible through the internet and by mobile device. Yell.com revenue grew by approximately 65% during the 2006 financial year. Whilst the majority of advertisers on Yell.com also advertise in Yellow Pages, we currently have 32,000 advertisers who advertise on Yell.com only.

Yellow Pages 118 24 7

This is our operator-assisted telephone information service. We remain the only provider of a 118 service to sell classified business advertising and we have the capability to search by thousands of keywords to find specific information requested by the caller.

Yellow Book

Printed products

Established in 1930, Yellow Book is the oldest and largest independent classified directories publisher in the US. In recent years, Yellow Book has made a number of strategic acquisitions and entered new markets. Following the acquisition of TransWestern in July 2005, Yellow Book now publishes 835 printed directories across 46 states and Washington DC. Last year we distributed almost 107 million copies of our directories.

Yellowbook.com

This is the internet site for Yellow Book. In 2006 we integrated WorldPages.com, TransWestern's internet site, into Yellowbook.com and, complemented by a 66% increase in Yellowbook.com's own adverts, we now have more than 1.4 million adverts online.

Performance Highlights

Full year results to 31 March

UK Printed products unique advertisers



Yellow Book unique advertisers



TransWestern unique advertisers



Yell.com searchable advertisers



Yellowbook.com advertisements online



Group revenue (£m)



Group adjusted EBITDA (£m)



Operating cash flow (£m)



Adjusted diluted earnings per share (pence)



Total community investment (£m)

(assured by LBG, see page 5)



Welcome from the Chief Executive Officer

The continued commercial success of our company is inextricably linked with being a responsible company, and we have continued to perform well in both areas.

John Condon
Chief Executive Officer

We believe in creating long-term shareholder value by meeting the needs of all our stakeholders. This includes our national and local communities, our environment and our people – the traditional focus of much corporate responsibility activity – and you will see that these areas continue to be the focus of our report. However, we know that our economic stakeholders – our advertisers, users, supplier partners, and our shareholders – expect us to behave responsibly, and delivering on this expectation is a vital part of our approach.

We have chosen to report on our economic stakeholders in some detail this year. We recognise the commercial benefit of stimulating enterprise, of selling responsibly and of providing good customer service, but we also recognise that we need to go beyond what is expected of a modern business in order to be seen as a leading one.

In the last year we have reinforced our strong commitment to our values by publishing our Group-wide Code of Ethics and re-launching our international Whistleblowing Line for our people. We have implemented major training programmes on ethical selling and have published policies on areas such as climate change and accessibility.

Our recognition as a responsible company continues to grow. In September 2005, we were again listed in the World and European Dow Jones Sustainability Indexes. In October 2005, we were listed in the Ethibel Investment Register and Pioneer Index, based on our social, economic and environmental management. In January 2006, we were included in the Global 100 list of the world's most sustainable organisations, and in March 2006 were admitted to the FTSE4Good Index for the first time.

Yell UK became one of only 24 UK companies to be awarded Investors in People 'Champion' status, and in the US, Yellow Book was once again voted 'one of the top 50 companies to sell for'. Both achievements exemplify the excellence of our approach to people management and development.

It is thanks to the professionalism and dedication of our people that Yell has had such a successful year. We have laid the foundations for another high performing year, and I am confident that we will continue to see further development and success across all areas of our business.

John Condon
Chief Executive Officer

Our Approach

For Yell, corporate governance and corporate responsibility are inextricably linked. We firmly believe that good governance is essential within a responsible company and that a sound approach to corporate responsibility necessitates good governance. Our Governance and Responsibility programme brings the two together to ensure that we meet our commitments to all our stakeholders.

Last year, we established a vision, our 'Guiding Principles' and a management framework to define what governance and responsibility means for Yell. Over the past twelve months these have been consolidated and refined.

Vision

Our vision for governance and responsibility at Yell remains:

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

Excellence

Responsibility

Reliability

Integrity

Guiding principles

Our guiding principles – excellence, reliability, responsibility and integrity – support our vision and are the basis for the values that underpin our UK and US operations.

Excellence In Yell 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 reliable products and services and our users with timely access to comprehensive, relevant information.

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

Integrity We aim to 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.

Framework

Over the past twelve months we have refined our framework and created a set of objectives to help us monitor how we are doing. The Governance and Responsibility Steering Group uses these objectives at its quarterly meetings to set targets, identify opportunities and areas of focus, and plan our corporate responsibility (CR) activities. This ensures we can provide reassurance to senior management and the Board – and thus to shareholders – that Yell is a well-governed, responsible company.

Governance and Responsibility framework

Element	Sub-elements
The Yell Way	<ul style="list-style-type: none"> • Culture • Roles, responsibilities and accountabilities • Business Excellence
Baseline compliance	<ul style="list-style-type: none"> • Laws and regulations • Market regulation
Risk management	<ul style="list-style-type: none"> • Internal control and audit • Assurance
Responsibility	<ul style="list-style-type: none"> • Environment • Suppliers/partners • Yell people • Customers • Investors • Community
Brand integrity	<ul style="list-style-type: none"> • Reputation and brand management • Intellectual property • Fair selling
Accountability and openness	<ul style="list-style-type: none"> • Reporting • Stakeholder dialogue • Investor relations • Internal communication

We report on governance and responsibility in a number of ways. These include our CR report, our annual report and online at www.yellgroup.com. We provide commentary on the activities and programmes which support the elements of our governance and responsibility framework, including reporting performance against targets where appropriate. Active stakeholder engagement is a key part of our approach and we welcome feedback on this report. Please see page 41 for further information.

This report focuses specifically on the responsibility elements of our programme.

How we manage corporate responsibility

Our Governance and Responsibility Steering Group manages our overall approach to CR in the UK and US. It continuously reviews our performance and implements policies and procedures to ensure we meet our goals. This steering group presents relevant CR information to the Board throughout the year. Our CEO is the corporate responsibility champion at Board level.

In addition to the Governance and Responsibility Steering Group, we have two Corporate Responsibility Steering Groups, one for the UK and one for the US, consisting of senior representatives from across our operations. They are responsible for monitoring our CR programme, ensuring that it supports our company objectives and is aligned with our strategy. The groups also identify key areas of focus and set objectives and targets. Objectives are included on our CR scorecard and outline our activities and targets for the year ahead.

Our day-to-day CR activities are integrated into our business plans and are managed by departmental managers, line managers, and community and environment champions.

Internal and external review

Much of the information we present is formally verified through internal and external assessments. The Governance and Responsibility Steering Group is responsible for verifying any disclosures we make. In the UK, this includes compliance reviews for quality standards, our triennial Investors in People assessment, and community programme benchmarking by the London Benchmarking Group (LBG). We use the LBG reporting model to calculate our contributions to the community. This results in an assurance statement from LBG on the data we provide (figures on page 2).

Best practice

We are active members of Business in the Community, the London Benchmarking Group, the Corporate Responsibility Group and the Media CSR Forum. This allows us to share best practice with, and learn from, other organisations.

Recognition

Our achievements in 2006 as a responsible company have been recognised by our inclusion in major Socially Responsible Investment (SRI) indices and other lists. These are the Dow Jones Sustainability Indexes World, which covers the top 10% of some 2,500 global companies, the 'Global 100' list of the world's most sustainable businesses, the Ethibel Investment Register and Pioneer Index and, most recently, the FTSE4Good index. We have also been recognised for individual elements of our CR activity, such as Investors in People (UK) and International Health and Safety (UK). These can be found in the workplace section in this report.

Our Reporting Footprint

UK

Corporate Practice

Corporate practice defines the way we manage relationships with our economic stakeholders and our business standards. Our performance within corporate practice gives confidence that we are a well-managed business and is vital for our future success.

Environment

A responsible approach to the environment is essential for the future sustainability of our business. We work alongside our key business partners to ensure our impact on the environment is minimised throughout our operations.

Workplace

Our culture is one where diversity is valued and people are encouraged and enabled to take responsibility for achieving their potential.

Community

We support the communities in which we operate and encourage our people to get involved in 'making a difference'. This raises our brand profile and helps develop the wider skills of our people.

US

We report on our US operations separately because they are at a different stage in the development of their corporate responsibility activities. We use the same framework that we use for our UK business, and remain committed to establishing a truly company-wide approach.

Corporate Practice

We define Corporate Practice in terms of the relationships we have with economic stakeholders – advertisers, users, suppliers, shareholders – and our business standards. Our interpretation differs from the Business in the Community ‘marketplace’ definition to better reflect the topics important to Yell and our stakeholders. Although we understand the importance of all our areas of focus, this year we have chosen to put the spotlight on supporting users and advertisers.

