

# Corporate Responsibility and Sustainability

## 2010 REPORT

■ Global Intelligence   ■ Digital Force   ■ Thought Leadership   ■ Making A Difference



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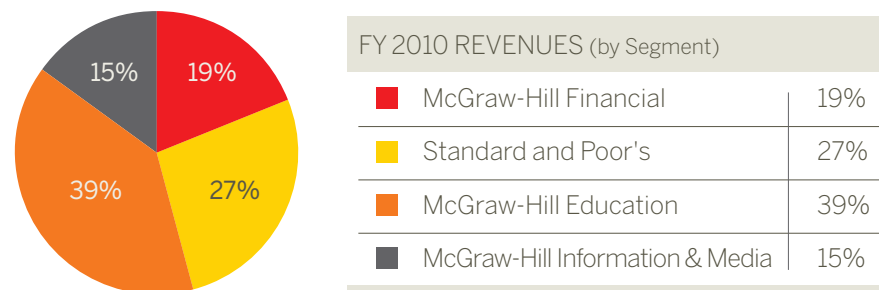
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## ABOUT THE MCGRAW-HILL COMPANIES

The McGraw-Hill Companies prepares individuals, societies and markets for succeeding in the knowledge economy. Our products and services include traditional and digital educational content, marketing and information services, investment research and analysis, and credit ratings. We were built on the foundation of trust and integrity and these enduring values continue to be at the core of everything we do. In 2010, our brands, including Standard & Poor's, McGraw-Hill Education, Platts, and J.D. Power and Associates, continued our mission to create a smarter, better world.

We are headquartered in New York City, with more than 280 offices in 40 countries and major markets in North America, Europe, Asia Pacific and Latin America. Our customers include governments, corporations, investors, and educators.

Our business operates in four segments: Standard and Poor's, McGraw-Hill Financial, McGraw-Hill Education and McGraw-Hill Information & Media. McGraw-Hill Financial represented roughly 19 percent of FY 2010 revenues; Standard and Poor's 27 percent; McGraw-Hill Education 39 percent; and McGraw-Hill Information & Media 15 percent.



### KEY DATA 2010

Revenue	\$6.2 Billion	Capital Expenditures and Investment in Prepublication Costs	\$266.3 Million
Profits	\$828.1 Million	Employees	20,755

## ABOUT THIS REPORT

Welcome to our 2010 Corporate Responsibility and Sustainability Report. In our latest report, we discuss our approach to corporate responsibility and sustainability in our products and services as well as our own operations. We publish this report annually. All data relate to calendar year 2010 and cover our global operations unless otherwise noted.

Transparency is the cornerstone of our business. We apply this same level of transparency to our CRS performance and reporting as we continue our efforts to integrate sustainability into our business practices. This year we have prepared our report according to the Global Reporting Initiative (GRI) guidelines and are self-reporting at the GRI Application Level C.

We hope you will find this report informative and engaging. We welcome any suggestions and comments. Please contact us at: [crs@mcgraw-hill.com](mailto:crs@mcgraw-hill.com).

## A LETTER FROM THE CHAIRMAN, PRESIDENT AND CEO



At McGraw-Hill we are committed to creating a smarter, better world where everyone can succeed in the Knowledge Economy. This commitment connects every part of our business and unites our more than 20,000 employees around the world in support of a common mission.

Our expertise, integrity and leadership in education and financial and business information are at the core of everything we do.

We are proud that 2010 was a year of significant progress. Not only did we post strong financial results, including double-digit earnings-per-share growth for the year, we made measurable progress in our commitment to addressing climate change and important contributions to the markets we serve and to the communities where we live and work.

To advance the cause of global learning, last year we established the McGraw-Hill Research Foundation. The Foundation is demonstrating thought leadership through a variety of white papers, research and related activities that include issuing a highly regarded report, which concluded that for the U.S. to remain economically competitive, it will need to raise the status of the teaching profession.

We know that financial literacy is a critical educational component of the 21st century skills needed to be successful today. Unfortunately, for many years, financial education has been an afterthought. As a result, we have too many citizens finding it difficult to manage money. To promote and augment the teaching of basic economic principles, we launched our Financial Literacy Now campaign. Together with our nonprofit partners we are providing the educational resources to help people of all ages make more informed financial decisions. Since it was launched, Financial Literacy Now has expanded from its roots in New York City to impact cities across the country, and it has already surpassed our goal of reaching 100,000 students.

The digital transformation of our businesses, particularly education, is a key to our approach to sustainability, which focuses on ensuring that Corporate Responsibility is an embedded part of our business strategy. The digitization of education means that as we move away from printed textbooks we will consume less paper, less warehouse space, reduce the need to ship products, and as a result, shrink our carbon footprint. Our focus on technology and digital products also means we can expand our reach to educate once underserved markets, as we are going to do with mConnect. mConnect is a mobile learning platform that will help students in emerging markets like India gain access to high-quality, affordable educational materials.

Across our businesses, we are demonstrating our commitment to serving the sustainability marketplace. In financial information during 2010, Standard & Poor's continued to provide sustainability research and data on the potential credit impact of climate policy. At McGraw-Hill Financial, our newest business segment created in 2010, we are designing tools to meet new regulatory requirements, including tools to assess the environmental, social and governance (ESG) performance of publicly traded companies. In the construction industry, McGraw-Hill Construction is leading the way for the green building market with *GreenSource*, the *Magazine of Sustainable Design*, and news, forecasts and analytics.

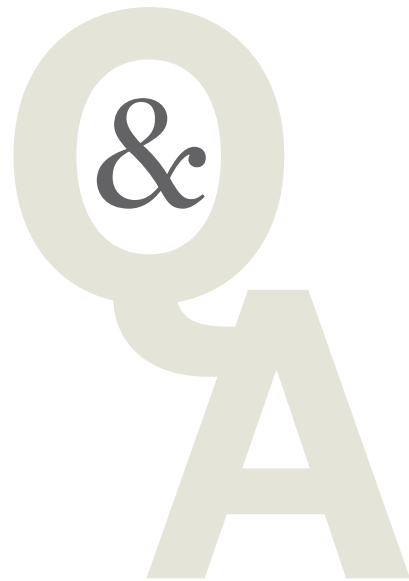
We are pleased with the results we achieved in 2010, and as we look forward to the rest of this year and beyond, we see tremendous opportunities to build on this record.

Sincerely,

Harold McGraw III  
Chairman, President and Chief Executive Officer

# Our Approach

Q&A with Louise Raymond, Vice President,  
Corporate Responsibility and Sustainability



## How does McGraw-Hill approach corporate responsibility and sustainability (CRS)?

We want CRS to be part of everything we do across the company. CRS policies are important, and we will maintain these efforts. But our focus is on CRS through our products and services. Our business model is about responsibility, plain and simple - we provide knowledge and important information to people around the world which is why quality and integrity are vital. Frankly, our employees are the critical component in this as they are the intellectual capital, whether as analysts, editors or researchers. Consequently, when we think about CRS at McGraw-Hill, three words come to mind: transparency, integrity and longevity.

- Transparency is critical to our products and services.
- Integrity provides the framework for our policies and practices.
- Longevity simply means, we've been at this for over 100 years. CRS is not new, it's been part of the way we have done business from the beginning.

## What are the CRS issues most material to McGraw-Hill? Why?

We periodically engage with stakeholders – including policy makers, non-governmental organizations (NGOs), academic institutions, employees and others with an interest in our company - to gain insight into key CRS issues and how they pertain to McGraw-Hill. This feedback, together with our work every day, helps us determine the issues most material to our business, including:

- Access to information
- Ethics
- Diversity and Inclusion
- Our contribution to the sustainability agenda (information and coverage)
- Transparency.

We report performance on these issues in this CRS report.

## How do you manage CRS within McGraw-Hill?

Management of CRS starts with our Board of Directors. The Nominating and Corporate Governance Committee of the Board is made up of at least three independent Board members and has oversight for our corporate responsibility and sustainability activities. Our Chairman, President and CEO Harold McGraw III, chairs the CEO Council, which takes an active interest in CRS initiatives.

