

Our impact on society

At the end of 2009, Sir David Bell retired as Pearson's director for people and also as the board director with oversight of corporate responsibility. In his 39 years at the company David did a huge amount to define what corporate responsibility means for Pearson and I am very pleased to take on the role and to try to continue David's work in this field. **It has always struck me that the idea of being a responsible business – one that makes a positive contribution to society through effective learning, great books and powerful journalism – is in many ways the essence of Pearson.**







Robin Freestone

It starts with being a values-based organisation (in our words, one that is 'brave, imaginative and decent'). It is not about what we say but about how we behave across our large, complex and diverse organisation. The kinds of businesses that we're in and the products that we make depend on our earning (and constantly re-earning) the trust of our readers, teachers and students for quality, accuracy and independence. We are proud of Pearson's long history as a responsible business, but we always feel that there is much more for us to do.

Pearson will continue to be that values-led company, placing enormous importance on the impact we have on the world through our products and services. We are as determined to enhance the learning experiences of our students (of all ages and walks of life) as we are to reduce our impact on the environment. Our goal remains simple: to be a socially responsible company that has a positive impact on society. We focus on our impact in four key areas:

Our strategy: Four key areas

- 1 Product quality and impact 
- 2 Valuing our people 
- 3 Sustainable business practice 
- 4 Active citizenship 

We report each year in conjunction with our annual financial results, so that our people and our other stakeholders can review our activity across the company and all over the world. You'll find a table of last year's targets and the new ones for 2010 at the end of this section and a fuller overview of our work over last year in our Always learning: Our impact on society 2009 report. Our corporate website will also be updated throughout the year if you'd like to read more about our work and projects in detail, and our Facebook page is regularly refreshed with examples of our CR and sustainability work from our businesses all over the world.

Please feel free to share any comments and suggestions with me at robin.freestone@pearson.com

Robin Freestone Chief financial officer

Board member responsible
for corporate responsibility

Our strategy

- 1 Product quality and impact 

Across Pearson, our brands have a hard-won reputation for quality: whether that is the FT for accurate, insightful and independent business journalism; Penguin for high-quality books of fiction and non-fiction; or our education company for effective learning materials.

We are a major investor in new content, new services, new technologies: in 2009, we invested approximately \$800m in product development. We adhere to external codes like those upheld by the Press Complaints Commission, supplemented by our own internal standards, and our editors and

journalists have freedom to make their own content choices within those frameworks. We partner with independent research agencies to measure the effectiveness of our educational products in raising student performance and institutional productivity, and we have a range of processes for engaging with our customers and other stakeholders to gain their insights into how we can serve them better.

At the same time, we want to ensure that people can access our books, newspapers and services in whatever way suits them best and we work hard to make that happen. For example, we have become a major provider of technology services, with digital revenues of £1.7bn in 2009. That transformation has made our content and technology much more widely available and accessible – for example through the 1.8m registered users of FT.com; the millions of buyers of Penguin eBooks; the 8.5m college students using our online homework programmes.

2009 highlights include:

Education:

- We have been working to connect our products and services to provide integrated learning platforms, systems that make teaching more efficient and learning more personal. In the US, our recently-launched Project Tapestry is allowing teachers to ‘connect the dots’ between student data, analytics, content and curriculum. Educators can view up-to-the-minute snapshots and in-depth analysis of each student’s progress. This is the first connected learning environment built specifically for the US school market, the product of Pearson’s collaboration with over 500 key education partners.
- In response to the alarming school drop-out problem in the US, we also launched Prevent, a software programme which aggregates the most relevant and predictive student information data to pinpoint which students are most likely to drop out of school. This early warning system helps teachers determine where best to prioritise their time to prevent students leaving school without a qualification.
- We are continuing to take highly effective learning programmes and apply them around the world. Our online homework and assessment services for college students, the MyLabs, are now used by 6 million college students in America and close to 500,000 in more than 60 countries. In South Africa, for example, our longitudinal study to determine the impact of MyMathLab at the University of Witwatersrand showed that the Lab has improved

results of 7,000 students from an average score of 35% in the first semester to 65% in the second. Pearson Southern Africa’s Maskew Miller Longman Foundation is also working with the Ministry of Education in four provinces, identifying ten of the poorest schools in the country to support intensively over the next three years with textbook provision and teacher coaching.