Areas of focus

- Supporting users and advertisers
- The regulatory environment
- Working in partnership with our key suppliers
- Maintaining quality standards
- Promoting business excellence

Spotlight on supporting users and advertisers

In 2006, our products were used more than a billion times by 84% of the population. Our printed products alone attracted 462,000 advertisers.

We have identified seven key areas of responsibility to our users and advertisers. Over the page we position these in the context of our business processes.

1. Helping advertisers make the right choice

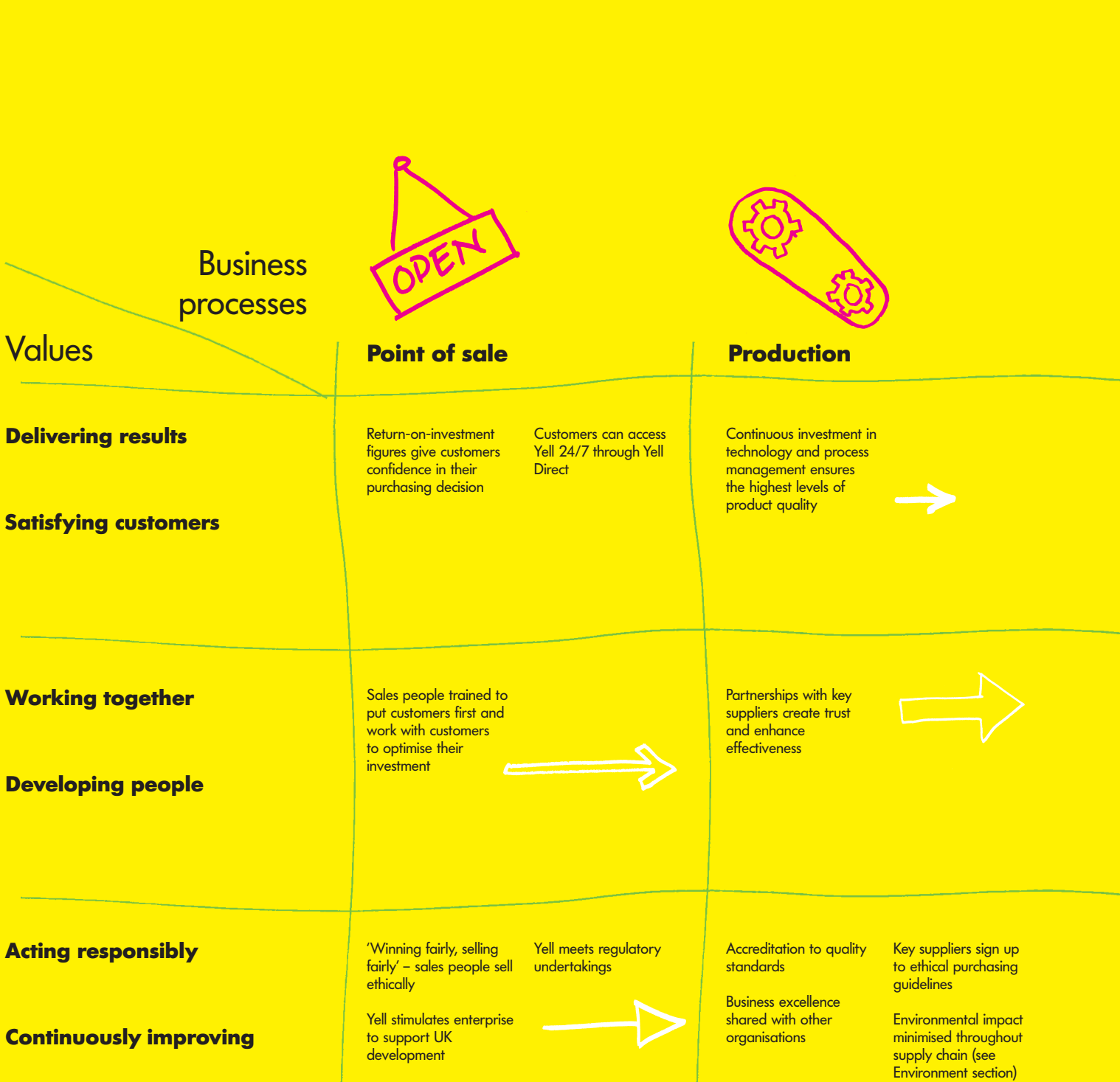
The majority of our advertisers are small or medium-sized businesses, employing fewer than ten people. They view classified directory advertising as a highly valuable proposition that constitutes a significant part of their marketing budget. It is important that they have the right information to make an appropriate decision about their advertising.

Our sales consultants are trained to give practical advice about choosing the right Yell product (see point 6). During the sale we offer customers return-on-investment figures supported by third party research (Saville Rossiter-Base 1994-2005). This enables them to assess the likely return from their expenditure with us, in terms of business leads, depending on their classification and location. For example:

- An advert in the ‘Plumbers’ classification in Reading helped to generate on average 33 new leads per month
- Advertisers in the ‘Plumbers’ classification in Reading converted on average 77% of new leads into purchases
- New customers who purchased from companies in the ‘Plumbers’ classification in Reading spent, on average, £177
- On average, each new lead in the ‘Plumbers’ classification in Reading cost just £1.47

Spotlight on supporting users and advertisers

Our responsible approach to users and advertisers helps deliver better business processes and supports our values





Post sales activities



Advertising



User experience

Customer service improved to make life easier for customers

Payment options offer flexibility



Market research to identify customers' and users' current and future needs



Consumer information helps buyers make the right decisions about advertisers

Users have vital community information to hand



Working with the Advertising Standards Authority to promote codes of practice



'Consumer Direct' developed with Government to promote good consumer behaviour

Working with trade associations to support responsible business practice in key classifications

Customer feedback encouraged and used to improve service

Large print, Braille and audio service available to improve accessibility



Vetting adverts to ensure compliance with Consumer Credit and Financial Services Acts, and in childcare classifications

'Get Safe Online' educates internet users about security, e-crime and online fraud



2. Helping users make the right choice

We aim to ensure that users can make informed choices about suppliers or traders, without compromising our impartiality. The Consumer Information pages in all Yellow Pages directories and on Yell.com contain advice on choosing a supplier, getting quotes, consumer rights and making calls. There are contact details for associations such as Which?, the Advertising Standards Authority and the Office of Fair Trading, should users need further advice or wish to complain about an advertiser.

We work closely with trade associations to support responsible business practice in areas such as building, home improvements, health care and financial services. We publish contact details of more than 140 trade associations and encourage member advertisers to display their logo. We vet the use of logos in the home improvement sector to minimise misuse. We also give advice to users about varying standards amongst trade associations and the criteria to consider when choosing to use a member.

Yell helped the Department of Trade and Industry (DTI) to develop and, in 2005, launch 'Consumer Direct', an impartial telephone help-line that provides consumers with the tools, knowledge and confidence to anticipate, avoid and resolve problems with suppliers. Consumer tips and Consumer Direct contact details are published in 13 home improvement classifications in Yellow Pages.

Yellow Pages directories also contain information for users about emergency services, helplines, councils, hospitals, libraries and local attractions, as well as a recycling guide for printed products.

3. Getting it right for customers

The leads generated by Yellow Pages and Yell.com advertising are a very important source of income for many businesses. If a critical piece of an advertiser's details is incorrect – such as name, address, telephone number or classification (NATC) – they could receive few, or no, leads. **We take our responsibility for accuracy very seriously, both on behalf of customers and because Yell benefits commercially in terms of customer retention and satisfaction.** In 2005, we reduced our already low NATC error rates in Yellow Pages directories yet further. Our Customer Excellence Programme will generate further reductions in errors through initiatives such as Mobile Order Capture

(integrating sales and processing systems at point of sale) and Project Clarity (providing customers with absolute clarity on pricing, billing and other paperwork).

We aim to deliver ongoing improvements in customer service and to minimise the occasions when customers need to contact us after the sale. Where contact is necessary, customers can expect to speak to an agent within nine seconds on our free helpline. By empowering our front-line Customer Service team to deal with customer queries, we have increased our first-time resolution to 81%. At the same time, we have improved satisfaction with customer service.

4. Making Yell accessible

We are committed to making our company and our products accessible and our Yell Direct service allows customers to manage aspects of their account online. Our company website, www.yellgroup.com, has a full list of contact options for customers, investors, the media, and prospective employees.

