

Triodos Investment Management

Reed Elsevier AGM Date: 23 April 2014

1 -3 Non-Voting agenda items

4 Approval of the annual accounts on the fiscal year 2013 **For**

Disclosure is acceptable and the report was made available sufficiently before the meeting. No serious governance concerns have been identified. Acceptable proposal.

5.A Discharge the Executive Directors **For**

Standard proposal. No serious governance concerns have been identified that would lead to a recommendation to oppose the proposal to discharge the Executive Board. Acceptable proposal.

5.B Discharge the Non Executive Directors **For**

Standard proposal. No serious governance concerns have been identified that would lead to a recommendation to oppose the proposal to discharge the Supervisory Board. Acceptable proposal.

6 Approve the dividend **For**

The Board proposes to pay final dividend of e0.374 per ordinary share. Taking into account the e0.132 interim dividend per ordinary share, this means that the 2013 total dividend per ordinary share amounts to e0.506. Dividends are covered by earnings. Acceptable proposal.

7 Appoint the auditors **Oppose**

Deloitte Accountants B.V. proposed. Non-audit fees were approximately 36% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 32% of audit fees. This level of non-audit fees may create a potential for conflict of interest on the part of the independent auditor. Triodos does not support this resolution.

8 Elect Nick Luff as executive member of the board and CFO **For**

In September 2013, Duncan Palmer the CFO announced his resignation with 12 months' notice. In January 2014 it was announced that Nick Luff would be the new Chief Financial Officer. The effective date of his appointment remains to be confirmed, but is expected to be no later than 15 December 2014. Sufficient biographical details are provided.

Full disclosure of the pay arrangements which will apply on appointment prior to initial election is welcome. However there are concerns over the buying out of awards provided by Mr Luff's former employer which are reflected in comments on the company's remuneration policy.

9.A Re-elect Anthony Habgood as Chairman of the Board **For**

Independent Non-Executive Chairman. There are concerns over his time commitments.

9.B Re-elect Wolfhart Hauser **For**

Independent Non-Executive Director.

9.C Re-elect Adrian Hennah

For

Independent Non-Executive Director.

9.D Re-elect Lisa Hook

For

Senior Independent Director.

9.E Re-elect Marieke Van Lier-Lels

For

Independent Non-Executive Director.

9.F Re-elect Robert Polet

For

Independent Non-Executive Director.

9.G Re-elect Linda Sanford

For

Independent Non-Executive Director.

9.H Re-elect Ben Van Der Veer

Oppose

Independent Non-Executive Director.

Triodos has concerns over the previous employment of Mr. van der Veer as Chairman of the Executive Board of KPMG in the Netherlands between 1999 and 2008. In this period KPMG was involved in a serious controversy related to Ballast Nedam. According to the Dutch Public Prosecutor's Office (PPO), in the period 2000 through 2003, three audit partners and KPMG conducted audits in a way that enabled payments made by Ballast Nedam to foreign agents to remain concealed and insufficient attention was given to the compliance of ethics and integrity requirements by KPMG. On 30 December 2013, KPMG and the PPO reached a settlement under which KPMG agreed to pay EUR 7 million consisting of a fine of EUR 3.5 million and a forfeiture of EUR 3.5 million.

The controversy related to Ballast Nedam happened at a time that Mr. van der Veer was CEO of KPMG. He was ultimately responsible for the well-functioning of and the culture within the organization.

We think that it is an omission of Reed Elsevier not to refer to these concerns in their proposal to re-appoint Mr. van der Veer as non-executive board member and chairman of the audit committee. As a shareholder in Reed Elsevier we would like to have received assurance and comfort from Reed Elsevier that this concern has been noted by Reed Elsevier and that it has been thoroughly discussed with Mr. van der Veer. It would also have been a strength if Reed Elsevier would have explained what considerations were made by the company regarding Mr. van der Veer's proposed re-appointment and ultimately we would have welcomed a well-substantiated statement of Reed Elsevier that the company is fully convinced that this past responsibility of Mr. van der Veer at KPMG does not interfere with his current well-functioning as non-executive director and chairman of the audit committee.

Based on our concerns Triodos Investment Management has voted against the re-appointment of Mr. van der Veer.

At the AGM, The chairman took notice of our concern and stated that this was indeed treated as a serious concern that was addressed at the board review and also in a face-to-face meeting with Mr. van der Veer. The company took the decision not to communicate about this but from a shareholder point of view this may have not been the best choice.

Triodos is of the opinion that it would have done more justice to Mr. van der Veer if the company would have pro-actively expressed full confidence in the well-functioning of Mr. van der Veer instead of remaining silent.

10.A Re-elect Erik Engstrom

For

Chief Executive Officer.

10.B Elect Duncan Palmer

For

Chief Financial Officer. In September 2013, Duncan Palmer announced his

resignation with 12 months' notice.

11 Authorise Share Repurchase

For

The Board seeks authorisation to repurchase shares up to 10% of the company's issued share capital for a period of 18 months as of the 2013 AGM. Acceptable proposal.

12.A Issue shares for cash

For

The Board seeks approval to issue shares up to an amount of 10% of the company's issued share capital, plus an additional 10% of the issued share capital of the Company in relation to mergers or acquisitions. The authority will be valid for a period of 18 months as of the 2013 AGM. Acceptable proposal.

12.B Exclude or limit pre-emptive rights

For

The board requests shareholder approval to exclude pre-emptive rights on shares issued under agenda item 12a, over a period of eighteen months. Acceptable proposal.