At the executive level, our Corporate Responsibility and Sustainability Committee (CRSC) comprises all senior management responsible for the corporation's CRS policies and practices. The CRSC is chaired by the Executive Vice President of Corporate Affairs and convenes quarterly.

The Environmental Action Committee (EAC), a subset of the CRSC, is charged with addressing McGraw-Hill's climate change and emissions reduction efforts, and establishing and monitoring the corporation's Sustainability Strategy.

The position of Senior Vice President of Sustainable Business Development was created to ensure we continue to contribute to and capitalize on emerging business opportunities relating to sustainability. Our Sustainability Business Development Board is made up of more than a dozen senior business leaders from across the corporation.

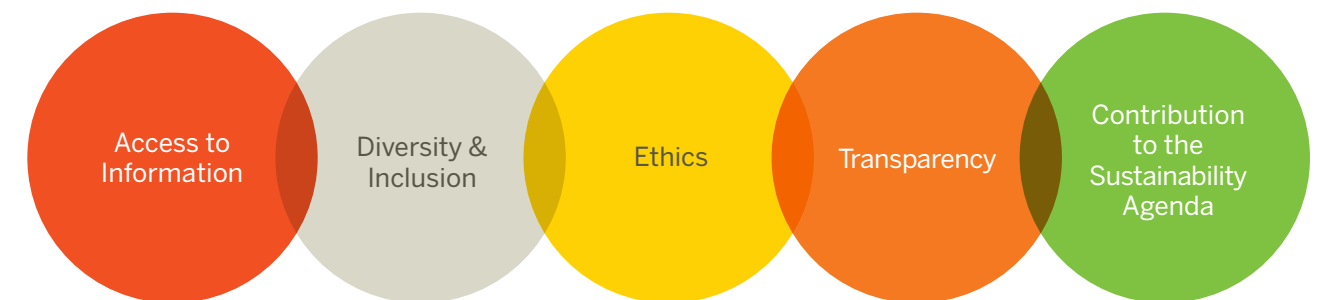
## When you look at McGraw-Hill's CRS initiatives, where do you see the challenges and opportunities in the next few years?

With the increasing emphasis on digital products and services, I see an opportunity to continue to integrate

business and community investment activities to drive societal impacts consistent with the model of shared value creation. This goes beyond a typical business transaction. For example, the corporation is developing a mobile learning platform called "mConnect" which will allow students and workers in rural areas and cities in emerging markets to access high-quality, low-cost educational programs through cell phones, laptops and other mobile devices. We're rolling out the program first in India, a country with more than 700 million cell phones. We believe it will help level the playing field for education in India in ways never before possible. We anticipate exploring ways to leverage the mConnect platform to support some of our key philanthropic objectives and nonprofit partnerships.

We also want to further embed CRS into our employee training efforts. Our employees are our ambassadors and we want them to fully understand the scope and breadth of CRS at McGraw-Hill. While many employees participate in and identify with our social commitments, we see the link between CRS and innovation as a place for continued employee engagement.

We'll also continue to look for ways to reduce our environmental footprint through investments in renewable energy.



McGraw-Hill's Material Issues

# Products and Services

We are the leading global information services provider to the financial services, education and business information markets. Our commitment to creating a smarter, better world where everyone can succeed in the knowledge economy connects all of our brands across our four business segments: Standard & Poor's (S&P), McGraw-Hill Financial, McGraw-Hill Education, and McGraw-Hill Information & Media.



Our company sits at the intersection of educational and financial information. Given the growth in emerging markets, particularly India and China, we are positioned to support market expansion and meet the needs of the knowledge economy.

We know our customers expect us to deliver credible, transparent and impartial information. Each business segment has channels in place for gathering feedback and measuring customer satisfaction, including surveys and regular consultations with customers. For example, our Customer Relationship Management system and our Voice of the Customer surveys let us effectively communicate with our customer base, understand customer needs and evaluate customer satisfaction. We also strive to produce editorial content which meets the highest educational standards.

Our Code of Business Ethics (see page 22) governs our relationship with our customers.

## FINANCIAL SERVICES SEGMENTS

In November 2010, we realigned our Financial Services business into two separate segments:

- Standard & Poor's (S&P), the world's leading provider of credit ratings.
- McGraw-Hill Financial, a top global provider of digital and traditional research and analytical tools.

This new realignment and structure will help us better serve our customers and investors globally. The creation of McGraw-Hill Financial is the culmination of actions taken to grow and market our financial information, data and analytics business. The new segment enables us to deliver a broader and more in-depth suite of products for investors and market participants across asset classes around the world, including research and analytical tools.

Additionally, the creation of a distinct segment for Standard & Poor's allows us to focus on creating enhanced credit risk benchmarks and research while being responsive to increased regulations in the credit ratings industry.

## STANDARD & POOR'S

S&P operates in 23 countries and markets around the world.

Our credit ratings provide investors with independent opinions on credit risk. Our products and services are used by investors, corporations, governments, financial institutions and investment managers and advisers.

### Avoiding Potential Conflicts of Interest

S&P publishes its public ratings in real time and at no cost to investors, which creates transparency. This practice is possible because the issuers, not the users, pay for the ratings, which allows them to be more widely disseminated.

Our analysts may engage directly with companies to gain knowledge about their strategies, operations and performance. Due to this interaction, we have rigorous processes in place to guard against potential conflicts of interest and help maintain the integrity of the rating process.

### Improving the Transparency of Our Credit Ratings

We seek to bring value to the markets through the quality of information, insight and analysis we provide.

In response to the lessons of the financial crisis, we took steps to make our credit ratings more transparent and more comparable across different asset classes. For example, we updated our criteria for rating banks, sovereign nations and market-value securities.

We provide information and data about our ratings so market participants can better understand how they are developed. Once we issue a rating, we generally continue to monitor it, should facts develop that could affect the ability of a company or government to make timely payments.

### Enhancing Governance Globally

During 2010, the ratings industry became subject to new regulations in the U.S., the European Union and Japan. As a result, we are instituting new policies and procedures designed to comply with the new regulatory requirements. Many of the regulations deal with governance, management of conflicts of interest and ratings process transparency.

## McGRAW-HILL FINANCIAL

McGraw-Hill Financial represents the newest segment of our company and includes well-known brands such as S&P Indices and Capital IQ. It is a leading global provider of digital and traditional research and analytical tools for investment advisors, wealth managers and institutional investors.

We are committed to delivering high-quality information to our customers. Our brands provide objective data and research that enables clients around the world to navigate complex global markets. Our data and tools comply with growing regulations worldwide. We will continue to implement procedures to meet regulatory requirements and report on our progress.

## Financial Products and Sustainability

Our research, ratings, services and indices assess sustainability at publicly traded companies, providing investors with research and benchmarks so they can make investment decisions based not only on a company's financial fitness but also on its environmental, social and governance (ESG) performance.

S&P Ratings has also released a number of thought leadership papers on the potential credit impact of climate policy for specific sectors, such as the chemical industry and airlines. Recent papers include:

- How U.S. Federal Climate Policy Could Impact Chemicals Credit Quality
- Airline Carbon Costs Take Off as EU Regulation Reaches for the Skies
- Q&A: Did the Cancun Summit Bring Global Action on Climate Change a Step Closer?



S&P's thought leadership report about the potential credit impact of climate policy.



### Improving Education through Digital Offerings

McGraw-Hill's new web-based custom publishing platform, Create™, helps instructors customize their learning materials and allows students to save money.

The Create™ website lets instructors gather course materials from a library of more than 4,000 McGraw-Hill textbooks, 5,500 articles, 11,000 literature, philosophy and humanities readings and 25,000 business case studies.

Instructors can spend more time teaching, rather than searching for the right source materials. Since students pay only for the materials they will need for the course, their learning experience is significantly more cost effective.



*"McGraw-Hill's Create™ custom publishing tool gives me the power to provide only the content that is relevant to how I teach. I can pick and choose what makes the most sense for me and my class, which allows me to be a more effective teacher and cost-conscious for my students."*

**Cliff Thompson**  
Director of Theatre,  
Freed-Hardeman University

### McGraw-Hill Education

McGraw-Hill Education is a leading innovator in the development of teaching and learning solutions. Through our comprehensive range of traditional and digital education content and tools, we empower and prepare professionals and students of all ages to connect, learn and succeed in the global economy.