It is particularly important that our products are accessible to people with disabilities and we aim to comply with the requirements of the Disability Discrimination Act. Yellow Pages directories are of course free to all users. However, registered blind people unable to use Yellow Pages can access our 118 24 7 telephone directory service free through the 195 service (there is normally a call charge). We also offer a free Minicom service for 118 24 7 users who are hard of hearing, and a free text phone service for users needing a print-out of business contact details. Both of our websites – www.yell.com and www.yellgroup.com – comply to the level A standard of the World Wide Web Consortium 'Web Content Accessibility Guidelines'.

We provide a large print, Braille and audio service to advertisers if required, and have a dedicated team within our Customer Service department to provide a personal service. Our accessibility policy is available online at www.yellgroup.com.

Customers are encouraged to comment on any aspect of our service. All verbal comments are captured by our Viewscast system, recorded on a CD and distributed to sales and marketing managers. We take action on customer feedback. For example, as a response to customers' requests to keep after-sales contact to a minimum, from

September 2006 we will dispatch all customer correspondence once a month to reduce duplication, the amount of paper used and postage costs. We also encourage our customers to use our free online service, 'Yell Direct', to contact us where relevant.

5. Researching customer needs

In 2006 we invested more than £3 million in market research, including extensive customer satisfaction surveys and research to prove the value of advertising with us. This research reflects our responsible approach to marketing. Last year we refreshed 330 classifications to ensure our Yellow Pages directories remain relevant to today's social context, and we currently provide enriched content in the form of three lifestyle guides.

6. Treating customers fairly

We have more than 1,800 sales people to service our 462,000 customers and we aim to ensure they conduct themselves with the highest standards of professionalism and integrity. We run a continuous sales compliance campaign 'Winning Fairly, Selling Fairly' to ensure we adopt an ethical approach to selling. The principles of our Sales Code of Conduct are:

- We are committed to selling fairly
- We compete vigorously
- We sell on the benefits and quality of our products
- We win business by putting customers first
- We are honest about and respect our competitors
- We treat fairly those buying from competitors

All new sales people receive training on ethical selling as part of their induction. In 2006 all sales people received refresher training.

We improve sales compliance through a process of coaching, monitoring of behaviour, feedback and reporting. In 2006, we commissioned an external audit of our sales compliance. The audit programme consisted of a questionnaire which was completed by all sales consultants, listening to customer complaints, field and telesales accompaniments, and re-contacting customers. The recommendations from this audit will be implemented in 2007.

Get Safe Online

In 2005 Yell.com was one of the founding members of a high-profile, national campaign to help consumers use the internet safely. Called 'Get Safe Online' the campaign is driven by a collaboration of government and private sector companies working together to educate internet users about security, online crime and fraud. A Get Safe Online report in October revealed that 83% of internet users didn't know enough about protecting themselves online.

Using our database of more than two million businesses and 174,000 searchable advertisers, Yell.com has worked to get the message across to advertisers and users. We invested £150,000 to support the development and launch of the campaign, directed Yell.com users to the Get Safe Online website, e-mailed our users to raise awareness, and provided volunteers from our New Media team to publicise the launch at various UK locations.

Although it is our customers' responsibility to ensure their advertising meets Advertising Standards Authority (ASA) codes of practice, we help customers to understand their obligations and have worked with the ASA to raise awareness. We check the content of adverts that need to comply with the 'Consumer Credit Act' and 'Financial Services Act', and include additional advice to users in child care classifications, where we believe there are important factors to consider when choosing an advertiser.

All customers are given the same payment options for their advertising. We offer the flexibility of choosing to pay in full on the invoice date, or spreading the cost over ten months through direct debit. If customers are having difficulties, we offer to reschedule or extend their payment term, depending on individual circumstances.

7. Stimulating enterprise

Small and Medium Sized Enterprises (SMEs) are the lifeblood of our business. We are committed to stimulating enterprise and supporting business start-ups through working with government, charity and trade associations.

Government In December 2005 Yell sponsored 'Make Your Mark', the final of Enterprise Insight week. This was an exciting challenge for school students to devise a new product in a competitive environment, as part of the new enterprise content of the national curriculum. The final involved 75 students who worked alongside celebrities and media experts.

Charity Since 2005 we have worked with the Berkshire branch of The Prince's Trust to run workshops for their 'Young Entrepreneurs' scheme. Yell managers present to groups of young people starting out in business. Topics covered include marketing, sales and business finance.

Trade Associations We help Trade Associations promote their industries. Last year we sponsored 'Plumbing Matters', the Institute of Plumbing and Heating's (IPHE) magazine for college students. We also sponsor a CD called 'How To Run a Business' which gives advice to newly-qualified tradespeople on how to set up their own business and is distributed to IPHE members and students.

Other areas of focus

The regulatory environment

The supply of consumer classified directory advertising is currently under review by the Competition Commission. Our Yellow Pages directories have been subject to regulatory undertakings with which we have fully complied for ten years.

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

Working in partnership with our key suppliers

We work in partnership with our key partner suppliers, to whom we outsource all our pre-press and print operations and paper supply. We have built strong, long-term relationships with them and in 2006 celebrated the 25th anniversary of working with Pindar Set, our pre-press partner, and RR Donnelley, our printer. We hold formal, twice-yearly meetings with our key business partners to discuss strategy, objectives and corporate responsibility.

More than 96% of our 150 key suppliers have signed up to our Ethical Purchasing Guidelines, which we launched in 2004. Our guidelines are based on the UN Declaration of Human Rights and the International Labour Organisation Fundamental Principles and Rights at Work. We are reviewing those suppliers that have not yet signed, some of which have their own published ethical codes that we may accept in lieu of agreeing to ours.

We hold periodic supplier forums where we share our goals, including those of corporate responsibility, in order to improve working relationships. At the last forum, 97% of our suppliers found it enhanced their knowledge and appreciation of Yell.

Our policy is to use our purchasing power fairly and to pay promptly. Following the 2004 forum, 85% of our suppliers rated us as effective in paying invoices on time.

Maintaining quality standards

We attain and maintain accreditation to a range of quality standards to help assess our strengths and weaknesses, and to ensure that we are building upon our foundation of business excellence and continuous improvement. The British Standards Institution has selected Yell as one of around fifty European organisations to participate in its Executive Sponsorship Programme. This recognises our achievement of certification for environmental, health and safety, and quality management systems, and links the two organisations at a senior level with the aim of supporting the introduction of further enhancements.

Yell quality standards	Maintained since
ISO 9001:2000 (International Quality Management Systems Standard)	1993
TickIT (Standard for Software Development using ISO 9001:2000)	1996
iiP (Recognised as an Investor in People) 1997	
ISO 14001 (International Environmental Management Systems Standard)	1999
OHSAS 18001 (Occupational Health and Safety Management Systems Standard)	2001
FAST (Federation against Software Theft)	2002
BS 15000 (British Standard for IT Service Management)	2004
BS 7799 (British Standard for IT Security)	2005
iiP 'Champion' (Investors in People 'Champion' status)	2005

Promoting business excellence

Yell is a member of the European Foundation for Quality Management (EFQM), an organisation that promotes business excellence throughout Europe, and a sponsor member of the British Quality Foundation (BQF). In 1999 and in 2004 we won the EFQM's prestigious European Quality Award (EQA), the only company to have done so twice.

In 2006, working with the EFQM, BQF and other organisations, we shared our experience with 418 companies to promote learning and management excellence in areas such as leadership, strategy, process

management and CR. We provided three fully trained assessors for the European Quality Award process. We have worked with the Customer Contact Association in their development of training for companies wishing to implement the CCA Standard within their business.

We are proactive members of industry associations, we have chaired the Data Publishers Association in the UK, and we provide a Vice President for the European Association of Directory Publishers. Through these organisations we support directory publishers across Europe, help to raise industry standards and lobby national and EU governments.

Last year we said we would

Review our advertising policies

✓ We have reviewed our advertising policies and recognise that we are unable to police all our adverts. We work with the ASA to support our advertisers to comply with ASA guidelines.

Incorporate our Ethical Purchasing Guidelines into our supplier contracts

✓ We have incorporated our Ethical Purchasing Guidelines into the purchasing process. In March 2006, 96% of our suppliers had signed up to the guidelines.

Plan for both our websites to comply with level AA of the accessibility guidelines

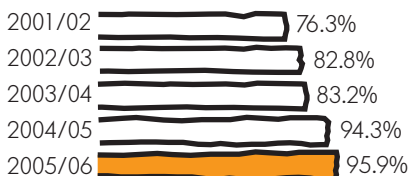
✗ We continue to work towards level AA compliance of the World Wide Web Consortium 'Web Content Accessibility Guidelines' for Yell.com and Yellgroup.com.

Where next?

