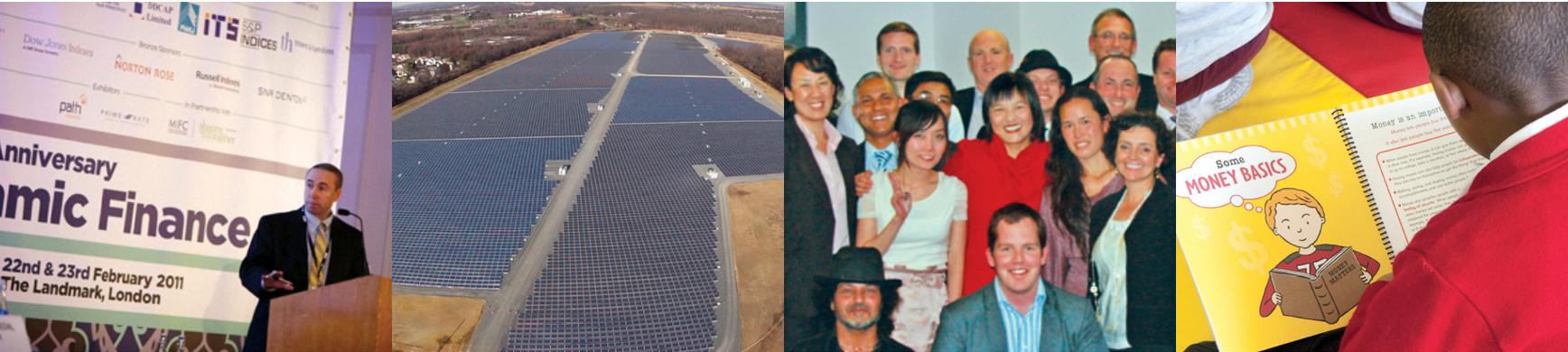


McGraw-Hill

Corporate Responsibility + Sustainability

2011 Review



DRIVING TRANSPARENCY

ADVANCING ENVIRONMENTAL SUSTAINABILITY

VALUING OUR EMPLOYEES

CREATING SOCIAL OPPORTUNITIES

About This Review

CONTENTS

- 2.....Letter from the CEO
- 3.....Products and Services
- 4.....Environment
- 5.....Our People
- 6.....Governance and Ethics
- 7.....Community
- 8.....CRS in Action
- 9.....2011 Report Card
- 10.....Awards and Recognition

COVER PHOTOS (L to R):

- *James R. Rieger of S&P Indices, at the 10th Anniversary Islamic Finance Summit in London, U.K.*
- *Aerial photo of the 14.1 megawatt solar field at McGraw-Hill's East Windsor, N.J. campus*
- *S&P employees in Melbourne, Australia with their mentees at the graduation celebration for the Community Mentoring program. S&P employees provided mentoring to the program's unemployed job-seekers*
- *Students learn smart money habits through McGraw-Hill's financial literacy campaign, Making Change Now*

Welcome to McGraw-Hill's 2011 Corporate Responsibility and Sustainability Review which provides an overview of CRS at the corporation. Please [visit our website](#) for our full 2011 CRS Report and to view our Global Reporting Initiative (GRI) Index, which we are self-reporting at the GRI Application Level C. We welcome your feedback on our progress. Please contact us at crs@mcgraw-hill.com.

Our Approach

Corporate Responsibility and Sustainability is embedded in our business strategy. It is reflected throughout our operations as well as in our products. As a leading financial information and digital learning company, transparency and integrity are vital to our business. Our CRS activities are centered around five pillars:

- Products and Services
- Environment
- People
- Governance and Ethics
- Community

Our commitment to CRS starts at the top with our Board of Directors where the Nominating and Corporate Governance Committee has oversight of our CRS work. At the executive level, our Corporate Responsibility and Sustainability Committee comprises senior management responsible for the corporation's CRS policies and practices.

Externally, we engage with stakeholders, including academic institutions, non-governmental organizations, policy-makers and others interested in our business to obtain insights into the CRS issues most material to McGraw-Hill.

A Letter from the Chairman, President and CEO



Since our founding nearly 125 years ago, McGraw-Hill has been at the forefront of good corporate citizenship in every community and every time zone where we do business. That commitment is deeply rooted in our history and has long become a part of our company's DNA.

One sees it today in our dedication to our employees' well-being and our drive to improve the quality of life where we live and work. It's in our environmental stewardship where we're undertaking numerous initiatives large and small. It's in our responsibility to multiple stakeholders and how we ethically conduct our business on a daily basis.

