

Reed Elsevier NV

Best practice principle	Short description	Apply/ explain
	Compliance with and enforcement of the code	
I.1	Broad outline of the corporate governance structure in separate chapter of the annual report.	Apply
I.2	Substantial changes in the corporate governance structure shall be discussed with the annual general meeting of shareholders (AGM).	Apply
	Executive Board (EB)	
	Role and procedure	
II.1.1	EB members appointed for 4 years	Apply
II.1.2.	Submission of objectives and strategy by EB to Supervisory Board (SB) for approval	Apply
II.1.3.a	Risk analyses of objectives of the Company	Apply
II.1.3.b	Code of conduct	Apply
II.1.3.c	Manual for financial administration	Apply
II.1.3.d	Internal reporting system	Apply
II.1.4	Explanation of internal risk management and control systems	Apply
II.1.5	Internal control statement	Apply
II.1.6	Analysis of sensitivity of results	Apply
II.1.7	Protection of whistleblower	Apply
II.1.8	Approval supervisory board memberships of EB members	Apply
II.1.9	Response time for request on agenda item	Apply
II.1.10	Involvement SB in takeover process	Apply
II.1.11	Discuss request of competing bidder with SB	Apply
	Remuneration	
II.2.1	Analysis of possible outcomes of variable remuneration	Apply
II.2.2	Carry out scenario analysis	Apply
II.2.3	Results, share price performance and non-financial indicators	Apply
II.2.4	Three years vesting period for options	Apply
II.2.5	Lock-up shares from share regulations	Explain
II.2.6	Minimum exercise price share options	Apply
II.2.7	No modification of option conditions	Apply
II.2.8	Severance pay no more than one year fixed salary	Explain
II.2.9	No loans to EB and SB members	Apply
	Determination and disclosure of remuneration	
II.2.10	If unfair result adjust variable component	Apply
II.2.11	Claw back clause	Apply
II.2.12	Remuneration report including overview of policy for next few years	Apply
II.2.13	Information requirements remuneration report	Explain
II.2.14	Immediate publication of important elements of EB member employment contract at appointment	Explain
II.2.15	Explanation of special remuneration in remuneration report	Apply

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	Conflicts of interests	
II.3.1.a	EB member does not enter into competition with the Company	Apply
II.3.1.b	EB member does not make material gifts to family members	Apply
II.3.1.c	EB member does not provide unjustified benefits to third parties	Apply
II.3.1.d	EB member does not provide business opportunities to himself/herself or his/her family	Apply
II.3.2	Reporting arrangement conflicting interests	Apply
II.3.3	Not participate in decisions regarding situations with conflicting interests	Apply
II.3.4	Conflicting interests EB members situations handled as customary in industry	Explain
	Supervisory Board	
	Role and procedure	
III.1.1	Division of duties SB/rules for the SB placed on website	Apply
III.1.2	Inclusion of SB report including its activities in annual report	Apply
III.1.3	Personal information SB members	Apply
III.1.4	Interim retirement SB members	Apply
III.1.5	Report on attendance/ frequent absence of SB members in annual report	Apply
III.1.6	Supervising duties SB including corporate social responsibility	Apply
III.1.7	Performance assessment SB/Committees/EB in annual report	Apply
III.1.8	SB meeting once a year to discuss strategy and main business risks	Apply
III.1.9	Provision of means to SB to enable performing its duties	Apply
	Independence	
III.2.1	All SB members are independent, no more than 1 exception	Apply
III.2.2.a	SB member has not been director or employee of the Company in last 5 years	Apply
III.2.2.b	SB member does not receive other fee than for SB membership	Apply
III.2.2.c	SB member has not had business relationship with the Company before appointment	Apply
III.2.2.d	SB member is not BM member of a company of which a BM member of the Company is SB member	Apply
III.2.2.e	SB member does not have interest of at least 10 percent in the Company	Apply
III.2.2.f	SB member is not director or SB member of a legal entity that has at least a 10% interest in Company	Apply
III.2.2.g	SB member has not been temporary director of the Company in the past 12 months	Apply
III.2.3	Report on compliance with III.2.1 in annual report	Apply
	Expertise and composition	
III.3.1	Profile SB on website, including diversity objectives	Apply
III.3.2	Financial expert member of SB	Apply
III.3.3	Induction programme for new SB members, annual review of this	Apply
III.3.4	No more than 5 SB memberships with Dutch listed companies	Apply
III.3.5	SB members maximum of three 4 year-terms	Apply
III.3.6	Retirement schedule on website	Apply