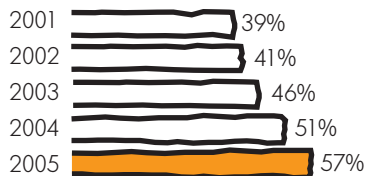
- We will develop our role in supporting UK enterprise by helping local entrepreneurs through The Prince's Trust and by setting up a website to offer guidance to business start-ups
- We have committed to being a 30th anniversary patron of The Prince's Trust
- We will continue to work with BSI, as part of the Executive Sponsorship Programme, to further enhance industry approaches towards recognised standards
- We will introduce consumer tips into two additional classifications – TV and Radio Servicing, and Architects

Environment

Local authorities accepting Yellow Pages directories for recycling



Households that recycled their old Yellow Pages directories



We work alongside our key business partners to ensure our impact on the environment is minimised, throughout our operations. Our approach is reflected in our company values and is essential for the future success of our business. Environment representatives from around the company work alongside our environmental committee to ensure our goals are shared across all our operations. We produce an environment scorecard with targets updated and monitored biannually. It is aligned with our CR and company scorecards and therefore fully integrated with our company objectives and targets. We have been registered to the ISO 14001 standard for the last six years.

Areas of focus

- Directory recycling
- Use of paper
- Working with our partners
- Managing the resources in our offices
- Climate change

Directory recycling

Yell's commitment to sustainability includes a comprehensive recycling programme for old Yellow Pages directories that involves working with consumers, local authorities, recycling organisations and end-users of recycled products. According to independent market research (FDS International Survey 2005), 57% of UK households recycled their old Yellow Pages directory in 2005 – the fourth annual consecutive increase – reflecting both increased awareness and an increase in the number of UK local authorities accepting Yellow Pages directories for recycling.

Old directories are reprocessed into a variety of new products, such as cardboard, animal bedding, insulation, packaging materials and paper for newsprint.

Yellow Pages recycling by method of collection

Year	Paper/card banks	Kerbside scheme	Schools
2004	36%	14%	1%
2005	29%	26%	2%

Source: FDS International 2004-2005

The majority of directories are collected via paper and cardboard recycling banks. However, kerbside recycling schemes are considered the best practicable environment option for recycling old Yellow Pages directories, and 46% of local authorities now accept Yellow Pages in their kerbside schemes.

The Yellow Pages Directory Recycling Scheme (YPDRS) is fully funded by Yell and plays a significant role in increasing directory recycling across the UK. The YPDRS has dedicated Environment Managers who consult daily with local authority recycling officers, offering advice and support to those wishing to establish Yellow Pages recycling provision and increase awareness of directory recycling.

Our schools initiative, the Yellow Woods Challenge (see page 21), has proven effective in opening up directory recycling opportunities in areas where there had previously been few, or no, options for recycling old Yellow Pages directories.

Last year, we awarded a total of £50,000 in grants to local authorities to support Yellow Pages recycling initiatives. Support has also been offered to end users working in partnership with councils, to help them purchase items such as new guillotines to remove directory spines when recycling old directories into animal bedding.

Information and media support is offered to councils to help publicise and encourage directory recycling. Last year, media coverage of Yellow Pages recycling reached an audience of more than 63 million (Metrica Media 2006). All press releases, and the preface of our Yellow Pages directories, contain the freephone Directory Recycling Helpline number 0800 671 444 and the www.yellgroup.com address. Both services provide detailed information about Yellow Pages recycling facilities. The helpline and website are also featured in the preface of all Yellow Pages directories. A total of 8,200 calls were made to the Helpline last year and 10,271 searches were made on the website.

Our twice yearly 'New Directions' newsletter shares information with 2,000 interested parties. Distribution of the newsletter and other materials for the YPDRS is fulfilled by SECTOR Services (Social Enterprise Centre and Training Organisation) which provides training and work experience for people in Hampshire with learning difficulties.

The YPDRS also lends its support to broader recycling and environmental initiatives. In-kind support was given to 'Recycle Now' and the Welsh, Scottish and Northern Irish national recycling campaigns during 2005 – with their logo, message of support and website address featured free in more than 30 million directories. The YPDRS has also sponsored a new, online environmental education resource that has been developed and hosted by 'Waste Watch' – the leading national organisation promoting the 3Rs – Reduce, Re-use and Recycle.

Use of paper

Last year we used 52,800 tonnes of paper to produce more than 30 million copies of our directories. When choosing paper, we take into consideration the environmental impact, the printing process and our users' and advertisers' quality expectations. Our aim is to strike a balance between the quality of the paper and the impact on the environment.

We manage paper in three ways:

1. We work with our partners to reduce paper requirements
2. We optimise the recycled fibre content of the paper in relation to its weight
3. We try to ensure that the paper we buy contains virgin fibre sourced from well-managed, sustainable forests

We reduce the amount of paper we use by achieving low, world-class levels of paper wastage at our printers, RR Donnelley, and by lowering the weight per square metre of the paper. The paper we use for Yellow Pages weighs 34 grams per square metre (gsm) following a reduction in 2005 from 36 gsm.

We have to maintain a balance between the amount of recycled fibre we use and the weight of the paper. Increasing recycled fibre content and lowering the weight can reduce the strength of the paper to unacceptable levels. **Last year we increased the recycled fibre content of the main body of our directories from 46% to 48%.** We benchmark our performance against other directory publishers and, in the 2005 European Association of Directory Publishers survey, Yellow Pages directories recycled fibre content was above the industry average.

Our main UK paper supplier, UPM-Kymmene, sources wood from well-managed forests. The supplying mill has a 'Programme for the Endorsement of Forest Certification Schemes (PEFC) Chain of Custody' certification, which gives assurance that all wood is from legal sources and not from conservation forests. All UPM-Kymmene paper mills are accredited to ISO 14001 for their environmental management systems.

Working with our partners

We build long-term, mutually beneficial relationships with world-class partners such as UPM-Kymmene, Pindar Set and RR Donnelley. We have worked with each of these suppliers for 25 years, building relationships founded upon open communication and clear, comprehensive processes.

Our Publishing team works with our supplier partners to accomplish our environmental objectives and to support them in achieving theirs. For example, in 2005 we helped Pindar Set to achieve ISO 14001 accreditation. We discuss business objectives and product developments and agree environmental targets with our suppliers at biannual partner forums. We have Ethical Purchasing Guidelines in place which outline the environmental standards expected of all our suppliers and we encourage suppliers to promote these standards in their own supply chains.

Managing the resources in our offices

We operate from 45 offices across the UK. We aim to reduce the consumption of resources in all our offices through our 'Think Again' programme. This programme promotes our three R's philosophy – Reduce, Re-use, Recycle – and is supported by our local Environment, Health and Safety representatives, and a network of local recycling facilities. Examples of our target areas are:

- **Reduce** Office paper, electricity and water consumption, and the use of transport
- **Re-use** Recycled paper, renewable energy and IT equipment
- **Recycle** Plastic cups, aluminium cans, batteries from mobile phones and laptops, paper, toner and inkjet cartridges, fluorescent tubes, old directories and postage stamps

The WEEE directive (Waste, Electrical and Electronic Equipment) requires all companies to recycle redundant equipment rather than taking it to landfill. All equipment returned to our IS department is managed in line with these guidelines.

We have an 'Energy Action Plan' in place and monitor energy consumption at all sites within our direct control. We benchmark ourselves against the Government's 'Energy Efficiency Best Practice Programme' and, where possible, any new equipment we purchase has energy-saving devices. At our head office in Reading we operate an Energy Green tariff, which means our provider purchases the equivalent of the energy we use from renewable sources. Our Energywise campaign continues to raise awareness internally about resource conservation. We met our target to use more electricity from renewable sources, and this year aim to increase this by 10%.

Transport and car usage

We have 1,670 vehicles in our fleet reflecting our large sales force. We operate a Car Ownership Scheme as part of our rewards package and provide environmental and safety information about the cars available, including CO₂ emissions, to encourage our drivers to choose more environmentally friendly cars. In the last year we have applied a policy of only using diesel hire cars for business travel.

We maintain our Green Travel Plan in conjunction with local authorities and transport groups and we communicate alternative transport options to our people via our intranet. These include Park and Ride, car sharing and Yell's Angels which offers free cycling aids to all our people who cycle to work.

Climate change

We made a commitment in our 2005 CR report to establish a policy on CO₂ emissions. Our policy was published in early 2006 and focuses on emissions from directory printing and distribution, office use and business travel. We work with our business partners to find cost-effective ways to manage our emissions – reducing overall energy consumption, implementing energy conservation measures and increasing the use of energy from renewable, carbon-neutral sources.