Business information: The *Financial Times* newspaper and FT.com continue to adhere to high standards of ethical and professional journalism. The FT’s code of practice for financial and business journalism goes beyond the standards set by Britain’s Press Complaint Commission, and compliance with the code is an obligation for all FT staff. This year, the FT has sought to further embrace the shift to digital rather than paper-based media, now used by many of our readers across the globe. In 2000, around two-thirds of the FT Group businesses were print-focused. In 2009, digital businesses represented over 73%. Since launching on Amazon’s Kindle, the FT has seen steady growth in subscriptions and remains one of the top selling newspapers on the mobile device. The FT Facebook page has also gone from strength to strength, with ‘Fans’ of the page numbering well over 21,000 across all continents.

Consumer publishing: Penguin’s long and proud history of championing free speech runs from our 1960’s publication of *Lady Chatterley’s Lover* right through to our more recent publication of Professor Deborah Lipstadt’s *Denying the Holocaust*. In 2009, continuing this tradition, Penguin became a Silver PEN partner in the UK and was the proud sponsor of the 2009 PEN World Voices festival in New York, the world’s oldest international literary and human rights organisation. We adhere to high standards of publishing around the world, taking care to protect the efforts of our authors and our copyright and trademarks. Penguin Group continues to support authors and publish books that raise awareness of environmental themes and global crises. One important book this year was *Rough Guide’s Clean Breaks: 500 new ways to see the world* by Richard Hammond, (founder of greentraveller.co.uk) and Jeremy Smith (former editor of *The Ecologist*), winner of Planeta.com’s Book of the Year award 2009. This book is the result of over a decade of travel, researching holidays that have less of an impact on the environment and genuinely give something back to the destination, through conservation and/or supporting local economies.

Our impact on society continued

2 Valuing our people



We work hard to attract and retain the most talented, diverse workforce we can in all parts of Pearson.

Our people are the source of many of our best ideas and we're getting better at enabling the cross-fertilisation of ideas across our business groups and departments via social media and other means.

Our People departments have focused particularly on the professional development, health and wellbeing of Pearson people this year, with several businesses highlighting Pearson-subsidised promotions and opportunities available to staff. We have a Group level health and safety policy, with numerous awareness days and other good practice examples at work across our offices. We have also paid particular attention to developing emerging leaders in our developing markets, running more training and leadership events and courses in Asia and India in 2009, including our new Emerging Leaders Programme this year. We are further developing our communications programme to include greater interactivity and collaboration between our global staff through online meetings and webinars, to add to the suite of large-scale presentations from senior managers to staff around the world and informal talks and seminars from colleagues around the business.

The following table shows for 2009 and 2008 the average number of people employed in each of our operating divisions.

Average number employed	2009	2008
Pearson Education North America	15,606	15,412
Pearson Education International	8,899	5,718
Professional	2,662	2,641
FT Group	4,787	4,792
Penguin	4,163	4,112
Corporate	1,047	909
Continuing businesses	37,164	33,584
Discontinued businesses	0	96
Total	37,164	33,680

2009 highlights include:

Diversity and inclusion: We try hard to reflect the societies in which we operate and while we don't set specific targets, we strive to have as diverse a pool of applicants for our jobs and suppliers as we can.

We will always seek the best candidates for a role without regard for race, gender, age, physical ability, religion or sexual orientation, and have targets for tracking our progress on specific elements of that aim. We will make reasonable adjustment to premises or employment arrangements if these substantially disadvantage a disabled current or prospective member of staff, and make every effort to locate a suitable alternative role and/or training for people unable to continue in their existing role due to disability. Our diversity and inclusion teams on both sides of the Atlantic continue to develop our internship programmes for minority groups, winning the Gold Standard in the 2009 Race for Opportunity Benchmarking survey on race equality in UK organisations. We continue to improve on our recruitment and promotion of executives from minority backgrounds to middle and senior management levels, and feel that we still have much to achieve in this area.