Best practice principle	Short description	Apply/ explain
	Chairman SB and company secretary	
III.4.1.a	Supervision by Chairman that induction programme is followed	Apply
III.4.1.b	Supervision by Chairman that information is timely received	Apply
III.4.1.c	Supervision by Chairman that there is sufficient time for consultation/discussion	Apply
III.4.1.d	Supervision by Chairman of proper functioning SB committees	Apply
III.4.1.e	Supervision by Chairman of performance assessment SB/EB members	Apply
III.4.1.f	Supervision by Chairman of SB electing Vice-Chairman	Apply
III.4.1.g	Supervision by Chairman proper contacts SB with EB	Apply
III.4.2	Chairman SB is not former EB member of Company	Apply
III.4.3	SB assisted by Company Secretary who ensures correct procedures and compliance with aoa and rules/assisting Chairman in organisational matters of board related matters	Apply
III.4.4	Role and duties Vice-Chairman/Senior Independent Director	Apply
	Composition and duties three core committees of SB	
III.5	SB appoints from among members 3 key committees	Explain
III.5.1	SB draws up terms of reference for each Committee covering role, responsibility and how it discharges responsibility; on website	Apply
III.5.2	SB report states composition Committees, number of meetings and topics discussed	Apply
III.5.3	SB receives Committee reports on deliberations and findings	Apply
	Audit committee (AC)	
III.5.4.a	Supervision of internal risk management and control systems	Apply
III.5.4.b	Supervision of provision of financial information by Company	Apply
III.5.4.c	Supervision of follow-up recommendations external auditor	Apply
III.5.4.d	Supervision of role and functioning of internal audit function	Apply
III.5.4.e	Supervision of tax planning policy	Apply
III.5.4.f	Supervision of relationships with external auditor and his independence	Apply
III.5.4.g	Financing of the Company	Apply
III.5.4.h	ICT applications	Apply
III.5.5	AC is principal contact for external auditor	Apply
III.5.6	Chairman SB is not chairman AC or former EB member	Apply
III.5.7	AC has at least one financial expert as per III.3.2.	Apply
III.5.8	AC decides who attends its meetings (CEO, CFO, external auditor)	Apply
III.5.9	AC meets at least once without presence EB members	Apply
	Remuneration committee (RC)	
III.5.10.a	RC prepares proposal to SB re remuneration policy	Apply
III.5.10.b	RC prepares proposal to SB re remuneration individual EB member	Apply
III.5.10.c	RC prepares remuneration report conform best practice provision II.2.12	Apply
III.5.11	Chairman SB is not chairman RC, former EB member of the Company or an EB member of other listed company	Apply
III.5.12	No more than 1 RC member is EB member of other Dutch listed company	Apply
III.5.13	External remuneration advisor shall not provide services to member of EB of the company	Apply

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	Selection and appointment committee (NomCo)	
III.5.14.a	Draw up selection criteria/appointment procedures for SB/EB	Apply
III.5.14.b	Evaluation size and composition SB and BM	Apply
III.5.14.c	Assessment performance of SB and BM members	Apply
III.5.14.d	Proposals for (re)appointments	Apply
III.5.14.e	Supervision of EB policy re appointment procedures senior management	Apply
	Conflicts of interests	
III.6.1	SB member reports conflicting interests immediately to Chairman	Apply
III.6.2	Respective SB member does not participate in discussion and decision making concerning conflicting interests	Apply
III.6.3	Conflicting interests SB members transactions made on conditions customary in industry	Explain
III.6.4	Transactions with shareholders of at least 10% of shares in the Company made on conditions customary in industry and require SB approval	Apply
III.6.5	SB rules addresses (potential) conflicts of interests and securities transactions	Apply
III.6.6	Delegated SB member has no more rights than SB member	Apply
III.6.7	SB member who takes on management duties retires from SB	Apply
	Remuneration	
III.7	The general meeting of shareholders shall determine the remuneration of SB members	Explain
III.7.1	SB member receives no shares/rights to shares in the Company	Apply
III.7.2	Shareholding of SB member in the Company is long-term investment	Apply
III.7.3	The Company does not provide personal loans to SB members	Apply
	One tier board structure	
III.8.1	The Chairman of the Board is not and has not been an executive director	Apply
III.8.2	The Chairman checks composition and functioning of the Board	Apply
III.8.3	The board implements III.5 of this code	Apply
III.8.4	Majority of Board members is not charged with daily affairs	Apply
	Shareholders	
IV.1	The company shall, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders	Apply
IV.1.1	Rules for cancellation binding nomination of SB or EB member	Explain
IV.1.2	Voting rights attaching to financing preference shares based on the real value of the capital contribution	n/a
IV.1.3	Publication of position of EB if private bid for substantial part of the business	Apply
IV.1.4	Dividend policy shall be separate item on the agenda	Apply
IV.1.5	Proposal to pay dividend shall be separate item on the agenda	Apply
IV.1.6	Release from liability EB and SB are separate items on the agenda	Apply
IV.1.7	Registration date for voting rights and access to AGM	Apply
IV.1.8	Chairman responsible for proper conduct of business at AGM	Apply