We currently measure equivalent CO₂ emissions associated with selling and printing our directory services in the UK. We first calculated and reported CO₂ emissions in 2005. These were internal calculations only and are therefore not reliably comparable to 2006. Calculations for 2006 were carried out with assistance from the Edinburgh Centre for Carbon Management (ECCM) who have audited and independently verified the data. The assessment methodology follows the reporting principles and guidelines provided by the World Business Council for Sustainable Development Greenhouse Gas Protocol. The uncertainty associated with our emissions estimate is +/-12%. There is therefore a 'good' level of confidence in this data.

Yell UK carbon footprint

Activity:	Equivalent tonnes of CO ₂	
	2005 unaudited	2006 audited
Printing Directories	16,380	17,000
Business travel (car)	7,572	11,400
Business travel (air)	not calculated	600
Office use	3,794	3,700
Computer suite	not calculated	900
Total	27,746	33,600

Last year we said we would

Increase directory recycling to 55% and the percentage of local authorities offering recycling opportunities to 96%

- ✓ We increased directory recycling to 57%. The number of local authorities offering recycling opportunities has risen from 94% to 96%.

Establish a methodology for measuring the impact of our door-to-door delivery operation

We have conducted trials to measure the environmental impact of our door-to-door delivery operation. We are investigating the feasibility of using the rail freight network for the first stage of our delivery process, as an alternative to road transport.

Enforce a policy of only using diesel hire cars where possible for business travel

We have introduced a policy of using only diesel hire cars, where possible, for business travel and our Car Ownership Scheme encourages company car users to choose environmentally friendly cars. We have also capped the engine size of vehicles used to visit our customers.

Aim to reduce our office electricity consumption per square metre by 1%

We achieved 9%.

Integrate and align our thinking on managing CO₂ emissions

We have established and published our climate change policy.

Where next?

- We will recycle or re-use our surplus office furniture by donating it to local charities, community organisations and schools, in conjunction with Green-Works, a non-profit social enterprise
- We are investigating the use of BREEAM (British Research Establishments Environmental Assessment Method) ratings for all our current buildings, and any new buildings we acquire
- We will measure the CO₂ emissions from our door-to-door delivery operation and work with suppliers to achieve reductions. In addition we are exploring the option of carbon offset for business travel
- We will continue to investigate options for reducing the weight and virgin fibre content of the paper used in directories
- We will extend the coverage of the Yellow Woods Challenge from 74 to 85 Challenges, involving 1,800 schools and 350,000 children

Yellow Woods Challenge

The Yellow Woods Challenge is Yell's flagship schools environmental campaign, run in partnership with the Woodland Trust – the UK's leading woodland conservation charity – and local authorities across the UK. It combines environmental objectives with charitable support and community engagement.

The Challenge is simple, educational and fun. Schoolchildren collect old Yellow Pages directories for recycling in return for curriculum-linked educational materials, which bring recycling and woodland conservation messages to life in the classroom. Schools also have fun competing against each other and getting to know our campaign mascot, Kirk.

Schools win cash prizes for recycling the most directories per pupil and can also take part in an optional UK Sculpture Competition, creating giant artworks out of the old Yellow Pages directories they collect.

The initiative was launched in September 2002, and more than one million pupils have since taken on the Yellow Woods Challenge and recycled more than a million old directories.

The programme's success is measured in terms of participation, directories recycled, extent and value of positive media coverage, and money awarded to schools and charities.

Growth of the Challenge

Calendar year	Councils	Schools	Pupils	Number of directories collected	Tonnage of directories collected	Value of positive media coverage (Metrica)
2003	49	915	211,271	208,361	343	£733k
2004	65	1,391	332,183	313,411	533	£1.29m
2005	74	1,669	402,489	379,493	657	£1.34m

The 2006 Challenge aims to involve 85 councils, 1,800 schools and 350,000 schoolchildren.

For every pound Yell awards to schools, we give a pound to the Woodland Trust.

Monies awarded

Year	Schools	Woodland Trust	Cumulative Total
2003	£36,000	£36,000	£72,000
2004	£50,500	£50,500	£173,000
2005	£63,300	£63,300	£299,600

In 2006, the total prize fund for schools is expected to be £75,250, with an equivalent contribution for the Woodland Trust.

Woodland investment

The Trust uses funds raised by the Yellow Woods Challenge to plant and protect native woodland in England, Scotland, Wales and Northern Ireland, reflecting the geographical spread of the Challenge and mirroring our directory coverage.

Since September 2004, the funding has supported the Trust's 'Tree For All' campaign, which aims to plant a tree for every child under the age of 16. The Trust calculates that the funding from the Yellow Woods Challenge 2005 alone would cover the cost of planting and caring for 6,200 trees in almost four hectares of new woodland – the equivalent of more than nine football pitches.

The Challenge has been recognised as a best practice campaign by Business in the Community, attracting a 'Big Tick' endorsement mark since 2004.

Further details can be found at www.yellow-woods.co.uk

Workplace



Our Code of Ethics gives guidance to everyone in Yell on the ethical behaviour expected of them. It also sets out our commitment to those parties affected by our activities or with an interest in them.

The Gold Awards for Business Excellence celebrate exceptional team and individual achievements in Yell UK.

People are the foundation and source of our continued success. Our aim is to recruit, retain and develop the very best people, and in return provide them with a challenging and rewarding career.

Areas of focus

- Values and ethics
- Recruiting and retaining the best people
- Developing our people
- Valuing diversity and equality
- Providing a healthy and safe working environment

Values and ethics

Yell's Guiding Principles of excellence, reliability, responsibility and integrity are at the heart of our operations and determine the way we work. They support our values which describe how we conduct our business, and are a key driver of our success.

Our values are:

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

We update and communicate our values on a regular basis, to ensure that they continue to be front-of-mind. Our 2005 'Yell Objectives' annual communication to all our people was based on the theme 'Our Values Add Value'. Each value was described in greater detail.

For example, 'Working Together' includes:

- Understanding and respecting the challenges faced by colleagues
- Giving support, trust and commitment to colleagues
- Involving suppliers and partners as members of the team
- Offering and accepting constructive feedback

In January 2006, we launched our Code of Ethics to provide guidance to our people when faced with decisions of an ethical nature. It defines the standards of behaviour expected of our people and reinforces our commitment to integrity in our dealings with our external stakeholders – our advertisers, users, shareholders, suppliers and the communities in which we operate.

The Code ensures we operate with the highest ethical standards in all we do and applies to all people in all companies in the Yell Group – or who act on Yell's behalf – across all business activities and all locations. Standards include respecting each other, selling fairly, treating our suppliers with honesty, fairness and respect and managing our impact on the environment. The Code of Ethics has been endorsed by the Board and will be periodically reviewed.

At the same time we relaunched an improved, highly confidential Whistleblowing Line for people to call should they have concerns about ethical issues within Yell.

Recruiting and retaining the best people

Yell offers a balanced and satisfying work environment, excellent career prospects, and ongoing personal development opportunities. Our approach helps us to recruit and retain the very best.

As well as recruiting through traditional media, we encourage our people to recommend potential employees through a referral scheme, in return for a financial reward. In 2005, approximately 35% of new people came from the employee referral scheme. Yell operated its fifth undergraduate scheme in 2005, with 34 undergraduates benefiting from work experience. The scheme allows Yell to benefit from fresh ideas and view at first hand potential graduate employees.

In our annual employee opinion survey, 'Tell Yell', 87% of respondents said that they would recommend Yell as a good place to work.

We offer a good work-life balance and our 'Harmony Programme' gives our people the flexibility to manage their commitments through different working options. Almost 18% of our people take advantage of these options, which include part-time working, job sharing, home-based and term-time working, career breaks, carer's leave, and special leave for community work.

Recognition is key and our Gold Awards for Business Excellence are our most prestigious form of recognition of outstanding performance. Everyone in Yell has the opportunity to nominate and be nominated for an award. The range of categories is reviewed each year in light of feedback from Tell Yell and changing customer expectations. Winners and their partners celebrate their achievements at a high profile event hosted by the Yell Executive Management Group.

Managers also recognise individual and team achievements at regular team and department meetings. Departments are encouraged to apply for awards as a form of external recognition, for example, in November 2005 our Customer Information Team won 'Best Team in a Business Environment' at the International Information Industry Awards.

The Yell ShareSave scheme gives employees the opportunity to share in the successful company they have created, as well as saving for the future.