Health and wellbeing: Our company can only be as healthy as our people, and we encourage our people to stay fit, eat well and balance their professional and personal lives. Pearson Benefits in the US sponsored National Employee Health and Fitness Day in May 2009. All US facilities with 50 or more people participated in on-site biometric screenings. The results were available immediately and over 2,300 staff had an opportunity to participate and discuss their numbers with onsite nurse educators. At Pearson in the UK, additional benefits will be in place for 2010 including a Weightwatchers programme in the workplace, health assessments and two online health management programmes to help anyone seeking to reduce high blood pressure, combat raised cholesterol or manage their health more effectively.

People for the future: We have a lot of talented people at every level of our company and we strive to identify, nurture and promote them in a number of ways. Our annual Forum brings together more than 100 of our newest and brightest managers from all over the world for a three-day session with the Pearson Management Committee and other senior managers, working on product innovation and better integration of the content and assets across the company. We launched our Emerging Leaders Programme in 2009, bringing together people from different businesses within one region to address organisational and team challenges. 72 Pearson people completed this programme in London, New York, Hong Kong and Minnesota and in total, we ran 589 personal days of leadership development in 2009.

3 Sustainable business practice



Pearson undertook in 2007 to become a climate neutral company by the end of 2009. We have reached our target through a series of direct actions, including: energy purchase and usage, investment in our buildings, communications and transport, and in the purchase of offset activity related to trees, the main raw material for our books and newspapers.

We continue to work on our supply chain to find the most environmentally-friendly way of producing the books and newspapers we print, actively seeking an FSC chain of custody for our paper supplies in the US for next year. We have been included in FTSE4Good indices since their inception and place great importance on not compromising our standards of quality or causing harm to our suppliers and their workers, wherever they may be in the world. We are committed to complying with the laws and regulations in all countries in which we operate, and work hard to build local partnerships as an active corporate citizen in emerging markets. In this year's global analysis of corporate sustainability leadership by investment company SAM, Pearson was rated as the lead company of the Media supersector for the third year running as part of the Dow Jones Sustainability World Index. We were also classified as one of 100 Brand Emissions Leaders out of 600 brands surveyed by *Environmental Data Services* magazine, citing our ambitious carbon reduction targets and strong disclosure. Our chief financial officer now has board responsibility for matters relating to corporate responsibility.

2009 highlights include:

Reducing our impact: In 2009, Pearson signed up to the Copenhagen Communiqué¹, pledging to reduce our environmental impact while lobbying governments to create an effective international climate framework. Our formal environmental policy has been reviewed and updated a number of times since its launch in 1992, most recently in 2008, which you can read in full at www.pearson.com/environment. We completed the switch to the international environmental management standard ISO 14001 for all operating businesses in the UK, and our businesses in Australia aim to achieve certification in 2010. We committed to the Carbon Standard as part of our response to the Carbon Reduction Commitment, and have reduced our paper requirements at both Pearson North America and the FT. At Old Tappan, New Jersey – our first on-site renewable energy project for Pearson worldwide – the installation of solar panels is expected to reduce our

electricity use at Old Tappan by 295,000 kWh each year, the equivalent of planting about 125,000 trees over the 25-year life of the panels.

Developing our emerging markets: By sharing best practice across Pearson, we can be more effective in our actions as a good corporate citizen in our developing markets. Penguin India has taken a number of freight initiatives which have saved a significant amount of fuel expenditure, increasing the number of books printed in India on behalf of Penguin UK, Penguin USA, Sterling and Bloomsbury to avoid the carbon emissions from moving 95 tonnes of books from the UK/USA to India. Penguin India is also forming an association with other companies in the community in Panchsheel to lobby government bodies to resolve issues such as poor parking facilities, faulty drainage and generators adding to the pollution and health and safety concerns in the area. The formation of Pearson Southern Africa – bringing together our education businesses in the region – means our company is now active in 12 developing countries in the region and employs, trains and develops local staff in each. By underpinning our educational and commercial imperative, with respect for the African environment, we can use our position as market leader to promote education in local cultures and languages to maintain a sustainable, socially responsible business.