We are committed to the highest editorial quality and standards. In order to provide the most effective instructional materials to our customers, we partner with educators to produce comprehensive teaching and learning solutions.

### Providing the Most Effective Education Materials

To succeed in today's knowledge economy, students need to be lifelong learners and keep pace with the demands of an ever-changing job market. We aim to meet this challenge by making education more accessible, affordable and adaptive. We strive to enhance teaching and learning by providing the most effective instructional programs to our customers.

For example, in 2010, we launched McGraw-Hill LearnSmart™, a learning system that delivers adaptive learning content based on students' individual needs and learning speeds. LearnSmart™ assesses students' strengths and weaknesses, determines where each student requires

additional help and develops a personalized study plan to increase their learning and retention.

Every product we create is designed to address both instructors' course requirements and give students customized learning experiences from preschool to higher education and beyond.

*Chairman, President and CEO, Harold McGraw III with students at an Ambow Education IT center in China.*



### Delivering Educational Services in Emerging Markets

Our Educational Services initiative provides customized educational products for customers in emerging markets.

McGraw-Hill offers educational services in China, Eastern Europe, India and the Middle East, and we plan to expand in the future. For example, CTB/McGraw-Hill (our performance assessment business) is currently conducting a three year research study with the Beijing Foreign Studies University (BFSU) on the application of online formative assessment in Chinese English language classrooms. The research project was approved by the Chinese Ministry of Education (MOE) and is the first of its kind in the country.

### Leadership in Education

We collaborate with academia, the private sector and non-governmental organizations to develop appropriate learning solutions, address key educational policy issues and give more people the opportunity to access information.

During 2010, the McGraw-Hill Education team:

- Worked with Wipro, a leading technology solutions provider, to develop "mConnect" a mobile learning platform. The platform allows low-income, rural and underserved students and workers to access personalized, adaptive education and assessment programs through cell phones, laptops and other mobile devices. Initial pilots in India focused on the most critical needs for Indian students and workers, including test preparation for university entrance exams. See more at the McGraw-Hill YouTube channel: <http://www.youtube.com/user/mcgrawhill>.
- Hosted a group of national and international career training and technical education leaders for the 21st Century Workforce Virtual Conference, which addressed critical issues in career and workforce education.
- Launched the Center for Comprehensive School Improvement (CCSI) to partner with districts to turn around underperforming schools with high dropout rates in the U.S.



*McGraw-Hill Education's digital offerings provide students customized learning experiences from preschool to higher education and beyond.*

### Education Products and Sustainability

Our education products provide a platform to teach people about sustainability and we incorporate sustainability into all lesson plans. We are also exploring training and certification programs designed to provide the necessary skills for workers to succeed in emerging areas such as renewable energy technology and maintenance and carbon finance management.

When choosing the format of our products we consider the environmental impacts, as well as cost and customer requirements. Creating more digital alternatives to our printed products can offer environmental benefits; reducing the need for commercial printing, paper, and energy needed to transport materials and reducing costs for schools and students. We must balance this with the fact that digital options demand energy to run computers and the Internet.



*The McGraw-Hill Research Foundation's Innovation in Education Summit gathered education's brightest minds to discuss critical issues.*



## INFORMATION AND MEDIA

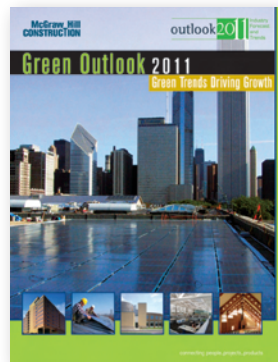
Our Information & Media business segment provides broadcast, print and online content through the following businesses: Aviation Week, J.D. Power and Associates, McGraw-Hill Construction and Platts.

### Impartiality and Transparency

Our businesses provide information that is independent and transparent. J.D. Power and Associates (JDPA), our global marketing information company, conducts surveys to determine customer satisfaction, product quality and buyer behavior. Research is based solely on feed-

back from customers. JDPA funds and takes ownership of the studies, which ensure they are independent. This approach enables JDPA to provide clients with credible and clear feedback from their customers.

Platts provides news, price assessments and commentary on the energy, petrochemicals and metals markets. Platts' information and insights help customers make better informed decisions and allow the markets to operate with greater efficiency and transparency. Platts' processes for developing price assessments are fully transparent, and the methodologies applied to each market are clearly defined on the Platts website.



Our products and services help customers make informed decisions in the sustainability marketplace.

## Information and Media Products and Sustainability

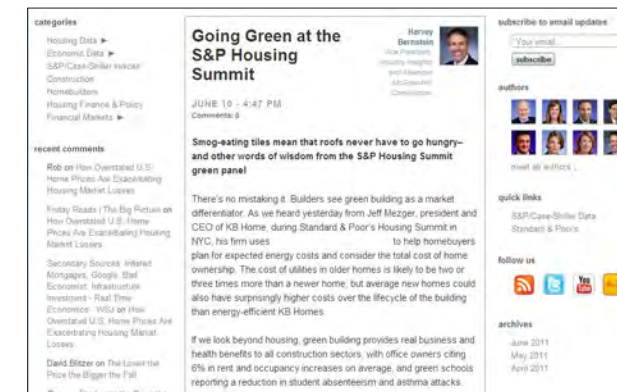
McGraw-Hill Construction helps analysts, marketers and corporate leaders understand sustainability in the construction industry through its magazines and research, including:

- *GreenSource, the Magazine of Sustainable Design*, which serves as the official magazine of the U.S. Green Building Council;
- *The Green Building SmartMarket Reports*, which analyze the green share of the construction market;
- McGraw-Hill Construction's 2011 Green Outlook market projection – the only sizing in the industry.

McGraw-Hill Construction is also the primary provider of data on construction and energy efficiency activity for the U.S. Department of Energy.

J.D. Power and Associates published a report in 2010 on the development of alternative energy vehicles as a cleaner and more sustainable alternative to oil. The report also forecasted consumer demand for alternative power vehicles over the next 10 years. *Drive Green: 2020* considers policy initiatives, market demand and obstacles such as technological challenges, economic viability and consumer acceptance.

Platts covers energy sustainability issues such as carbon capture and emissions, peak oil and climate control; regularly reports on industry and market developments in renewable fuels such as solar, hydro and wind power; and provides news and price information on the emerging markets of shale and liquefied natural gas (LNG). Through publications and conferences on sustainable energy, Platts plays an increasingly important role in promoting understanding and discussion of the clean energy industry.



In 2010, we launched *Platts Energy Week*, a weekly television program that serves as a forum for dialogue and debate on energy policy and environmental issues. Broadcast in the Washington, D.C., and Houston, Texas markets, *Platts Energy Week* has featured interviews with some of the nation's top policy-makers, regulators and CEOs on sustainability topics, including climate legislation, the control of greenhouse gases, energy supply security and cost-effective solar- and wind-power installations.

*Aviation Week* provides insight into the work of the global aerospace and defense industry to reduce the environmental impact of its products and services – from fuel burn in commercial aircrafts to sustainable power for military operations. In 2010, *Aviation Week* published a special report on efficient fuels, focusing on the research, science and technology being applied to alternative-fuel development, noise reduction and carbon footprint reduction across the aerospace and defense sector. In 2011, *Aviation Week & Space Technology* will publish a double issue on the next generation of aircraft and green aviation.

### Customer Privacy

Our [Customer Privacy Policy](#) guides how we collect, store and use information about our customers. We regularly update the policy, and did so just this past year to reflect changing business and marketing practices and regulations. We also conduct an annual compliance review of all privacy practices throughout the corporation, and provide training and implementation guidance to our employees around the world to strengthen understanding at all levels and maintain our strong privacy and security standards.

Our information security procedures further protect against loss of customer data. In addition, Chairman, President and CEO Harold McGraw III provides an [annual report to customers on privacy practices](#), which offers an overview of compliance efforts, organization and 2010 activities.

McGraw-Hill Construction's Vice President of Industry Insights and Alliances, Harvey Bernstein, speaks frequently about sustainability at construction conferences and contributes to articles and blogs, such as [Standard & Poor's Housing Views](#).