Developing our people

Every year we set objectives, and targets for each part of our business and measure our performance against these targets, using a scorecard based on four key areas – customer, process, organisation and finance. We communicate company objectives to all our people in an annual multi-media communication. Personal objectives are explicitly linked to these company objectives, so people can see how they contribute to Yell's success. In our recent Tell Yell survey, 97% said they understood how their work contributed to the success of the company.

All people in Yell have a Personal Development Plan that supports their personal objectives. In 2006 we spent £1,375,000 on training and development. We support people to gain appropriate professional qualifications. On joining Yell, every sales person attends a three week residential training course to learn about sales techniques, our products, our code of conduct, company values and ethics.

Our 'Developing Potential' scheme grows the talent of non-sales people. The scheme provides tools to help people further their learning, maximise their performance and achieve their potential. It offers a mix of coaching, courses and online learning within a structured development path.

The success of our training plans is measured by perception and performance indicators and the results are used to review and develop our HR strategies and further training programmes. In our 2005 Tell Yell survey, 90% of respondents said there were sufficient opportunities to receive training to improve their skills in their current role.

In October 2005 Yell UK became one of only 24 UK companies to be awarded Investors in People (IiP) 'Champion' status. Champion status is awarded for three years to organisations that demonstrate outstanding promotion of the IiP values and principles. It is a significant accolade that recognises our award-winning approach to people management and development.

Our approach to people management was applauded in 2004, when we not only won the European Quality Award (EQA) for an unprecedented second time, but won special role model prizes for 'Leadership and Constancy of Purpose' and 'People Development and Involvement'.

Valuing diversity and equality

Yell supports equal opportunities and welcomes diversity. On joining the company, all our people undertake mandatory equal opportunities and diversity training. Currently, 6% of our people are from ethnic minorities. We are accredited with the UK's 'Two Ticks' symbol for our positive approach towards disabled people and, in the 2005 Tell Yell survey, 97% of respondents said that Yell provides a working environment which is accepting of differences in age, culture, lifestyle and gender.

Providing a healthy and safe working environment

We are committed to providing our people with a safe and healthy working environment. We have a team of professionals and a committee who manage our health and safety responsibilities. The team develops and maintains our health and safety policies and procedures and provides guidance on safe working. In 2005, we were awarded the International Safety Award by the British Safety Council for the third year in succession, in recognition of our lower-than-average accident rates, good safety policies and safety plans, and strong commitment to health and safety.

Our people and our contractors are required to report all health and safety incidents and accidents on our online system. We record incidents in line with the Health and Safety Executive recommendations, and comply with the Reporting of Injuries, Diseases and Dangerous Occurrences 1995 (RIDDOR). We benchmark our accident rate against the insurance industry because we have similar health and safety considerations. Our current RIDDOR Accident rate is 57.14, against the insurance industry standard of 226.66.

Yell has three main health and safety risks:

1. **Driving** Almost 50% of Yell employees drive on company business. In recognition of the risks involved we provided a ‘safer driver’ training programme to all business drivers. This year, we have started refresher training and have produced a driver training DVD – also available on our intranet – that highlights potential risks and promotes safe habits.
2. **Use of Display Screen Equipment (DSE)** We encourage all our people to undertake online DSE assessments. Our self-assessment package provides up-to-date training and advice.
3. **Contractors** We recognise our responsibility toward contractors and the risks they may face when working in Yell. We have introduced processes which require contractor companies to work with us to ensure contractors comply with health and safety policies and procedures.

Last year we said we would

Improve the recruitment process

We have improved the recruitment process by extending the use of role profiling as a recruitment tool. For example, in Field Sales each candidate who passes the interview stage now takes a psychometric test.

Improve performance management

We have introduced new, centralised objectives and appraisal templates to ensure greater consistency in performance management. All line managers attended a Managing Superior Performance workshop.

Enhance career development

We have launched our Developing Potential scheme for all non-sales people to enhance career development and motivation within Yell.

Where next?

- We will continue to promote our Developing Potential scheme across the company to encourage greater participation and further career opportunities within Yell
- We will roll out a Code of Ethics awareness programme

Open communication

Clear and open communication is an important factor in our success and we have a strong commitment to developing communication channels that meet the needs of our people.

In April 2005, the government introduced Information and Consultation of Employees (ICE) regulations which require companies to be transparent in their approach to information and consultation. As part of our approach to compliance we carried out an internal survey, which showed that 98% of our people approved of existing communication arrangements, which include:

Yell Objectives An annual communication to all people via brochure, website, poster and presentations, to launch the year’s main objectives and activities.

Quarterly CEO’s forum To communicate current business issues and developments to senior managers. Information from this forum is captured in a Quarterly Update document available to all our people.

Annual Business Reviews Includes an update on company-wide performance and plans, as well as recognition of individual achievements. All people are invited to a review, hosted by their member of the Executive Management Group.

Regular Team Meetings To discuss business developments and team objectives. Team members are encouraged to contribute, to discuss their work with their colleagues and managers.

Mail Bulletins Covering company news such as re-organisations, quarterly results, acquisitions and key appointments.

Ask HR A phone and email service which welcomes questions on any aspects of employment policies, programmes and procedures. Answers are researched and responses given as soon as possible. Frequently asked questions are published on our ‘Yell People Online’ intranet site.

In Focus A regularly-updated online magazine covering company events.

All channels provide the opportunity for employee feedback.

Our Tell Yell employee opinion survey is carried out annually across the entire UK business and encourages everyone to express their opinions on reward, leadership, communication, diversity, ethics and job satisfaction. In 2005 we had a 94% response rate. As a result of feedback from Tell Yell, we have recently introduced private healthcare for all our people. We are also undertaking a review of all our reward and recognition programmes to ensure they reflect our values and are consistent across the business.

Our approach has been rated ‘benchmark best’ in the UK by external consultants International Survey Research (ISR). We have also been recognised by our EQA assessors for our excellent approach to communication.

What makes Yell a great place to work?

“The teamwork – I can rely on my colleagues in all aspects of my job.”

Adam Billiard

Environment Manager

“I am surrounded by people who enjoy their jobs.”

Jin Gill

Internal Communications Manager

“The strong sense of team spirit, even when things aren’t going as well as they might.”

Tony Palmer

Head of Infrastructure

“The company has allowed me to develop into my perfect role.”

Wendy Bridge

Head of Consumer Development

“Because Yell is such a great company, I have enjoyed every day of my 20 years here.”

Mike Wyse

Premier Account Manager

“The training and development Yell provides means that my team is able to offer our customers the best possible service.”

Andrea Gordon

Customer Liaison Manager

“Thanks to Yell’s environmental approach, choosing a low-emissions hybrid car was made easy for me.”

Nigel Ridgeon

Head of New Media Analysis and Information

Community

Yell has sponsored Marie Curie Cancer Care's biggest annual fundraising campaign – the Great Daffodil appeal – since 1999 and has helped them raise more than £15 million

We believe it is important that our work in the community reflects the needs of our customers, our users and our people, and that it enhances our reputation as a responsible company. Our policy is threefold:

- To support our two main charity partners – Marie Curie Cancer Care and The Woodland Trust
- To encourage the involvement of our people with local charities
- To support education and schools, particularly in the cities and towns where our main offices are located

Areas of focus

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

Working with national charities

Since 1999, through Yellow Pages, Yell has sponsored Marie Curie Cancer Care's biggest annual fundraising campaign, the Great Daffodil Appeal. It runs throughout the month of March each year and encourages people across the country to buy and wear a daffodil badge in support of the charity.

Yell has helped the appeal to raise more than £15 million to provide high-quality nursing to terminally ill people in their own homes, where they can be supported by their families.

Yell covers all of the promotional costs for the Great Daffodil Appeal and works with the charity to develop information services designed to raise the Appeal's profile and provide additional fundraising opportunities.

In 2006, 'Mini Pots of Care' was launched, a giant initiative which saw more than 200,000 schoolchildren planting daffodil bulbs ready for bloom in the spring. The children were then encouraged to paint their pots and take them home to mark the launch of the Great Daffodil Appeal on 1 March.

To help celebrate, a host of personalities from the worlds of music, sport and television were invited to join the children in designing their own plant pot for a special fundraising auction. Fifteen celebrities including Kim Wilde, Robert Carlyle, Alan Titchmarsh and Sharon Davis customised a range of limited-edition flower pots, which were then auctioned, with all proceeds going towards this year's target of £4 million.

