

Our impact on society

Introduction

The terms ‘corporate social responsibility’ and ‘sustainability’ have come to mean different things to different companies, but at Pearson, our goal remains simple: to be a socially responsible company that has a positive impact on society.

We try to fulfil that aspiration by following a four part strategy based on:

1. sustainable business practice;
2. valuing our people;
3. commitment to fairness and quality;
4. supporting active citizenship.

Each year, we set our targets to help us focus on the way we impact on society across the company and across the world. You’ll find the review of last year’s targets and the new ones for 2009 at the end of this section and an overview of our work over last year in our Impact on society report for 2008:

 Learn more at www.pearson.com/community/csr_report2008/

If you’d like to read more about our work and our projects in detail, please visit our website www.pearson.com or our Facebook page – both are regularly updated with examples of our corporate responsibility and sustainability initiatives from our businesses all over the world.

As ever, we welcome your comments and suggestions: just e-mail me at david.bell@pearson.com



David Bell Director for people
Board member responsible for corporate responsibility

Our impact on society

Strategy

Sustainable business practice

We will continue to aim ‘to meet the needs of the present without compromising the ability of future generations to meet their own needs’¹ and we agree that ‘business is good for sustainable development and sustainable development is good for business’². Pearson plans to be a climate neutral company and we’re making progress towards that target through policy changes and staff-led initiatives. Since its inception in 1992, our formal environmental policy has been reviewed and updated a number of times, most recently in 2008, which you can read in full on our website.

 Learn more at www.pearson.com/environment

We’re using less paper as we digitize more of our processes and products, and work within our supply chain to find the most environmentally-friendly way of producing the books and newspapers we print. We 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 our director for people has board responsibility for matters relating to corporate responsibility.

Highlights include:

Policy implementation: In the UK, Pearson is switching to the international environment standard ISO 14001, an Environmental Management System (EMS) that enables us to address the delicate balance between maintaining our profitability and minimising our environmental impact. Initial assessments have been successfully completed across the FT, Pearson Education and Penguin in the UK, Pearson companies in India have begun the ISO 14001 process and our companies in the US have been considering implementing this EMS. As a founder signatory of the UN Global Compact – which sets out a series of principles on labour standards, human rights, the environment and anti-corruption – we have written to our key suppliers to advise them of our commitments to the Compact and our code of conduct, and managed an ongoing programme of key supplier visits³ to assess their compliance against both the Compact and our contractual commitments.

Focus on paper: Penguin UK and Pearson Education helped to found PREPS in the UK – an initiative that brings together 15 of the UK’s leading publishers to share the technical specifications and details of the sources for each of the papers they use – and Penguin is now the first publisher to do this for the North American market. We’ve continued to invest in paper-free products and processes across Pearson, including the purchase of digital reading devices for Penguin’s sales force (US) and editorial and marketing staff (US and UK). We are tracking and measuring our in-house work towards a paperless pre-press environment. Our efforts include cutting the number of printer proofs, transmitting files electronically, using online editing and proofing for both publisher and author, and increasing digital workflow practices.

Staff activity: Green Teams and Eco Teams have continued to grow in size, structure and activity at various Pearson offices in India, the US, Australia, the UK and Canada, as more and more members of staff volunteer to come together to take greater responsibility for the environmental impact of their department or building. Longman ELT launched a new ‘going green’ website:

 Learn more at longmanusagoinggreen.com/

The site offers Tips of the Week, a link to an environmentally-friendly *What’s New 2009* catalogue with fewer pages, printed on recycled paper and mailed to only those who request it, and an outline of ‘green’ activities going on at Longman ELT around the US. Planet Pearson, a cross-company environmental intranet site, has been launched as a pilot in the US, with a view to expanding its usage across our international business. 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.

¹ UN World Commission on Environment and Development: Our Common Future.

² World Business Council for Sustainable Development.

³ See Other Financial Information, p26, for our supplier payment policy.

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Valuing our people

As a creative business, everything we do can only be as good as the imagination and the minds of everyone who works at Pearson. Our companies consistently feature in annual 'best to work for' lists⁴ because we nurture our people and continue our progress towards harnessing the enormous benefits of a diverse workforce. We have a Group level health and safety policy, with numerous awareness days and other good practice examples at work across our offices. We work hard to keep our people fulfilled in their roles, giving them opportunities to increase their skills, to take on international projects and move between businesses, and to ensure they are able to balance life and work. Our people feel a genuine sense of ownership at Pearson – we would like everyone who works here to own shares in the company, and more than half have become shareholders through participating in our employee share plans. We also know that the best ideas often come from our own people, so each operating company continues to ask its people for ideas, suggestions and constructive criticism to improve the way we work. Our pan-company communications programme incorporates large-scale presentations from our senior managers to staff around the world, and we encourage our people to use informal social networking tools to feed suggestions back and share good practice around the business.

The following table shows for 2008 and 2007 the average number of people employed in each of our operating divisions.