# Environment

We believe environmental protection is both a management responsibility and an employee responsibility. We are committed to reducing our environmental impacts, including greenhouse gas emissions (from energy used in buildings and for transport), water and waste. Reducing our impacts is good for the environment and good for business, and helps us reduce costs while creating a smarter, better and greener world.

As a leading global information provider, we are responsible for providing markets with the insights they need to create a more sustainable world, including information about green buildings and renewable energy. Read more on page 9.

## ENVIRONMENTAL MANAGEMENT AND POLICY

Our environmental management system outlines our approach to environmental responsibility by identifying our impacts, communicating our policies and establishing targets and the strategies needed to achieve them.

We have three policies that set the environmental standards we expect from our employees and business partners:

- Corporate Environmental Policy
- Paper Procurement Policy
- Corporate Real Estate Policy

Visit our [website](#) to read these policies in full and learn about how we manage our environmental impacts.

In 2010, we created our Environmental Sustainability Framework, which includes targets to reduce our emissions, waste, and water use by 2015. We report our progress against these targets [online](#). In our first year of reporting against our goals, we learned important lessons about our data collection, including how to improve the way we measure our impact. Changes in our business operations and the availability of higher quality and more accurate real estate (facility) data led us to restate our 2008 and 2009 data. Learn more about our improved data collection processes [online](#).

Through our Sustainability Strategy Action Plan we continue to identify ways to meet our environmental performance targets. These include:

- Reducing the impact of our own operations through green construction and conservation
- Managing our paper and packaging procurement
- Keeping our employees engaged on environmental issues
- Working with our suppliers to help them reduce their impacts.

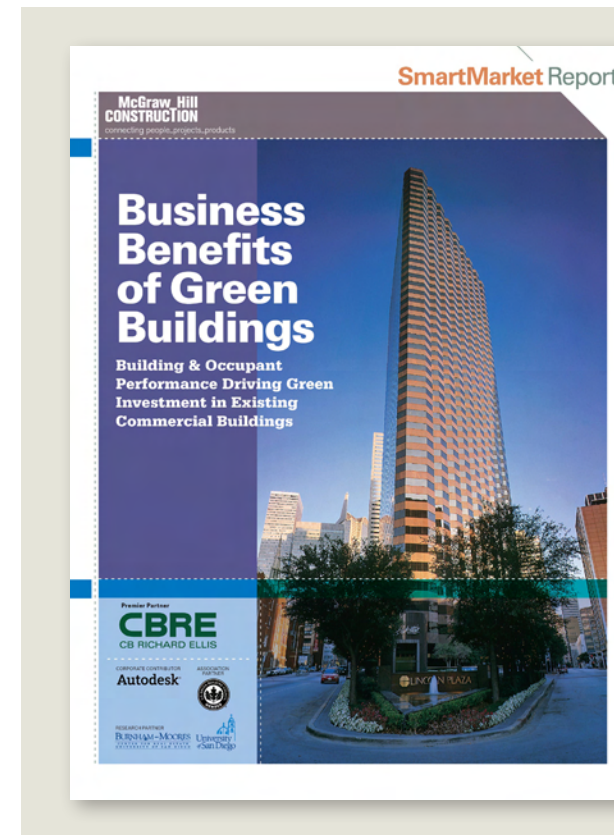
Our Action Plan will evolve as we learn more about the challenges ahead. We will continue to report our progress.

## Climate Change

At The McGraw-Hill Companies, we are committed to reducing our impact on climate change and increasing our contribution to understanding sustainability issues through our information products. We actively participate in various associations and leadership groups to advocate for environmental change in the global business community, including continued membership in the Business Roundtable's Society, Environment, Economy Change Initiative and our partnership with the International Finance Corporation to develop the S&P/IFCI Carbon Efficient Index. This index measures the carbon efficiencies of companies in emerging market economies.



In 2010 we were listed on the Dow Jones Sustainability Index (DJSI) in recognition of our commitment to sustainable development in our business operations. Companies are rated on their commitment to corporate governance, environmental policy, corporate citizenship and labor practices.



Recently McGraw-Hill Construction published a SmartMarket report that examined the business benefits of green buildings. The report featured a case study on employee satisfaction at McGraw-Hill's LEED Silver certified building in Dubuque, Iowa. This facility was the first building in Dubuque to receive LEED certification, and we are currently pursuing Gold.

Read McGraw-Hill Construction's report at: [http://construction.com/market\\_research/](http://construction.com/market_research/)



## SHRINKING THE FOOTPRINT OF OUR FACILITIES

Our Global Real Estate Services division is responsible for our worldwide real estate and construction activities, including the purchase and sale of land and buildings and the planning, construction, leasing, subleasing and renovation of our owned and leased facilities. After an assessment of our global facilities in 2009, the Global Real Estate Services department implemented programs to reduce energy and water use, decrease waste and increase recycling worldwide. These efforts included:

- conducting waste audits at all our facilities to reduce waste and increase recycling
- developing a green janitorial program that implements the use of nontoxic and environmentally neutral cleaning products
- partnering with environmentally responsible commercial real estate companies and service providers to improve our environmental footprint
- developing renewable energy projects to generate low carbon emissions solutions

- implementing architectural design and engineering standards to drive efficiency and performance in the work environment
- continuing to maintain green buildings in our portfolio and meeting the U.S. Green Building Council's LEED certification standards in new construction projects.

## LEED-Certified Construction

In 2008 we established a requirement that all new McGraw-Hill construction projects must meet the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification standards.

## Transportation

Through our Green Fleet Initiative, between 2008 and 2010 we reduced the carbon emissions from our fleet of cars by 16 percent, surpassing our 2009 reduction goal of 15 percent. Working with our provider, Automotive Resources International, we converted almost 50 percent of our fleet to vehicles that use alternative fuel sources.





Green Team members in Hyderabad, India actively raise environmental awareness through recycling campaigns, green volunteer projects and environmental workshops.

## PAPER

Paper is a renewable resource, but its production must be well-managed. We give preference to paper suppliers that provide third-party chain-of-custody forest certification and focus on reducing consumption as a primary method for reducing the greenhouse gas emissions associated with our paper purchases. In 2010, we used approximately 93,602 metric tons of printing and office paper.

### 2010 Paper Highlights

- **Lower Basis Weight for Workbooks:** In 2010, we continued to lower the basis weight for paper used in a portion of our workbook products. Lowering the basis weight from a 42.5# stock to a 40# stock will result in a 2 million pound reduction in paper use for these products.
- **Chain-of-Custody Forest Certification:** We significantly expanded the use of third-party chain-of-custody forest certification for the paper we purchase directly in the U.S. During 2010, we met our goal of more than 90 percent of our annual purchase in the U.S. being third-party chain-of-custody certified.
- **External Partnerships:** David Schaefer, Vice President, Paper Operations, was elected to serve a three year

term on the Direct Marketing Association's Committee on Environment and Social Responsibility. In this role, David is working with a peer group to identify environmental best practices that could be leveraged to support McGraw-Hill's sustainability activities.

## PACKAGING

All of the materials used to package and ship our products are recyclable.

We use corrugated shipping cartons that contain an average of 40 percent recycled material; the paper we use to fill empty space in boxes ("void fill") is 100 percent recycled.

In 2010, we used 2.84 million shipping cartons and 11,658 cartons of void fill. These numbers represent an increase over our 2009 figures and can be attributed to supporting a sales increase from our DeSoto, Texas, facility, which produces our K-5 Grade Reading Program materials.

We not only ship products using corrugated cartons and plastic wrap, but we also receive products that use these materials. In 2010, we recycled a total of 1,812 tons of corrugation and 26 tons of plastic wrap, diverting 1,902 tons of waste from landfill.

## ENGAGING EMPLOYEES

We have a range of global employee engagement initiatives in place to keep employees informed and in touch with sustainability issues.

### Green Teams

Our corporate-wide Green Teams raise awareness of environmental issues and champion green behavior in our facilities across the U.S., U.K., Mexico, India and Canada. Our Green Teams have been successful in achieving Green Business Certification for our Monterey, California and Indianapolis, Indiana offices, raising employee awareness through lunch and learn sessions and promoting environmental stewardship in local communities through volunteer projects.

As a result of their success, we have established a Green Team Leadership Council to support our local Green Teams in setting annual goals and developing metrics.