Our commitment has not wavered—and 2011 was no exception. Last year's progress reflects the hard work of our dedicated employees at the grassroots level in many areas, including: advancing employee engagement through our green teams and strengthening our supply chain practices with a new supplier code of conduct.

We expanded our financial literacy programs to serve more children and military families as well as brought new sustainability products and services to market and constructed a solar field that will reduce

our overall carbon emissions by nearly 10%—the environmental equivalent of taking 2,500 cars off the road.

Finally, last year, we also made progress on a different front by announcing the creation of two powerful new companies. McGraw-Hill Financial will be a leader in content and analytics for the global capital and commodities markets. McGraw-Hill Education will be leading the digital transformation in education with customized and adaptive solutions to improve outcomes for students and professionals alike.

Our commitment to corporate responsibility and sustainability continues, with McGraw-Hill Financial and McGraw-Hill Education each beginning new chapters with bright futures ahead. We're fulfilling a promise made at our founding more than a century ago setting an example in corporate responsibility worthy of emulation—now and in the future.

Sincerely,

Harold McGraw III
Chairman, President and Chief Executive Officer



Products and Services



In 2011, McGraw-Hill Education formed a joint venture with the New Oriental Education and Technology Group in China to provide Chinese students with premier after-school programs utilizing McGraw-Hill's award-winning curriculum. We also expanded our partnership with Blackboard Inc. to bring our content and learning tools to students worldwide through Blackboard's platform.

Our products and services help individuals, businesses and countries to thrive in today's fast-moving knowledge economy. Our commitment to providing our customers the insights they need connects all our businesses: Standard & Poor's Ratings Services, S&P Capital IQ and S&P Indices, McGraw-Hill Education and Platts and Commercial Markets.

Standard & Poor's Ratings Services, the world's leading provider of credit ratings, helps investors make decisions based not only on a company's financial fitness but also its environmental, social and governance (ESG) performance. Standard & Poor's Ratings Services publishes a variety of special reports exploring how ESG issues affect creditworthiness, including *Credit FAQ: What the Durban Climate Change Talks Could Mean for Clean Energy Investment and Carbon-Intensive Industries*.

S&P Capital IQ and S&P Indices deliver objective research and analysis for investors. In 2011, we continued to increase transparency around our

market pricing formulas and inputs. S&P Capital IQ's new model valuation capability offers an alternative and complementary viewpoint to traditional market-pricing approaches.

McGraw-Hill Education develops first-class educational products, and teaching and learning services worldwide. These provide platforms for teaching about sustainability, which we incorporate into all lesson plans. In choosing product formats, including digital versus printed materials, we consider environmental impacts as well as cost and customer requirements.

Our leading brands, Platts and McGraw-Hill's commercial businesses Aviation Week, J.D. Power and Associates and McGraw-Hill Construction, provide content, data, analytics and events. McGraw-Hill Construction's green building market projections and research reports and Aviation Week's coverage of clean energy advances are representative of the essential sustainability issues that are increasingly important to these markets.



Environment

Our comprehensive approach to environmental sustainability focuses on efficient building design and management, waste, water and energy reduction, green travel policies and clean energy generation. Our corporate environmental policy sets high environmental performance standards for our operations, employees and suppliers. Please [visit our website](#) to learn more about our environmental progress.

In 2011, our office in Dubuque, Iowa, received Energy Star and Gold LEED status, two of our U.K. sites achieved ISO 14001 Environmental Certification and we began work to install two electric vehicle charging stations at our Westlake Village, California office that became operational in early 2012.

Additionally, we continued to work with our key non-manufacturing suppliers on environmental responsibility in our supply chain. We developed a Supplier Code of Conduct that details our expectations for suppliers to conduct business responsibly, which will be implemented in 2012. We also introduced a CR Scorecard to evaluate the

performance of key non-manufacturing suppliers in seven categories, including environmental impact and sustainable growth.

We held a Supplier Summit that led to initiatives for recycling toner cartridges and writing instruments, and introducing green office products. In recognition of these efforts, McGraw-Hill won the “Collaborate to Innovate” award at ProcureCon USA, a trade association event.



In 2011, we began building a 14.1 megawatt solar field at our East Windsor, N.J. campus in collaboration with NJR Clean Energy Ventures. The solar field is the largest privately owned net-metered solar project in the Western Hemisphere. Spanning 50 acres, the renewable energy produced by the project will reduce McGraw-Hill’s annual global carbon emissions by close to 10 percent and significantly lower our long-term electricity costs. The solar field was completed in February 2012.