Best practice principle	Short description	Apply/explain
IV.2.1	The Board of Trustees of foundation has the confidence of depositary receipt holders and is independent of the Company	n/a
IV.2.2	The Board of Trustees foundation appointed by the Board of Trustees	n/a
IV.2.3	Maximum term Board of Trustees members is 3 times 4 years	n/a
IV.2.4	The Board of Trustees shall be present at AGM	n/a
IV.2.5	Board of Trustees shall be guided primarily by the interests of the depositary receipt holders	n/a
IV.2.6	Board of Trustees reports on its activities	n/a
IV.2.7	Report must fulfil a number of requirements	n/a
IV.2.8	The foundation to issue proxies upon request	n/a
	Information provision/logistics AGM	
IV.3.1	Analysts' meetings and press conference are announced in advance /can be followed via webcasting or conference call	Explain
IV.3.2	Prior comments of analysts' report only on factual inaccuracies	Apply
IV.3.3	Company pays no fees for preparation of analysts' reports	Apply
IV.3.4	No analysts' meetings and such shortly before publication of regular financial information	Apply
IV.3.5	SB and EB provide AGM with all information unless contrary to interests of the Company	Apply
IV.3.6	The Company shall place all information on a separate part of its website, or uses hyperlinks to that end	Apply
IV.3.7	AGM agenda lists items for discussion separately from items for voting	Apply
IV.3.8	Explanatory notes to agenda for approval/authorisation matters	Apply
IV.3.9	Appointments and amendments of a.o. as separate agenda items	Apply
IV.3.10	AGM minutes are published within three months after the AGM	Apply
IV.3.11	EB gives overview of protection measures in annual report	Apply
IV.3.12	Independent third party for proxy voting	Apply
IV.3.13	Outline policy for bilateral shareholder contacts on website	Apply
	Responsibility of institutional investors (II's)	
IV.4.1	II's annually publish voting right policy on website	n/a
IV.4.2	II's annually report on voting policy on website	n/a
IV.4.3	II's quarterly report on website how they voted at AGM's	n/a
	Responsibility of shareholders	
IV.4.4	Consultation of EB prior to request item on AGM agenda	n/a
IV.4.5	Voting	n/a
IV.4.6	Explain request to put item on AGM agenda	n/a
	Financial reporting	
V.1.1	SB supervises procedures concerning preparation and publication of financial reports	Apply
V.1.2	AC assesses how auditor is involved in financial reporting	Apply
V.1.3	EB carries responsibility for internal procedures securing timely provision of full and correct information	Apply

Best practice principle	Short description	Apply/ explain
	Appointment, remuneration and assessment of external auditor	
V.2.1	External auditor is present at AGM and can be questioned	Apply
V.2.2	EB and AC report annually to SB on relation with external auditor	Apply
V.2.3	EB and AC conduct thorough assessment external auditor once every 4 years	Apply
	Internal audit function	
V.3.1	External auditor and AC prepare the work schedule of the internal auditor	Apply
V.3.2	Internal auditor access to external auditor and Chairman AC	Apply
V.3.3	Annual review of need for internal auditor	n/a
	Relation and communication of external accountant with Company bodies	
V.4.1	The external auditor is present at SB meeting in which the report of the audit of the annual accounts and its approval are discussed	Apply
V.4.2	Access to AC by external auditor	Apply
V.4.3.A	Requirements 2:393 subsection 4 of the Netherlands Civil Code concerning audit	Apply
V.4.3.B	Requirements 2:393 subsection 4 of the Netherlands Civil Code concerning financial figures	Apply
V.4.3.C	Requirements 2:393 subsection 4 of the Netherlands Civil Code concerning internal risk management and control systems	Apply