Staff activity: Green Teams of volunteers are growing in size, structure and activity at various Pearson offices in India, the US, Australia, the UK, Canada and now South Africa. Several teams have also named specific Green Champions within their areas, tasking colleagues to help each other understand the small steps they can each take to make a big difference to reducing the environmental impact of their department or building. Planet Pearson – a cross-company environmental intranet site launched in 2008 as a pilot in the US – continues to expand in usage across our businesses in the US and Canada. The site serves as a communications hub where Pearson people can share ideas, resources and suggestions on the many eco-friendly initiatives taking place around the company. It has already helped significantly to raise awareness – Pearson North America's recent 'Go Green Survey' showed that 95% of respondents think it is important to work for a 'Green' employer, and 80% were aware of the company goal to be climate neutral by the end of 2009.

¹ The Copenhagen Communiqué was a short statement from the global business community to international governments, synthesising some of the key thinking that has come from business over the last two years.

Our impact on society continued

4 Active citizenship



Pearson's people are some of the most active citizens you will meet. We match their fundraising wherever we can and run a number of volunteer schemes for staff to give some of their working day to community programmes. Everything the Pearson Foundation, our charitable arm, does promotes literacy and education on a global scale, working with partner organisations to help level the playing field for those without ready access to education. In 2009, Pearson's charitable giving totalled £10.5m (2008: £7.7m). We give in a variety of ways, including provision of in-kind support such as books, website hosting, digital solutions and publishing expertise, as well as providing opportunities for staff to support their personal choice of charity through payroll giving schemes.

2009 highlights include:

The Pearson Foundation: Our Foundation allows us to promote education on an international level, partnering with other leading businesses and not-for-profit organisations to extend educational opportunity. We bring together experts to share good practice, to foster innovation and try to find workable solutions to the educational disadvantage facing millions of young people and adults across the globe.

In 2009, we continued our sponsorship of the annual Citi-FT Financial Education Summit, held in Singapore this year, and we organised the second Pearson International Education Summit in Helsinki, in conjunction with the US Council of Chief State School Officers. Our US flagship literacy campaign, Jumpstart's² Read for the Record continued to expand in 2009, as Pearson people around the world helped once again break our own record for the world's largest shared reading experience and raise funds for early education in low-income communities. More than two million participants read Eric Carle's classic *The Very Hungry Caterpillar* at organised events across the US, Brazil, and Europe, with Pearson donating over 275,000 Penguin books to children in need, and raising more than \$1.5m to support Jumpstart's work.

²Jumpstart for Young Children is a national non-profit based out of Boston, Massachusetts after being founded in Yale University in 1993 to help prepare pre-school children to succeed in their primary education.

³Booktime was launched by Pearson in association with independent charity Booktrust, to promote the pleasure of reading and encourage parents and carers to read aloud with their children.

Pearson people power: Our staff are passionate about volunteering, with many taking part in the organised reading schemes and other community programmes we offer at company level, in partnership with local organisations. This year, more than 200 Pearson UK people volunteered in schools local to our offices, reading with primary school children once a week as part of Booktime³. In 2008/09, our Booktime volunteers gave over 4,000 hours of their time to help children enjoy reading. We held our Pearson Community Awards under the chairmanship of our new director for people, Robin Baliszewski, and learned of the hundreds of people across our company taking on charitable endeavours in their spare time. The variety of activities included running winter clothing drives for the homeless, delivering emergency veterinary care for abandoned animals, performing as a clown in public hospitals and teaching at a community project for young refugees and migrants. We celebrated seven of those volunteers through our annual awards, making a donation of \$2,000 to their chosen charity and giving certificates of Special Commendation to three other volunteer groups.

Corporate engagement: Each operating company has a number of different initiatives they're involved in, each promoting literacy in one way or another. We support local schools and colleges, promote or sponsor conferences, and form partnerships with other organisations with similar aims. In partnership with UK charity Booktrust and the Department for Children, Schools and Families, Pearson gave out 750,000 free Booktime book packs to every child starting school in England, Scotland and Northern Ireland this year, each containing Ed Vere's *Mr Big*. Children in England also received a copy of the *Booktime Book of Fantastic First Poems*, edited by June Crebbin. Building on the success of last year's UK event, the Penguin Group staged its first global Penguin Walk, involving over 1,000 staff members around the world to raise funds for the UN Environmental Programme's 'Plant a Billion Trees' campaign and develop our 96-acre Penguin Wood in the UK. The FT launched its annual seasonal appeal to support Room to Read, which works with local communities in the developing world to provide schools, libraries and educational scholarships for girls. By the end of 2010, it aims to provide over 11,000 communities access to their first library and has a long-term goal of reaching 10 million children in the developing world by 2020. Running from November to January each year, the FT's annual appeal includes editorial reports about the charity, and print and online marketing that encourages readers to donate. In the previous three years, the seasonal appeal has raised nearly £2.4m for WaterAid and Camfed International.