The Yellow Pages sponsorship pays for a wide variety of promotional material, including:

- 15 promotional daffodil costumes
- 105,000 daffodil boxes
- 500,000 daffodil carrier bags for Marie Curie shops
- 78,000 campaign posters
- 75,000 thank you certificates
- 86,000 envelopes
- 400,000 volunteer leaflets and posters
- 8,000 car stickers

Yell is always looking for opportunities to leverage our sponsorship in key corporate initiatives to further benefit Marie Curie Cancer Care and our business. Two key programmes which do this are Ad Watch and Yellow Pages 118 24 7 refunds.

The Ad Watch call monitoring project offers participants the choice of either a £50 shopping voucher or the option to donate the money directly to Marie Curie Cancer Care. This raised £35,000.

Yellow Pages 118 24 7 has won the 'Best UK 118 service' for two years in a row, however even the best make the occasional mistake. This year, when offering refunds to callers who complain, Yell gave them the option of doubling the amount of the refund if it was donated to Marie Curie Cancer Care.

Yell people raised more than £3,500 through a nationwide staff raffle to coincide with the Great Daffodil Appeal.

Alongside Marie Curie Cancer Care, our other main charity partner is The Woodland Trust. We have supported The Woodland Trust since 2002 through the award-winning Yellow Woods Challenge (see case study on page 21). Our partnership not only supports our aims of encouraging educational learning, but also helps us meet our environmental objectives for directory recycling.

Since July 2005, we have been donating spare banner advertising space on Yell.com to Childline International. Last year, this was worth £296,000 in equivalent advertising value.

Involving our people

Our people across the UK also support local charities, or regional branches of national charities. This ensures that we are supporting the causes that matter most to our people, and enables us to support organisations other than our main charity partners.

Our 'Community Champions' are volunteers based at our major offices who co-ordinate support for local causes and work with schools and charities to promote fundraising and special events. We have a long history of offering work experience placements. Last year 103 students benefited from time spent throughout Yell offices. We also work with local Education Business Partnerships to mentor pupils from local schools, share skills and discuss any issues or concerns they have about further education or in the workplace. Individuals who are keen to support activities commensurate with our community policy are encouraged to do so and we provide time off for volunteers at their manager's discretion.

Last year some of our local events included:

The Prince's Trust 10k and Fun Run

Yell helped to sponsor the event and 30 employees from Reading and Slough helped to marshal the races held at Legoland and on the Crown Estate in Windsor. Twenty other employees ran to raise money for the Berkshire branch of The Prince's Trust.

Schools in Leeds

One of our highest performing Field Sales teams has now worked with school leavers, teachers and head teachers in the Leeds area for five years. By mentoring, conducting mock interviews, holding enterprise days and partnering teachers, the team believes they have become stronger and developed more rounded skills, whilst making a considerable contribution to the local community.

We run a payroll giving scheme – Give As You Earn. Last year our people donated £70,550 through their salaries to charities of their choice. Yell covers the cost of administering the programme and also donated £50,000 last year.

Supporting young people

Our main activities included:

- Providing 103 work experience placements for pupils from local schools
- Helping to facilitate training courses for schoolchildren such as Oxbridge interview skills, management and teamwork skills
- Visiting schools as guest speakers

Last year, Yell people worked with more than 1,300 schoolchildren to help them prepare for work.

Playing a part in our local communities

As well as supporting local causes, Yell supports the communities around our business locations.

In March 2005, we launched our first ever Yellow Pages directory in Kingston upon Hull. We became a patron of the Humber Chambers of Commerce and a City Image bondholder to support regeneration of the city and the long-term business community.

We continue to host the Slough Business Community Partnership in our Slough offices, and sit on their management committee. We are members of 'Connect Reading' (formerly the Reading Business Community Partnership) and provide trustees for the 'Slough and Central Berkshire Education Business Partnerships'.

Last year we said we would

Develop a more strategic approach to our community programmes

- ✓ We have developed a relationship with The Prince's Trust which links our community work more closely with our business activities.
-

Extend the coverage of the Yellow Woods Challenge and help raise £3 million for Marie Curie Cancer Care

- ✓ We exceeded our target of 70 Yellow Woods Challenge and now have 74 participating local authorities. We raised more than £3 million for Marie Curie Cancer Care.
-

Extend the levels of volunteering and our reach in our local communities

- ✓ We increased the number of young people we support in our communities by 12%, 3% more than our 9% target.
-

Where next?

- We will introduce an intranet site for our Community Champions to help them share knowledge and volunteering opportunities
- We will continue our support for the Berkshire branch of The Prince's Trust, including sponsorship of their 10K run
- We will continue our commitment to Marie Curie Cancer Care with a target of helping them raise £4 million in their Great Daffodil Appeal, and involving 300,000 schoolchildren in their Mini Pots of Care campaign

Yell island

A tiny, remote island 250 miles off the Scottish mainland provides a unique symbol of the reach of Yell's work within communities throughout the UK. Lying at the heart of the Shetland Islands, not only does Yell island share our name, but it is also part of our most distant directory delivery region – with a five day journey by land and sea to deliver the Aberdeen Yellow Pages directory to the island.

With a population of only a thousand and about 350 homes and businesses, Yell island is steeped in centuries of maritime history and has a rich Viking heritage. An additional claim to fame is the ruin of the Windhouse – Shetland's most haunted home.

For the past two years, members of our External Relations and Publishing departments have developed links with the islanders to mark the extraordinary connection and developing friendship between Yell, the international directories business, and Yell, the small Shetland island.

In 2005, after consulting with the island's community council, we made a £1,000 donation to the island's Old Haa Museum, which is based in a former 17th Century laird's house. It is the focal point for preserving the island's heritage, and houses a local history archive, a room for art exhibitions, a tea room and a tranquil garden.

We have sponsored the island's football team, which next season plays in the top division of the Shetland Football League, by providing new kit and kit bags for the squad.

Yellow Book

In the US, we produced 835 directories in 2006 across 46 states and Washington DC. Yellow Book USA employs more than 7,750 people. Our rapid growth continues to provide us with many opportunities and we believe much of our success is driven by recruiting and retaining the very best people.

We aim to maintain our customer-focused approach, whilst building our US directories business. We are committed to a formal company-wide approach to governance and responsibility and to share best practice with Yell UK.

Corporate Practice

Yellow Book takes a responsible approach to providing advertisers and users with unbiased information about directory advertising.

Until recently the classified directories industry was one of the only major advertising media that did not provide syndicated, third-party audience measurement research. This is a valuable tool for businesses, allowing them to make sensible decisions about both the value of directory advertising itself, and the relative value of different directory providers. Yellow Book has been a strong proponent of syndicated research and over the year we have participated in research in 42 areas giving clear usage information to customers.

We are a leading advocate of independent delivery verification using a third party not-for-profit organisation – Certified Audit of Circulation – to verify the delivery of every directory we produce. We are currently conducting trials with the same organisation to move to a full audit of circulation. These are designed to provide accurate and independent data validating the distribution of the directory in which our customers have purchased advertising.

Our metered advert programme provides participating customers with a special phone number to monitor how many calls they receive as a result of their Yellow Book advertising. This is an excellent tool for businesses to evaluate the return on investment they receive from our products.

Yellow Book supports the government's 'Ready Campaign' which aims to improve homeland security. We also provide emergency telephone numbers and details of community and human services organisations, such as social services, health services and support groups, in all our directories, alongside a full list of government office details.

We are dedicated to improving customer satisfaction and we employ 125 dedicated customer service people across three call centres, handling 700,000 calls per year. We seek feedback on our products from advertisers and users, for example through our 'Consumer Response Page' in Yellow Book directories.

We take ethical selling seriously. Our ethical standards are available on YBnet, our intranet site, and all sales people receive both induction and ongoing training on how to uphold Yellow Book values with customers.

Our advertising policy is assiduously monitored by an internal team and by our pre-press supplier, Pindar Set. Adverts are checked for discriminatory language, offensive images or text, discrediting remarks about other companies, and a wide range of other ethical standards. Non-compliant adverts are amended or removed, and we check how the advert came through the sales process, reinforcing internal monitoring processes through further training if necessary.

Environment

We work closely with our three main paper suppliers Fraser, Catalyst and UPM-Kymmene to continually develop sources of recycled and certified fibre for the paper used in our directories.

Fraser currently supplies 40% of our paper and more than half of the fibre used is certified by either the Forest Stewardship Council or the Sustainable Forestry Initiative, and includes 39% recycled fibre. They are accredited with the ISO 14001 standard.

UPM-Kymmene, an industry group leader in the Dow Jones Sustainability Index, ISO 9001, ISO 14001 and OHSAS 18001 certified, supplies 35% of our paper. Almost 57% of the fibre used in paper supplied by UPM-Kymmene comes from recovered paper.