Additional employee engagement efforts in 2010 included:

- Launching a Personal Sustainability Practice (PSP) online module where employees can make and track commitments to reduce their personal carbon footprints at home and in the office.
- Conducting an e-waste campaign to recycle personal electronic waste as part of our Earth Day activities. In 2010, we recycled nearly 100,000 pounds of electronic equipment, including more than 49,000 pounds of personal e-waste.
- Distributing our bi-monthly newsletter, *CRSWire*, to keep employees informed about CRS practices and initiatives across the corporation.

## SUPPLY CHAIN

In 2010, we began work to develop a standard supplier review in order to understand the current environmental and sustainability efforts of our key suppliers as defined by spend. We surveyed a variety of suppliers, including our printing and packaging suppliers.

Going forward, as part of the supplier evaluation process, we will distribute an information request to key suppliers to learn what environmentally responsible measures they are taking. We will work with these suppliers, as appropriate, based on their responses.

## PRODUCT SAFETY

We are committed to providing high-quality, safe products to our customers. We work closely with our suppliers, industry associations and product safety experts to monitor suppliers' ongoing compliance with all applicable U.S. Consumer Product Safety Commission rules and regulations. Our suppliers are required to ensure that McGraw-Hill finished products comply with all applicable U.S. product safety laws and regulations as well as all industry safety standards and testing applicable to products intended for children ages 12 and under.

## ENVIRONMENTAL PERFORMANCE

Our environmental impacts include greenhouse gas emissions (from energy used in buildings and for transport), water use and waste. We have established baseline data from 2008 for these impacts and have developed performance targets to reduce these impacts over time using a combination of reduction strategies. All of our environmental data, including performance against our targets, is [available online](#).

In addition, we have identified Key Performance Indicators (KPIs) that we will report on annually. Our environmental KPIs include:

- Total energy use (MMBTU)
- Total GHG emissions (Scope 1-3)
- Waste recycled (%)

See the KPIs on our Report Card on page 27 to learn more about our 2010 CRS performance.

### REDUCING OUR ENVIRONMENTAL IMPACTS

**2 Million** Pounds of paper consumption reduced in our workbooks.

**1,902** Tons of packaging waste diverted from landfills.

**50%** Fleet converted to alternative fuel source vehicles.



# People

The success of our business depends on attracting, developing and retaining the best people. We do this by communicating openly and honestly with employees, investing in their development, welcoming diverse talent and ensuring their health, safety and well-being.



Employees participate in the Corporate Affairs Town Hall focused on digital growth.

## COMMUNICATING WITH EMPLOYEES

Regular and transparent communication between employees and management helps maintain trust and build an engaged workforce.

### Listening to Our Employees

We conduct surveys approximately every two years to gather employee feedback and insights. The results enable us to improve our business, communication and development processes.

More than 16,000 employees participated in our most recent Employee Engagement survey in 2010. The results were positive, with an overall engagement score of 70 percent, an increase of 10 percent from the last full survey in 2007.

The highest scoring areas were employees' perceptions of:

- the values of the corporation and our commitment to ethical business decisions and conduct
- the degree of dignity and respect employees think they receive
- feeling part of a team
- people of diverse backgrounds having the opportunity to succeed

We were pleased to find that an area of great improvement since the last survey included managers communicating prior survey results to employees and taking action based on feedback.

### Addressing Employee Concerns

We do not tolerate discrimination or harassment, and we offer a number of channels for employees to report concerns.

In 2010, we enhanced our approach to employee concerns by assigning an employee relations representative to each of our four segments to:

- investigate and resolve employee complaints and disputes
- provide training and coaching to managers, employees and HR partners on workplace conduct, disciplinary actions and performance management
- track and advise senior management on our employee relations performance

We remain committed to an open door policy, which encourages employees to bring their questions, concerns and complaints forward without fear of retaliation. Employees can also address concerns through our FAIR (Fast and Impartial Resolution) Program and via our 24-hour employee hotline. For more information on these efforts, see our Governance section on page 21.

## LEARNING AND DEVELOPMENT

A strong commitment to developing the skills and talents of our employees means a more highly motivated and engaged workforce. This commitment, in turn, leads to a more effective organization, one that delivers greater value to our customers and reinforces and builds on the leadership positions we hold in our different markets.

We continually expand available resources that not only help employees do their current jobs more effectively but also provide the tools to achieve their own personal long-term career goals. In 2010, we invested approximately \$10.3 million in learning and development.

Employees are encouraged to assess their learning needs and then agree with their managers on a plan to meet these needs. Available learning and development resources span a wide range of areas, including skill-based, in-person and online workshops, management- and leadership-development programs, and on-the-job opportunities to learn and develop new capabilities. Here are some examples:

### Leadership Foundations

To strengthen the leadership and management skills of our first- and mid-level managers, we offer the Leadership Foundations program. The program includes a series of seven classroom workshops that build capabilities in a range of areas – from managing difficult conversations and change, to developing team leadership and business acumen.

### Key Leader Briefings

Our Key Leader Briefings keep senior management informed of strategic business issues. In 2010, Harold McGraw III, Chairman, President and CEO, hosted two briefings: *Growth and Innovation* and *McGraw-Hill's Strategy for Growth*. Video replays and reference materials from the briefings are accessible to all employees via our Intranet.

#### TALENT MANAGEMENT AT McGRAW-HILL

**70%**  
Overall engagement score.

**\$10.3M**  
Spent on learning and development.

**1,000+**  
Employees participated in mentoring programs.



#### EMPLOYEE NUMBERS AND LOCATIONS

United States	11,410	Singapore	313	Argentina	219	France	119
India	5,196	Canada	309	Japan	189	Germany	113
United Kingdom	1,154	Mexico	253	Spain	179	Other	602
Philippines	315	Australia	244	China	140	<b>Total</b>	<b>20,755</b>

## Digital Innovation Curriculum

To remain competitive, we must accelerate the depth and scope of our digital efforts. In 2010, we launched an enterprise wide Digital Innovation Curriculum. It includes a live webinar series and a suite of e-learning modules for all employees as well as in-person workshops for digital leaders designed to build their innovation skill sets and drive change in their respective business units.

## Manager's Toolkit

The Manager's Toolkit is an online resource that helps managers develop and enhance their leadership and management skills. It includes information about McGraw-Hill's businesses and provides managers with useful content, suggestions and resources.

## Tuition Refund Program

We encourage our employees to pursue ongoing educational opportunities. In the U.S. and the U.K., employees who work more than 20 hours a week may qualify to

receive up to \$5,000 a year in financial assistance through our Tuition Refund Program. In 2010, we allocated \$1.4 million to the Tuition Refund Program in the U.S., and approximately 430 employees took part in the program.

## TalentLink

In 2011, we will introduce a new, integrated online talent-management system, TalentLink, to provide employees with tools to manage and progress their careers. The system will also give managers a holistic view of talent across the corporation, enabling them to find the right people for the right jobs.

Read more about our programs [online](#).

*Our Brazil office participated in our employee resource group, Women's Initiative for Networking and Success' (WINS) global event, Learn, Grow and Prosper.*



## BENEFITS AND WORK/LIFE

We offer competitive salaries, performance-based pay and annual incentive plans to reward employees for their performance. We also offer health coverage, life and accident insurance and retirement benefits. Flexible work arrangements are in place in the U.S., the U.K. and throughout Latin America.

We encourage employees to use our Work/ Life programs and policies to balance their professional and personal lives. We offer flexible work options and programs to support them at every stage of their lives, from childcare and counseling to maternity, adoption and paternity leave.

In our 2010 Flexible Work Arrangement Pulse Survey, results showed that 23 percent of employees responding used formal flexible work arrangements, 61 percent telecommuted and 12 percent worked a compressed week.

We increasingly have seen employees take advantage of other Work/Life programs. For example, use of our childcare referral system has grown by 43 percent since 2006. Our male employees are also taking greater advantage of Work/Life benefits. In 2010, more than 95 men opted to take three weeks paternity leave, a 600 percent increase from 2006.

## HEALTH, SAFETY AND WELLNESS

We support the health and well-being of our employees and their families. We offer 100 percent coverage for preventive care in one of our U.S. health care plans. Outside the U.S., our sites implement their own programs based on availability of services and regulation.