Our impact on society: Progress and plans

1 Product quality and impact

Target 2009

Continue and expand the Pearson Foundation/Council of Chief State School Officers (CCSSO) Educational Summit to include a focus on teacher quality and training, one of the key learnings of the Singapore convening.



Achieved. In September 2009, CCSSO and the Pearson Foundation welcomed more than 40 international education leaders to the second annual Pearson Foundation/CCSSO International Conference on Education in Helsinki, Finland. The aim was for the international delegation to learn from Finland's own success in preparing its K-12 and university educators to meet the demands of an increasingly inter-connected and technologically advanced workforce.

Plan 2010

Continue the summit at an event in London in 2010 to include a focus on ICT in education, a key concern for educators in the classroom and for administrators hoping to improve academic systems, assessments and reporting.

Extend the Pearson Professional Development Program for African educators to involve education leaders in a cross-country dialogue addressing key education needs and solutions.

Achieved. This programme has now run for the second year, spearheaded by the Pearson Foundation and Pearson Southern Africa teams. The 2009 programme included training teachers in Literacy and Numeracy, ECD and Technology in Botswana, South Africa, Zambia, Namibia and Tanzania.

Continue to provide professional development for educators and administrators in Southern Africa and to integrate this programming with educational programming that is based on the Bridgeit model first introduced in Tanzania in 2009.

2 Valuing our people

Target 2009

Focus our international moves to develop our rising stars and create assignments that even more closely match our corporate priorities.

Ongoing. The NewDirections team has now aligned the initiative with our annual talent review process and worked hard to create greater synergy between NewDirections placements and the business needs of Pearson in each of the regions.

Plan 2010

Continue to develop our emerging leaders through international experience and support Pearson's needs in our developing markets.

Show evidence of progress in retention of people with diverse backgrounds for both entry level and management positions by tracking the success of women, people from minority ethnic backgrounds and those with a disability within Pearson.

Achieved. We have maintained the segment of our UK workforce from a minority ethnic background (14%) and minority representation in the US workforce now stands at 20.6%, up from 19.9% in 2008. Minority managers still make up 12% of the US management team. About 60% of Pearson UK staff are female (compared with 51% of the UK population) and 62% of Pearson UK's managers are female. Pearson wide, 27% of Pearson top 100 managers are female.

Continue to show evidence of progress in retention of people with diverse backgrounds for both entry level and management positions by tracking the success of women, people from minority ethnic backgrounds and those with a disability within Pearson.

Develop more programmes and relationships to attract talented people from the above groups into our business.

Continue to develop programmes and relationships to attract talented people from the above groups into our business.


- Target ongoing
- Target achieved
- New target for 2010

In the UK, Pearson was awarded Gold Standard in the 2009 Race for Opportunity Benchmarking survey on race equality in UK organisations, and our UK diversity summer internship programme was shortlisted for the Race for Opportunity Widening the Talent Pool Award for work to increase the diversity of our workforce.



Our impact on society: Progress and plans continued

2 Valuing our people continued

Target 2009	Progress	Plan 2010
Increase our capacity to combine training opportunities for our staff with opportunities to partner with schools, colleges and not-for-profits.	 Ongoing. Edexcel staff in London have partnered with a nearby school to provide career coaching and mentoring to students. Students in the UK now benefit from a Pearson Student Advisory Board, mirroring the established PSAB in the US to provide student feedback and input to Pearson, while offering mentoring and internship opportunities to talented students.	Continue to develop our capacity to combine training opportunities for our staff with opportunities to partner with schools, colleges and not-for-profits.