Catalyst, which supplies 22% of our paper, is also registered to ISO 14001 and has worked with us to reduce the weight of our paper by 6%, whilst maintaining the look and feel of the finished product. Approximately 65% of the wood fibre used in their paper comes from certified sustainably-managed forests.

The President's Achievement Club honours those who exceed expectations in order to make Yellow Book a highly successful organisation.

In 2006, we increased the recycled fibre content in the main body of our directories from 19% to more than 30%. As of January, we reduced the weight of the paper supplied by Catalyst from 36gsm to 34gsm.

In the last year, we have worked to increase the efficient use of paper with our production partner Quebecor. They are installing new presses to better accommodate our two-column and three-column directories which, in turn, will result in lower paper waste for those directories. They are also moving one of their new, larger presses closer to the Fraser paper mill next year, reducing the shipping distance and thus reducing freight emissions and costs.

Increases in automation of our sales and production processes have allowed us to reduce paper usage in all our offices across the US.

Workplace

Over the last year, Yellow Book has maintained its focused people strategy. We are always looking for qualified, talented people to join our team and we value and reward recommendations made by our people as part of our Employee Referral Program. To improve our recruitment process we ask all new people to complete a survey to provide feedback and suggestions about recruitment, induction, training, benefits and management support.

We continue to offer a wide range of benefits including the Employee Stock Purchase Plan, which allows our people to purchase Yell shares at a preferential price, and performance-related bonus schemes.

Last year we spent \$2 million on training and developing our people, an average of 23 hours of training per person. As part of our Tuition Assistance Program, people can apply for up to \$2,500 per year to complete a job-related degree or course with an accredited college. All non-sales managers complete an eleven module training course in their first year. The modules cover a wide range of subjects including diversity, motivation, employee relations and performance coaching. All new customer service people have five weeks initial training before they start their role.

Within sales, everyone undertakes a training programme covering customer expectations, product knowledge and the sales process. They also attend kick-offs and rallies throughout the year that feature refresher and advanced training.

All our people have access to the eLearning and resource library for topics such as ethics, selling and leadership. Other training courses are classroom based or on-line courses which can be taken at work or at home.

To ensure our people perform to the best of their abilities, performance appraisals are completed annually, alongside regular performance reviews with line managers throughout the year.

The President's Club is a distinguished honour awarded to those who go above and beyond to make Yellow Book a highly successful organisation. In the President's Club for Sales, winners are chosen based upon top sales achievement and are rewarded with the prestigious President's Club holiday. Winners in non-sales roles are chosen on the basis of peer nomination and executive review, and are rewarded with a holiday voucher.

At Yellow Book, we value open communication and use several channels to communicate with our people. 'YBnet' is the intranet site for all Yellow Book people, and features an employee directory, vacancy postings, policies and procedures, and office news. 'The Fortress' is Yellow Book's regular newsletter, which includes updates from senior executives, national and regional sales, training, and information about community donations. Newslink is a weekly newsletter sent by email to all Yellow Book people. Our 'Open Door' policy encourages our people to visit their manager or HR advisor at any time, about new ideas or concerns.

Yellow Book's Employee Assistance Program provides a free confidential help line for all our people and their families. This is open 24 hours a day, 7 days a week to help with a wide range of problems. Our people can also take advantage of in-person counselling sessions.

We value diversity. 52% of our people are female, 49% of our corporate managers are female, and 13% of our people are from minority groups.

Community

Our community programmes are centred around involving our people. On a company-wide basis we support United Way of America and our Cedar Rapids office supports Big Brothers, Big Sisters. Our people also support local charities.

United Way of America is an organisation that works with companies and local communities across the US to ensure that donations from employees support the most pressing needs. Last year almost 800 Yellow Book people from 76 offices coordinated activities that raised approximately \$130,000 for United Way charities. Activities and programmes to raise awareness were conducted during company time.

Big Brothers, Big Sisters, is a charitable organisation that provides mentors for at-risk young people to help them overcome the challenges they face. This year, Yellow Book co-sponsored a bowling event that was attended by more than 2,600 bowlers, including 70 Yellow Book employees and their families. Yellow Book management sit on the Board of Directors and the Board of Trustees of Big Brothers, Big Sisters.

Yellow Book also supports young people through 'Junior Achievement'. This is a non-profit organisation that inspires young people to value free enterprise, business and economics. Last year the company sponsored 'Job Shadow Days' in which approximately 400 children participated and 15 employees acted as hosts.

Last year we said we would

Develop and formalise our CR approach and activities:

- ✓ We have now established our Corporate Responsibility Steering Committee to review our activities and develop future objectives. The committee is chaired by our General Counsel and made up of representatives from marketing, human resources, publishing and finance.
-

Where next?

- We will establish a CR scorecard with key targets
- We will discuss ways to measure our environmental footprint with our key suppliers
- We will develop a company-wide community policy

Hurricane Katrina

On the morning of 29 August 2005, Hurricane Katrina hit southeast Louisiana causing \$75 billion of damage. Its sheer size caused devastation more than 100 miles from its centre.

Yellow Book people raised almost \$216,000 for the Hurricane Relief efforts. The Company decided to fully match this figure, so our total donation to the American Red Cross was approximately \$432,000. The funds were used for rescue and assistance efforts for the many Gulf region families, friends and Yellow Book people affected by the force of the hurricane.

What makes Yellow Book a great place to work?

“The great working environment
– a real work-life balance.”

Donna D'Ambrosio

Director, Billing National/Third Party

“The team is a great bunch of people
to work with and be friends with.”

Larry Nocella

Senior Quality and Process Analyst

“Watching a business grow through
advertising in Yellow Book.”

Andy Aronow

Major Account Manager

“I feel like I have a career
not just a job.”

Veronica Williams

Associate Manager EDA Processing

“The company looks to use bigger and better technology to meet our customers’ needs.”

Reggie Parks

Server Engineering Manager

“You are never on your own – there is always plenty of backup from colleagues.”

Tamara Sweeney

Account Executive

“Yellow Book helps people achieve their goals, both career and personal.”

Wendell Lang

Manager, Inbound Sales Centre

“I love the variety of the challenges, the fast pace and dynamic environment.”

Megan Martell

Director, Sales Training

What we are going to do

Objectives summary

Corporate practice

- Develop our role in supporting UK enterprise through The Prince's Trust and a website to offer guidance to business start-ups
- Continue to help BSI to further enhance industry-recognised standards
- Introduce consumer tips into two additional classifications

Environment

- Re-use or recycle our surplus office furniture by donating it to local charities, community organisations and schools
- Investigate the use of BREEAM ratings for all our current buildings and buildings we acquire in the future
- Measure the CO₂ emissions from our distribution process and explore the option of carbon offset for our business travel
- Continue to investigate options for reducing the weight and virgin fibre content of our paper
- Extend the coverage of our Yellow Woods Challenge to 85 Challenges

Workplace

- Continue to promote our Developing Potential scheme across the company
- Roll out a Code of Ethics awareness programme

Community

- Extend our Community Champions ability to share knowledge and volunteering opportunities
- Continue our support for The Prince's Trust, including their 10k run
- Help Marie Curie Cancer Care to raise £4 million in their Great Daffodil Appeal and to involve 300,000 schoolchildren in their Mini Pots of Care campaign

Yellow Book

- Establish a CR scorecard with key targets
- Discuss ways to measure our environment footprint with our key suppliers
- Develop a company-wide community policy

Feedback

Please complete the enclosed feedback form.
If it is missing please contact us for a copy.

Yell – Corporate Responsibility

Yell Group plc
Queens Walk
Reading
Berkshire
RG1 7PT
UK

E responsibility@yellgroup.com

T +44 (0)118 950 6775

www.yellgroup.com

Yell – Media

E pressoffice@yellgroup.com

Mixed Sources

Product group from well-managed
forests, controlled sources and
recycled wood or fibre
www.fsc.org Cert no. SGS-COC-1732
© 1996 Forest Stewardship Council

Printed in the UK by St Ives Westerham Press, a CarbonNeutral® company,
Environmental Management System ISO 14001 accredited and Forest
Stewardship Council (FSC) chain of custody certified. Cover and text printed
utilising vegetable based inks on 9lives Silk which is produced with recycled
fibre from both pre- and post-consumer sources, together with virgin ECF fibre
from sustainable forests independently certified according to the rules of the
Forest Stewardship Council.

Designed by **CollegeDesign**
Typeset by Active Data Communication Ltd
Printed by St Ives Westerham Press

www.yellgroup.com

Yell Group plc, Queens Walk,
Reading, Berkshire RG1 7PT

TMTrade mark of Yell Limited

CD 171 July 2006