### Wellness

Healthy, stress-free employees are more productive. We encourage employees to utilize our wellness programs to help make healthy choices. Our wellness efforts range from smoking-cessation and weight-loss programs to health check-ups and flu vaccinations.

### Safety

We foster a culture that strives for the safest working conditions. We maintain the highest possible safety standards globally and comply with local health and safety requirements. As an office-based organization, we focus on reducing the risk of ergonomic injuries.

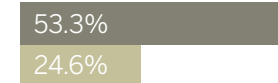
See our [safety data online](#).

## EMPLOYEE DIVERSITY IN THE U.S.

### 2009

■ Females  
■ Minorities

Overall Representation



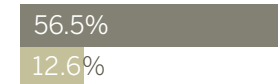
Officials and Managers



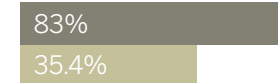
Professionals



Sales Workers



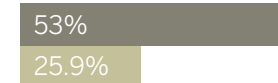
Office and Clerical



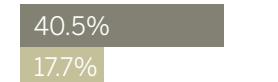
### 2010

■ Females  
■ Minorities

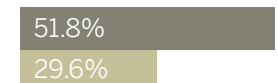
Overall Representation



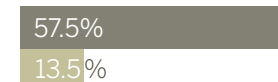
Officials and Managers



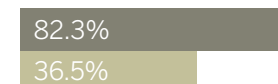
Professionals



Sales Workers



Office and Clerical







Employee engagement events across McGraw-Hill promote professional development and diversity globally.



## DIVERSITY AND INCLUSION

We value diverse backgrounds, talents and cultural identities and are committed to creating a workplace where every employee can thrive and contribute.

Diversity and inclusion enable our employees to work in an environment where they can learn from different perspectives. Diversity is also a business imperative that improves our understanding of global customers and increases our competitive edge.

### Employee Resource Groups

Our Employee Resource Groups (ERGs) provide a platform for all employees across the globe to network, mentor one another, share common interests, develop their careers and enhance business opportunities. In 2010, senior leaders participated in numerous events sponsored by our ERGs, including Asian-Pacific Heritage Month, Black History Month, Gay Pride Month and global community outreach efforts.

Our Women's Initiative for Networking and Success (WINS) held a global event to promote collaboration between women across businesses and geographic locations. In 2010, a record 42 locations and 1,302 participants worldwide came together under the theme of *Learn, Grow, Prosper*.

There are currently five active ERGs:

- APEX – Asian Professionals for Excellence
- BEAM – Black Employees at McGraw-Hill
- GLBT – Gay, Lesbian, Bisexual and Transgender
- HHN – Hispanic Heritage Network
- WINS – Women's Initiative for Networking and Success

## Diversity Councils

Each business segment, along with our corporate office, has a Diversity Council to execute our diversity and inclusion strategy. Each Council, made up of volunteer employees from all levels of the business, meets four to six times a year to:

- maximize employee engagement and productivity
- support recruitment, retention and talent development efforts
- implement executive and employee diversity and inclusion training
- communicate with employees about our diversity efforts
- promote leadership accountability on diversity and inclusion issues
- further define metrics on diversity and inclusion.

In 2010, activities included visiting college campuses, providing Business Process Management (BPM) training and organizing community outreach programs.

## Mentoring

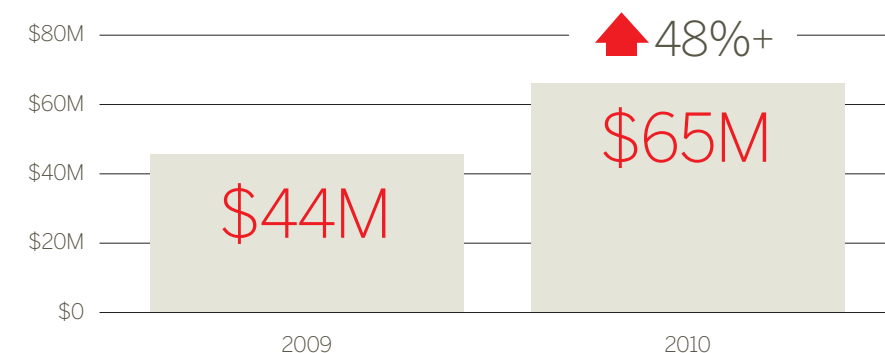
Guidance from a mentor can support employee development. Our Mentoring Program, launched in 2004, matches employees in reciprocal, long-term partnerships focused on professional development. We also offer opportunities for group mentoring, where groups of 6–12 employees learn from each other's ideas and experiences. To date, more than 3,000 employees have participated in the Mentoring Program across the corporation. In 2010, more than 1,000 employees participated in our one-to-one, group and reverse mentoring programs.

## Supplier Diversity

Our Supplier Diversity Program supports minority and women-owned businesses. In 2010, we directed \$65 million to minority and women-owned firms, compared with \$44 million in 2009.

McGraw-Hill is an active member of the National Minority Supplier Development Council (NMSDC) and participates in events throughout the year. In addition, each year we participate in the NY Business Opportunity Expo and the NMSDC National Conference. These efforts help promote awareness of our involvement to potential suppliers and customers.

Our supplier diversity spending increased to \$65 million in 2010; a 48 percent increase towards minority and women-owned firms.



## Experience as a Mentor

*"My experience as a mentor not only provided opportunities for growth and development for the mentee, it also allowed me to review aspects of my own behavior, detect areas for improvement and make positive modifications to my interaction with colleagues. My own professional development has been enhanced because of the very special kind of responsibility acting as a mentor entails."*

Laurence Hazell  
Director,  
U.S. Corporate Governance, S&P

## Experience as a Mentee

*"The mentorship program has helped broaden my understanding of the corporation, its different business units and my own role in helping to drive for results. My mentor has been a source of inspiration and encouragement, not to mention a resource that has helped me to achieve my goals. I have been able to share experiences and brainstorm potential solutions allowing us to approach obstacles more creatively. Lessons learned in one segment absolutely can be applied to other segments."*

Timothy Green  
Executive Editor,  
McGraw-Hill Professional



# Governance

As a leader in providing innovative products and services to fuel the knowledge economy, we are committed to transparency. Integrity has defined our company for more than a century and we hold ourselves to the highest standard of ethical conduct.



*S&P President Deven Sharma with winners of the Gold ACE (Acknowledging and Celebrating Excellence) Award, S&P's highest recognition for employees.*

As of December 31st 2010, nine of our 11 Directors are considered independent by the standards set by the New York Stock Exchange. Two Directors are women, and two are from ethnic minorities. Harold McGraw III is Chairman of the Board and President and CEO of the corporation. The board also has a Presiding Director, who is independent. The corporation has standing Audit, Compensation and Nominating and Corporate Governance committees, and the Chairman of each committee reports to the full Board as needed. In addition, the Board has an Executive committee and a Financial Policy committee.

In 2010, the Board eliminated the three year staggered terms of Directors and provided instead for the annual election of all Directors beginning in 2011.

Read more about our Governance structure, including Board committee responsibilities and mechanisms for stakeholders to provide feedback to the Board, on the [Corporate Governance section of our website](#).

Read page 3 for information about Governance of CRS at McGraw-Hill.

## ETHICS

Our [Code of Business Ethics](#) is the foundation of our business culture. The Code includes standards for conflicts of interest, improper payments, handling confidential information and objectivity of reporting and evaluation. We provide annual training to all of our employees in order to explain and reinforce our Code of Business Ethics. The Code is endorsed by a letter from the Chairman, President and CEO and continues to be a condition of employment and a prerequisite for merit salary increases.

We encourage employees to report ethical concerns to their line managers or utilize our anonymous employee hotline. We also operate FAIR (Fast and Impartial Resolution), a voluntary dispute resolution program administered by an independent firm that offers a neutral mediator and, if necessary, arbitration.

## HUMAN RIGHTS

McGraw-Hill's Code of Business Ethics demonstrates our commitment to human rights in the workplace including, but not limited to, a safe and healthy work environment, zero tolerance of harassment, a workplace free of discrimination and courteous and considerate treatment from the company. It is a clear measure of how highly we value these principles that signing the Code and attending annual trainings on the Code continues to be a condition of employment. In 2010, approximately 8,000 hours were spent training employees on the Code.