Shrinking Our Footprint in 2011

- 10% reduction in car fleet emissions from 2010 levels
- Nearly 20% drop in shipping boxes from 2010 to 2.3 million
- 1,449 tons of corrugated cardboard and 67 tons of plastic wrap recycled; 60 tons of wet garbage composted
- Chain-of-custody forest certification achieved for over 95% of paper purchased in the U.S.



Our People

At McGraw-Hill we work hard to create an inclusive workplace where all feel welcome and can meet their full potential. In 2011, we launched two new employee resource groups: Learning Empowering and Accelerating Digital (LEAD) and Enable Achieve Succeed Empower (EASE).



Employees at the EASE launch with Carol Glazer, President, The National Organization on Disability.



Senior leaders discuss digital innovation with employees at a LEAD event.

To succeed in the knowledge industry, we need smart, informed, diverse and committed employees who can meet our customers' evolving needs. Their talents enable us to deliver high quality products and services and maintain our leadership positions in financial and education markets.

Attracting and retaining exceptional people are our top priorities, and we continue to support and expand employee development and benefits programs. In 2011, we invested \$10.2 million in learning and

development. Programs include classroom and on-the-job skills development, comprehensive management training and an updated leadership curriculum. Additionally, we spent \$1.6 million in 2011 on our U.S. Tuition Refund Program, supporting 395 people to further their education. We also launched TalentLink, a talent management system to help employees further their careers and assist managers to find the right people for the right jobs.

Our employees work hard, and we reward them with competitive salaries, performance-based pay and incentives, and comprehensive benefits. We offer flexible working in the U.S., U.K. and Latin America. 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.

We believe that regular and transparent communication between employees and management helps maintain trust and builds an engaged workforce. We do not tolerate discrimination or harassment, and we offer a number of channels for employees to report concerns.



Governance and Ethics



Our commitment to transparency is the foundation for our business culture. We hold ourselves to the highest standards of integrity, ethical conduct and human rights.

Oversight of corporate responsibility and sustainability activities at McGraw-Hill starts at the top—with the Nominating and Corporate Governance Committee of our Board of Directors.

Responsibility is deeply embedded in our company culture across our businesses globally. Our [Code of Business Ethics](#) lays out our standards, governing employee behavior and our commitment to human rights in the workplace. Signing the Code and attending annual ethics training are conditions

of employment. In 2011, nearly 8,000 hours were spent training employees on the Code.

Maintaining high ethical standards in a fast changing knowledge economy is an ongoing effort. In 2011, we introduced a comprehensive global McGraw-Hill Anti-Corruption Policy.

As an information and knowledge company, we take transparency and privacy issues very seriously. Rigorous information security procedures protect our customers against the loss of their data.

Against the backdrop of changing regulations and the digital transformation of our business, in 2011 we introduced a standardized Privacy Notice to make it easier for our customers to understand how we collect and share the information they provide. Additionally, we provided updated privacy training to our employees around the world to strengthen understanding of our strong privacy and security standards. In conjunction with our annual privacy compliance review, our Chairman, President and CEO, Harold McGraw III, provides an annual report to customers on privacy practices.

LEFT:

Chairman, President and CEO, Harold McGraw III visited employees in São Paulo to discuss the company's growth opportunities in Brazil.

BELOW:

McGraw-Hill Construction hosts their 73rd annual Outlook Executive Conference focusing on trends that will affect the construction industry.





Community

We believe that knowledge empowers people to enhance the quality of their lives. We partner with community organizations worldwide to provide access to educational and financial skills opportunities by donating money, time and products.

Our charitable goal is financial capability for all. To date, our campaign for financial literacy, *Making Change Now*, has taught 205,000 students money skills, trained 2,520 teachers, and introduced 7,400 elementary school children to financial basics.

In 2011, we partnered with the Better Business Bureau's Military Line to deliver financial literacy and consumer protection programs to military families. This program is part of Joining Forces, an initiative launched by First Lady Michelle Obama and Second Lady Dr. Jill Biden. During Financial Literacy Month we hosted an interactive event led by personal finance expert Suze Orman for more than 400 high school students in New York City.

We also contribute to thought leadership on significant educational issues through the McGraw-Hill

Research Foundation. In 2011, the foundation published a dozen white papers including a report calling for a more comprehensive approach to delivering financial literacy effectively.