Average number employed	2008	2007
North American Education	15,412	14,327
International Education	5,718	5,291
Professional	2,641	2,540
FT Group	4,792	4,383
Penguin	4,112	4,163
Other	909	918
Continuing businesses	33,584	31,622
Discontinued businesses	96	1,070
Total	33,680	32,692

Highlights include:

International mobility: We have continued our drive to be a truly international company and we now have almost 34,000 people operational in 66 countries. Our NewDirections programme has developed in step with our company, moving 102 people on short-term assignments between companies and countries in 2008 – up from 67 people in 2007 and beating our target of 100 moves. The past two years have kick-started our international mobility policy and given more Pearson people a taste of the experience of working in another country, helping us to share valuable knowledge and find synergies between our businesses around the world.

Diversity: We want to reflect the societies in which we operate and while we don't set specific targets, we do work very hard 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 set new 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 teams on both sides of the Atlantic are focused on expanding our internship programmes for minority groups, and our publishing lists grow ever more varied across both Penguin and Pearson Education; we are the first and only major publisher working in almost 60 languages in southern and central Africa. We must continue to improve on our recruitment and promotion of executives from minority backgrounds to middle and senior management levels, and we still have much to achieve in this area.

People for the future: We are lucky to 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, and will soon be supported by the Emerging Leaders Programme for Forum alumni we plan to launch in 2009. The turnover in our 'talent pool' – a group of some of the most able people in the company – has declined over the last three years, from 6% in 2005 to 2.8% in 2007, as has the turnover of women and people from minority ethnic backgrounds within that group.

⁴ See 'Recognition and awards' in Live and Learn: Our Impact on Society 2008 report for examples.

We've also identified at least one 'ready-now' and one 'ready-soon' successor for each of the top roles across Pearson: although we may sometimes choose to look externally to get fresh eyes on an old problem or import specific skills, we know we always have people to step into the key Pearson roles if required.

Commitment to fairness and quality

Our products themselves have a fundamental and significant 'impact on society'. Our role as a publisher with the ability to reach large audiences and partner in the education process is a privileged one that brings special responsibilities. We want to ensure that the people who buy our books, newspapers and services have multiple ways to access the best education and information we can provide, and we work hard to make that happen. Pearson Education has helped revolutionise teaching and learning for millions of students and educators; many of Penguin's award-winning authors and imprints are actively involved in raising awareness of social, commercial and green issues; and the FT's publications have spent decades building their reputation for responsible and accurate journalism. We insist on transparency in how we conduct our business and we have our own code of business conduct, whistle blowing and standards policies. We adhere to external codes like those upheld by the Press Complaints Commission, and our editors and journalists have editorial independence within these frameworks. We partner with independent research agencies to measure the impact of our learning products and we ask our customers – from seven year olds to septuagenarians – for their input to make our output better.

Highlights include:

Pearson Education: We do our research to find out how students learn best, which systems are most practical for educators and parents, and what formats will be the most user-friendly to our broad range of customers. In the UK, ResultsPlus enables teachers to compare their school or college results on Edexcel tests against the national average, compare results by type of centre, sort results by teaching group or gender and make detailed observations about students' performance. Students can get a detailed breakdown of their performance online, with question by question analysis and a Gradeometer showing graphically how close they are to the grade boundary.

MyLabs – our flagship online assessment and homework tool – allows students to practice their skills and move forward at their own pace. MyLabs started out in mathematics but are now available in a range of subjects and in over 65 countries worldwide. In 2008, MyLabs were used by more than 4.3 million students globally, with student registrations 48% higher than in 2007.

The FT Group: The *Financial Times* newspaper and FT.com continue to provide high quality news and analysis of global business finance and economics – which are in strong demand in these exceptional financial times. We've seen record numbers of people registering on FT.com, looking for our experts' explanations and opinions in this turbulent climate. We relaunched FT.com in 2008, giving our users greater access than ever to our journalists through interactive forums, video interviews and regular experts' video slots. We've also launched an exclusive, internationally available Facebook application to enable graduates and undergraduates to receive free subscriptions to FT.com and we are the first newspaper to offer a free subscription in this way. At the Newspaper Awards 2008, *The Financial Times* won Newspaper of the Year 2008, while *How To Spend It* won the award for National Colour Supplement of the Year, for the seventh consecutive year.

The Penguin Group: We adhere to the highest possible standards of publishing around the world, taking care to protect the efforts of our authors and our copyright and trademarks. Many of our authors, fiction and non-fiction, choose to raise awareness of regional and global crises and events, with a bevy of 2008 titles addressing the contemporary issues of climate change, such as three-time Pulitzer prize-winning author Thomas L. Friedman's *Hot, Flat and Crowded*, and the lead up to the economic events that have rocked us all, such as *Panic! The Story of Modern Financial Insanity*, from the international bestselling author and ex-trader Michael Lewis. Our inroads into the world of digital print continue to move forward, with our eBook line of titles supplying the ideal mobile format for travelling readers. Penguin Group USA launched Penguin 2.0 in December 2008, a collection of innovative services allowing readers to customise and access Penguin content in new ways online.