Additionally, we support human rights in our supply chain, including the right to minimum wage and non-discrimination in the workplace, and we prohibit the usage of forced and child labor. We are also committed to providing opportunities for diverse supplier groups and expanding the number of firms that are minority- and women-owned.

## PUBLIC POLICY

Due to the diverse nature of our business, our public policy activity, run by our Government Affairs Department, covers a large number of areas, including: advertising, copyright, digital, education, financial services, government information policy, human resources, Internet and e-commerce postal, privacy, tax and trade.

To help accomplish business, legislative and regulatory goals within these areas, the corporation maintains memberships in a number of trade associations. [Visit our website](#) to see the full list of trade organizations we belong to.

We comply with all legal requirements related to political contributions. Employees are free to make personal contributions and support their choice of candidates, political parties or causes.

In 2010, we spent \$1,650,000 on lobbying-related expenses, as defined by federal law. This amount included a relevant portion of staff salaries, fees for outside lobbying firms and administrative amounts.



Photo by Lynn Dykstra - Focused Images

In September 2010, Chairman, President and CEO Harold McGraw III was appointed to a key administration post on the Advisory Committee for Trade Policy and Negotiations by President Barack Obama. Mr. McGraw has been a leading voice on trade policy through his role as past chairman of the Business Roundtable, chairman of the Emergency Committee for American Trade, the U.S. Council for International Business and the U.S.-India Business Council.

### GOVERNANCE AT McGRAW-HILL

**8,000**  
Training hours on our Code of Business Ethics.

**\$1.7M**  
Spent on lobbying.

**9 out of 11**  
Directors are independent.



# Community

We are committed to helping people around the world obtain the knowledge and skills needed to enhance the quality of their lives.

To achieve these goals, we partner with community organizations, donating money, time and products. We encourage employees to do the same through our matching gifts program and our volunteer efforts.

## OUR STRATEGY

We focus our charitable efforts on our goal of financial literacy for all. We partner with nonprofit organizations to help individuals gain the necessary knowledge to make smart savings, credit and spending decisions.

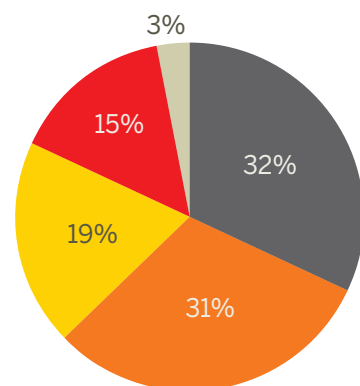
McGraw-Hill supports programs to develop personal financial skills and provide opportunities for economic empowerment and enhanced self-sufficiency, including through microfinance initiatives.

We also extend our support to organizations that share our dedication to the arts and culture, education and health and human services through our grants and Employee Giving Campaign.

### McGraw-Hill Research Foundation

In 2010, we established the McGraw-Hill Research Foundation to support organizations, projects and activities that advance global education. We partner with leading academic, business and nonprofit organizations to develop effective thought leadership programs including events, white papers and research that educate and inform key stakeholders and help advance the Foundation's mission. For more information, visit the Research Foundation [website](#).

OUR COMMUNITY INVESTMENT	2009	2010
In grants	\$5.3 million	\$5.4 million
From business units	\$0.6 million	\$0.3 million
Through in-kind donations	\$25.5 million	\$18.2 million
<b>Total</b>	<b>\$31.4 million</b>	<b>\$23.9 million</b>



GIVING IN 2010 BY DESTINATION	
Financial Literacy	32%
Health and Human Services (Employee Giving Campaign contributions)	31%
Education	19%
Arts and Culture	15%
Sustainability/Environment	3%



Photo Courtesy of NYSE

McGraw-Hill marked Financial Literacy Month at the New York Stock Exchange along with New York City teachers and students.

## FINANCIAL LITERACY

Our campaign, Financial Literacy Now, promotes financial literacy and economic empowerment by providing teachers, students and the general public resources to improve their understanding of important financial concepts. The program has trained 1,392 teachers to-date, who in turn reached an estimated 100,000 students.

In June 2010, we partnered with the New York Public Library to open Financial Literacy Central, a resource center in Manhattan dedicated to improving New Yorkers' knowledge of personal finance issues. In 2010, the center served more than 3,000 people.

We also expanded the campaign to other parts of the U.S. during 2010. For example, we partnered with the Office of the Chicago City Treasurer and Chicago Public Schools on their joint financial literacy week activities for third-graders in Chicago. We also support the efforts of Literacy Texas, a statewide coalition connecting and equipping a wide range of literacy programs in Texas.

Learn more at the [Financial Literacy Now website](#).

### Harold W. McGraw, Jr. Prize in Education

Every year, The Harold W. McGraw, Jr., Prize in Education recognizes outstanding individuals who have dedicated themselves to creating a smarter, better world. Winners are chosen by a distinguished panel of judges from the education community. Each winner receives a gift of \$25,000.

To see our 2010 Winners and to learn more, [visit our website](#).

### Teaching Children How to Manage Money

We are laying the foundation of financial literacy at an early age and helping children develop smart money habits.

McGraw-Hill has underwritten the first 7,000 copies of *The Nickels, Dimes, and Dollars Book: A Wise Kid's Guide to Money Matters* by children's book author Ellen Sabin. The book provides education and learning activities to help children develop the knowledge and skills to be responsible in money matters.

More than 200 employees around the United States volunteered to read the book to third-graders in classrooms and in after-school settings in Chicago, Illinois; Columbus, Ohio; Dubuque, Iowa; New York, New York; and Monterey, California, and more than 6,000 students received a free copy of the book.



Photo by Lorenzo Bevilacqua

Watch a video of Ellen Sabin reading *The Nickels, Dimes and Dollars Book* to third graders at the Harlem Children's Zone's Promise Academy at <http://www.youtube.com/user/mcgrawhill>.



## Supporting Microfinance Around the World

Microfinance increases economic opportunities for communities traditionally excluded from mainstream banking by providing access to capital. Through our grant making, we are supporting the development of microfinance institutions. While we recognize the power of microfinance, we also understand the need for greater support of the sector, especially in light of recent challenges in India.

To address these challenges, in 2010 our support included:

- Continued funding for the Microfinance Information eXchange (MIX), the leading information provider for the microfinance industry, to improve transparency of social performance reporting and develop new data tools.
- Providing a grant to Pro Mujer, a women's development and microfinance organization, to standardize its financial education curriculum and meet program needs in Peru. In 2011 our support will increase to cover five countries, Argentina, Bolivia, Mexico, Nicaragua and Peru.
- Supporting the gender diversity efforts of Women's World Banking, a nonprofit that provides capital, training and support to women entrepreneurs in 30 countries.



Photo Courtesy of Pro Mujer

## EMPLOYEE GIVING AND VOLUNTEERISM Our Matching Gift Programs

For every dollar our employees donate to eligible nonprofits, we match it one-for-one through our matching gift programs. Our year round matching gift program supports arts and education organizations and our annual Employee Giving Campaign matches employee contributions to health and human service nonprofits. Employees who contribute a minimum of one day's pay to the Campaign are entitled to take one day off of work to volunteer for the nonprofit organization of their choice. In 2010, close to \$1.9 million, in employee and matching donations combined, was donated through the Campaign.

Additionally our disaster relief matching gift program matches employee contributions to support disaster relief efforts. For example, employees from around the world raised more than \$325,000 (including McGraw-Hill's matching contribution) for the American Red Cross in response to the devastating earthquake in Haiti.

### Volunteerism

We support skills-based volunteering and encourage employees to volunteer at local nonprofit organizations through our programs, placement initiatives and support networks. In 2010, employees volunteered more than



ABOVE: McGraw-Hill employees volunteer in their communities around the world through our annual Global Volunteer Day program.

LEFT: Our grant helped Pro Mujer standardize its financial education curriculum in Peru.



Employees donate their time to paint roofs reducing greenhouse gas emissions and energy usage.

12,000 hours of their time. We are currently developing systems to more accurately track our employee volunteerism rates.