Through our grant making, we support capacity building of microfinance institutions (MFIs) and the need for greater transparency, a cornerstone of our business. We continued to fund the Microfinance Information Exchange (MIX) and their project to facilitate MFIs reporting on their financial and social performance. In 2011, 2,100 MFIs submitted data. Additionally, our grant supported online eLearning training modules for MFI managers about best practice reporting capabilities.

In partnership with Pro Mujer, a women's development and microfinance organization, we funded a project to standardize fundamentals of financial skills training, easily adapted to the variety of cultures in Argentina, Bolivia, Mexico, Nicaragua and Peru. The program reaches more than 250,000 poor women.

2011 Community Investments

- Our 2011 community investments totaled \$25.2 million, up from \$23.9 million in 2010
- We contributed nearly \$2 million dollars through our employee-matching programs, including disaster relief response for the tsunami in Japan and the East African famine
- Through our volunteering programs, more than 6,000 employees donated 40,000 hours on 280 community team projects across 19 countries



McGraw-Hill hosted personal finance expert Suze Orman to teach 400 high school students how to be smart with money.

Corporate Responsibility and Sustainability in Action



In partnership with the New York Public Library, we launched a citywide book amnesty program which made it possible for 8,700 young adults to return to the library.

McGraw-Hill proudly joined the ranks of hundreds of other companies who support the It Gets Better Project which was established to share positive messages of support with LGBT youth. The McGraw-Hill video was released on YouTube and on the It Gets Better Project site.

In 2011, Standard & Poor's Ratings Services established a new Environmental Finance Global Industry Focus Team (GIFT) to promote global consistency, analytic rigor and greater awareness of our capabilities in the environmental finance sector, including global carbon markets, climate change finance and clean energy.



We empower our employees to make positive change through our corporate-wide Green Team initiative. In 2011, our Hyderabad, India S&P Capital IQ Green Team launched a paper bin program replacing plastic bins to enable waste segregation at the source and increase paper recycling. The team also organized recycling workshops, book drives and training sessions to increase employee awareness and engagement.

2011 Report Card

Environment

42% reduction in waste to landfill from 2010

5% reduction in total GHG emissions (Scopes 1-3) from 2010

The renewable energy produced by our East Windsor solar field will reduce McGraw-Hill's annual global carbon emissions by close to **10%**.

Our People

52% of our employees were women

26.9% of our employees were minorities

\$10.2M

invested in employee learning and development in 2011

Governance

In 2011, nearly **8,000 hours** were spent training employees on our Code of Business Ethics.

Community

\$25.2 MILLION

Total Community Investments in 2011
(represents both direct and in-kind contributions)



More than **6,000** McGraw-Hill employees donated **40,000 hours** on **280 community team projects** across **19 countries**.

2011 Awards and Recognition

We are proud of the recognition we have received for our Corporate Responsibility and Sustainability efforts in 2011.



Dow Jones Sustainability Indexes
Member 2011/12

2011 Dow Jones Sustainability Index (DJSI)

DJSI World Index and DJSI North America Index. Included in the 2012 DJSI Sustainability Yearbook.



100 Best Corporate Citizens
Corporate Responsibility Magazine



Human Rights Campaign (HRC)

Corporate Equality Index Score of 90 out of 100



FTSE4Good
FTSE4Good Index



Ethibel EXCELLENCE
Investment Register



7 Consecutive Years

Top 100 Best Companies
Working Mother Magazine



Maplecroft Climate Innovation Index (CII) Leaders

100 Top Performing Companies from the CII Benchmark



100 Best Adoption-Friendly Workplaces

The Dave Thomas Foundation for Adoption



2011 Newsweek Green Rankings

Placed 21 of the 500 largest U.S. companies



50 Best Companies for Family-Building Benefits

Conceive Magazine



Top 50 Employers

Historically Black College and Universities (HBCU) Connect



2011 Diversity Council Honors Award

The Association of Diversity Councils

**FEEDBACK AND
CONTACT INFORMATION**

Louise R. Raymond

Vice President, Corporate Responsibility and Sustainability
louise_raymond@mcgraw-hill.com

Amna Khawar

Program Manager, Corporate Responsibility and Sustainability
amna_khawar@mcgraw-hill.com



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McGraw-Hill

1221 Avenue of the Americas
New York, NY 10020-1095
Tel: 212-512-2000
www.mcgraw-hill.com