3 Sustainable business practice

Continue to expand our network of environmental teams across our businesses. Directly involving many more of our people.	 Ongoing. Our Green Teams are now flourishing in Pearson facilities across the UK, the US, Canada, Australia, India and Southern Africa.	Continue to expand and consolidate our network of environmental teams across our businesses.
Hold training refresher seminars with key Pearson production departments on labour standards and environmental issues.	 Achieved. We are working with relevant production staff at the Financial Times to review processes and environmental concerns.	
Continue the process of becoming a climate neutral company	 Achieved. Pearson reached climate neutrality at the end of 2009 following a two-year programme of investment and offset activity.	Having completed our 2007 commitment, we are considering our next steps and will communicate our longer term environmental commitment later this year.
Programmes of activity include:	Highlights include:	Programmes of activity will include:
Extend Planet Pearson, a new website designed by Pearson staff in the US, to be available internationally.	International roll-out of Planet Pearson is ongoing, but the site is now available to staff in Canada and at many locations in the US.	Further development of the Planet Pearson website by Pearson staff.
Continue programme to ensure our key buildings are energy efficient.	Carried out substantial investment in server virtualisation across US, Australia and the UK. Completed the ISO 14001 environmental management system for businesses in the UK.	Continuation of our programme to make our key buildings energy efficient.
FT newspaper to assess feasibility of setting up its own offset programme.	FT newspaper successfully set up its own offset programme by developing the FT Rainforest in Costa Rica.	Completing the ISO 14001 environmental management system for our business in Australia.
Purchase 'green' energy where available and affordable.	Shifting to purchase green electricity wherever possible in the UK and US, equivalent to 100,000 metric tonnes of CO ₂ . Generating renewable electricity via the solar panels on the roof of our Old Tappan site in New Jersey, US.	
Continue to work with industry partners to establish a methodology to assess the carbon footprint of a book.	 Ongoing. Penguin UK has now measured the carbon footprint of a medium size paperback book, and this is in progress at Pearson Education.	Continue to work with industry partners to establish a methodology to assess the carbon footprint of a textbook.

3 Sustainable business practice continued



Target 2009

Maintain our position in the key indices of social responsibility.

Progress

✔ **Achieved.** Pearson retained its position as Global Leader for the Media Sector in the Dow Jones Sustainability Indices and its Platinum rating in the Business in the Community Responsibility Index.

Plan 2010

Maintain our position in the key indices of social responsibility.

- ★ **New target** Establish a total carbon footprint identification initiative for our company.
- ★ **New target** Establish FSC chain of custody certification for our paper use in our North American businesses.

4 Active citizenship



Target 2009

Increase the number of children reached through these campaigns, expanding Booktime once again and rolling out Jumpstart's Read for the Record programme internationally.



Progress

✔ **Achieved.** Booktime: 750,000 book packs donated to children in schools across England, Scotland and Northern Ireland.
Read for the Record: Pearson people around the world again helped set a new world record for the largest 'shared reading experience' for Jumpstart's 2009 campaign. Shared more than two million books and raised \$1.5m for Jumpstart's year-round operations, helping to draw national attention to the US early education crisis.

Plan 2010

Increase the impact on children and adults reached through these campaigns, focusing Booktime funds more strategically and rolling out Jumpstart's Read for the Record programme further internationally.

Increase the number of interventions we make to facilitate constructive debate on key contemporary issues

✔ **Achieved.** The FT held its first conference on corporate responsibility and investing in March 2009 – the FT Sustainable Business and Responsible Investing Conference in New York. Plans are underway for a live panel debate at Pearson's London head office on the responsibility priorities for a 21st century media organisation, to be streamed in real-time via an interactive social media platform.

Increase the number of interventions we make to facilitate constructive debate on key contemporary issues



- ★ **New target** Launch the Pearson Prize in the US, identifying students currently in a two- or four-year college/university who are working on specific projects that support their institution and/or local communities, and providing a package of financial and in-kind support to help these students finish their college careers.

- ➔ Target ongoing
- ✔ Target achieved
- ★ New target for 2010

ⓘ For a more in-depth look back over our activity as a corporate citizen in 2009, please go to our Always learning: Our impact on society 2009 report www.pearson.com/responsibility/cr_report2009