Fifteen employees volunteered with Writers to the Rescue, our unique pro-bono program that offers the skills of our writers and editors to help nonprofits communicate their causes. In 2010, this service helped seven nonprofits attract donations through grant proposals, annual reports and mission statements.

In 2010, we partnered with the Volunteer Consulting Group on a placement initiative to encourage more than 150 employees to volunteer on the governing boards of nonprofits. We trained employee groups within the Women's Initiative for Networking and Success (WINS) on the personal and business benefits of nonprofit board service.

### GLOBAL VOLUNTEER DAY

Our Global Volunteer Day brings together employees and their communities worldwide. In 2010, more than 5,000 employees took part in 234 team projects across 19 countries. Read more online at [our website](#).

### RECOGNITION

Individual employees who dedicate more than 50 hours a year to a nonprofit can apply for a \$500 grant on their behalf, through our Employee Volunteer Grant program. Employees who volunteer in teams may apply for a \$1,000 grant.

Outstanding volunteers are recognized by our Chairman, President and CEO, Harold McGraw III through our Corporate Achievement Award (CAA) for Community Service and the CEO/MVP Award. Teams apply to be considered for the annual CAA award, which includes a \$10,000 contribution to the organization where the employee team volunteers. Individuals can nominate themselves or be nominated by their colleagues for the CEO/MVP Award, which includes a \$1,000 check to the organization of the recipient's choice. In 2010, Harold McGraw III gave out seven CEO/MVP awards.

[Read online](#) how Platts won the 2010 Corporate Achievement Award for Community Service.

## Training the Workforce of the Future

We work with U.S. nonprofit NPower to prepare a new generation of technologists to succeed in their careers. NPower connects nonprofits with affordable, high-quality IT services through a training program for underprivileged youth.

In 2010, nine members of our Global Infrastructure and Operations team volunteered more than 230 hours of their time and skills. The partnership ranged from guiding the students' curriculum to hosting three interns for five weeks in roles throughout the Information Management department.

In addition, we provided NPower with a grant of \$25,000 to support their programs.

HOW MCGRAW-HILL  
MAKES A DIFFERENCE

12,000  
Hours volunteered.

\$1.9M  
Donated through Employee  
Giving Campaign.

100,000  
Students reached through  
Financial Literacy Now  
campaign.



## Key Performance Indicators

We have identified several Key Performance Indicators (KPIs) that we will report on annually.

ENVIRONMENTAL*	2009	2010
Total Energy Use (MMBTU)	1,513,566	2,180,061
GHG Emissions – Scope 1–2 (t CO <sub>2</sub> e)	144,269	210,604
GHG Emissions – Scope 3 (t CO <sub>2</sub> e)	57,022	216,442
Waste Recycled (short tons)	2,937	3,180
Water Use (gallons)	70,870,258	104,515,736
Office Paper Purchased (short tons)	378	336
EMPLOYEE SAFETY		
Injuries and Work-Related Illnesses (rate per employee)	0.009	0.007
DIVERSITY AND INCLUSION		
Female – Overall Representation	53.3%	53.0%
Minorities – Overall Representation	24.6%	25.9%
SOCIAL		
Strategic Grant Making (\$)	\$31.4 Million	\$23.9 Million

\* 2009 figures have been restated as a result of the availability of higher quality and more accurate real estate (facility) data. In addition, changes to our property portfolio square footage numbers, and enhanced data collection systems, have increased our 2010 metrics. Please visit our [website](#) for additional commentary on our performance.

## Awards and Recognition

We are proud of our accomplishments in 2010 and the recognition we have received for our Corporate Responsibility and Sustainability efforts. Some of the accolades we received in 2010 include:



2010 Dow Jones Sustainability Index (DJSI) - DJSI World Index and DJSI North America Index



100 Best Corporate Citizens by Corporate Responsibility Magazine



Perfect 100 point rating by the Human Rights Campaign (HRC) Foundation's Corporate Equality Index



2010 Newsweek Green Rankings (placed 39 of the 500 largest U.S. companies)



Maplecroft Climate Innovation Index (CII) and Maplecroft CII Leaders Index (100 top performing companies from the benchmark)



Top 100 Best Companies by Working Mother Magazine



Top 50 Companies for Executive Women by The National Association for Female Executives (NAFE)



Aurora's Where Women Want to Work 2010 list in the U.K.



FTSE4Good Index



100 Best Adoption-Friendly Workplaces by the Dave Thomas Foundation for Adoption



50 Best Companies for Fertility and Adoption Benefits by Conceive Magazine



Top 50 Employer by Equal Opportunity Magazine



Top 50 Employers by Historically Black College and Universities (HBCU) Connect

# Global Reporting Initiative (GRI) Index

Our 2010 Corporate Responsibility and Sustainability report has been prepared according to the Global Reporting Initiative (GRI) reporting framework and guidelines. We are self-reporting at the GRI Application Level C.

DISCLOSURE	DESCRIPTION	LOCATION
<b>STRATEGY AND ANALYSIS</b>		
1.1	Statement from the most senior decision-maker of the organization.	Page 2
1.2	Description of key impacts, risks & opportunities.	Pages 2, 3-4
<b>ORGANIZATION PROFILE</b>		
2.1	Name of the organization.	Page 1
2.2	Primary brands, products, and/or services.	Pages 1, 5-10
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Page 1
2.4	Location of organization's headquarters.	Page 1
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Pages 1, 16
2.6	Nature of ownership and legal form.	<a href="#">2010 Annual Report</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Page 1
2.8	Scale of the reporting organization.	Page 1
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	<a href="#">2010 Annual Report</a>
2.10	Awards received in the reporting period.	Page 28
<b>REPORT PARAMETERS</b>		
3.1	Reporting period (e.g., fiscal/calendare year) for information provided.	Page 1
3.2	Date of most recent previous report (if any).	Page 1
3.3	Reporting cycle (annual, biennial, etc.)	Page 1
3.4	Contact point for questions regarding the report or its contents.	Back Cover
3.5	Process for defining report content.	Pages 3-4
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	<a href="#">2010 Annual Report</a>
3.7	State any specific limitations on the scope or boundary of the report.	<a href="#">2010 Annual Report</a>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	<a href="#">2010 Annual Report</a>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Page 11
3.11	Significant changes from previous reporting methods in the scope, boundary, or measurement methods applied in the report.	Page 11
3.12	Table identifying the location of the Standard Disclosures in the report.	This Table
<b>GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Pages 3-4 Pages 21-22
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Pages 21-22

DISCLOSURE	DESCRIPTION	LOCATION
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Pages 21-22
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Pages 21-22
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Pages 21-22
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance, and the status of their implementation.	Pages 21-22
4.14	List of stakeholder groups engaged by the organization.	Pages 3-4
4.15	Basis for identification and selection of stakeholders with whom to engage.	Pages 3-4

PERFORMANCE INDICATORS: ECONOMIC		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Page 1, Page 23-26
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Pages 14, 20
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit though commercial, in-kind, or pro bono engagement.	Pages 23-26

PERFORMANCE INDICATORS: ENVIRONMENT		
EN3	Direct energy consumption by primary energy source.	p. 11-14, <a href="#">27, Online</a>
EN8	Total water withdrawal by source.	<a href="#">Page 27, Online</a>
EN16	Total direct and indirect greenhouse gas emissions by weight.	<a href="#">Page 27, Online</a>
EN17	Other relevant indirect greenhouse emissions by weight.	<a href="#">Page 27, Online</a>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Pages 11-14
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of other impact mitigation.	p. 6, 8, 10, 11-14

PERFORMANCE INDICATORS: LABOR PRACTICES AND DECENT WORK		
LA1	Total workforce by employment type, employment contract, and region.	Pages 15-20
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Pages 15-20
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	p. 15-20, <a href="#">Online</a>
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Pages 15-20
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Pages 15-20

PERFORMANCE INDICATORS: HUMAN RIGHTS		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights are relevant to operations, including the percentage of employees trained.	Page 22

PERFORMANCE INDICATORS: SOCIETY		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Page 22
SO5	Public policy positions and participation in public policy development and lobbying.	Page 22

PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 5





## **FEEDBACK AND CONTACT INFORMATION**

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