Our impact on society continued

Supporting active citizenship

Pearson's people are likely to be 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. The Pearson Foundation, our charitable arm, promotes literacy and education programmes on a global scale, working with innovative partner organisations around the world to help level the playing field for those without ready access to education. In 2008, Pearson's cash charitable giving totalled £7.7m (2007: £7.2m). We also provide in-kind support such as books, advertising space and publishing expertise, as well as opportunities for staff to support their personal choice of charity through payroll giving schemes.

Highlights include:

The Pearson Foundation: Our Foundation allows us to promote literacy, learning and great teaching on an international level, partnering with other leading businesses and not-for-profit organisations to extend educational opportunity as widely as we can. 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 2008, we continued our sponsorship of the annual Citi-FT Financial Education Summit, held in Beijing this year, and we organised the inaugural Pearson International Education Summit in Singapore, in conjunction with the US Council of Chief State School Officers. Our US and UK literacy campaigns, Jumpstart's⁵ Read for the Record and Booktime⁶, continued to expand, reaching thousands of people across both nations. We have helped Jumpstart grow by more than 20% annually since our partnership began, and took part in setting a new world record for the largest 'shared reading experience' during the Read for the Record 2008 campaign. Booktime gave 750,000 children free copies of two books, reaching children in about 20,000 schools across the UK.

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. Many others choose to make personal arrangements for their charitable endeavours, with examples ranging from a staff fundraiser for the Burma Relief Fund from Pearson Hong Kong, to an individual from Pearson Brazil volunteering as an ELT teacher for teenagers in São Paulo's favelas, to four members of the FT's Ad Sales team in London growing moustaches for the Prostate Cancer Charity. We celebrated seven of those volunteers through our annual Pearson Community Awards, making a donation of \$2,000 to their chosen charity and giving certificates of Long Service Commendation to two other volunteers.






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 2008, we supported Book Aid International's Children's Reading Tents Project: touring reading tents held events in Kenya, Uganda and Tanzania, reaching over 9,000 children, with almost 20,000 books donated by Longman, Ladybird and DK imprints. The FT's annual seasonal appeal was for WaterAid in December 2008, featuring a series of FT articles online, in the newspaper and weekend magazine for almost two months to highlight the charity's work in helping communities in Africa, Asia and the Pacific region to find sustainable water sources and sanitation, and provide hygiene education. In 2008, America's Corporation for National and Community Service honoured Pearson with its annual Corporate Spirit of Service award for outstanding support of national service and volunteering. The award recognised Pearson's exemplary support – through our people, businesses and the Pearson Foundation – of Jumpstart and the Read for the Record Campaign.


⁵ Jumpstart for Young Children is a US non-profit based in Boston, Massachusetts. It was founded at Yale University in 1993 to help prepare preschool children to succeed in their primary education.

⁶ Booktime was launched in 2006 by Pearson in association with UK independent charity Booktrust, to promote the pleasure of reading and encourage parents and carers to read aloud with their children.

Our impact on society

Progress and plans

Target 2008	Progress	Plan 2009
Sustainable business practice		
Expand our individual company environmental committees into our US and other businesses, directly involving many more of our people.	 Ongoing. Over 30 Green Teams now in place in Pearson facilities in the UK, the US, Canada, Australia and India.	Continue to expand our network of environmental teams across our businesses.
Continue our environmental and labour standards auditing programme, revisiting our printers in Asia, North America and parts of Europe.	 Achieved. Visits carried out in Australia, China, India, Japan, Mexico and in several European countries, including Germany, Italy, Spain and Slovakia.	Hold training refresher seminars with key Pearson production departments on labour standards and environmental issues.
Continue the process of becoming a climate neutral company with a view to completing that process globally by the end of 2009.	 Ongoing. Highlights include: Reduced energy usage from a global investment programme in lighting upgrades and server virtualisation; Partnered The Nature Conservancy on its 'Plant a Billion Trees' programme. 1.5 million planted to date; Established funds in the UK and the US to stimulate innovative carbon saving programmes; Implemented a new policy in the UK to place a carbon cap on vehicle types and in the US introduced first hybrid vehicles into our car fleet.	Continue the process of becoming a climate neutral company with a view to completing that process globally by the end of 2009, including: Extend Planet Pearson, a new website designed by Pearson staff in the US, to be available internationally; Continue programme to ensure our key buildings are energy efficient; FT newspaper to assess feasibility of setting up its own offset programme; Purchase 'green' energy where available and affordable.
Audit the social and environmental policies and impact of companies acquired in 2007 and set out plans to integrate them into Pearson's framework for corporate responsibility.	 Achieved. Harcourt and other businesses now integrated into Pearson framework for reporting on labour standards and environmental matters.	Continue to work with industry partners to establish a methodology to assess the carbon footprint of a book.
Maintain our position in the key indices of social responsibility.	 Achieved. Pearson retained its position as Global Leader for the Media Sector in the Dow Jones Sustainability Indices and maintained its Platinum rating in the Business in the Community Responsibility Index.	Maintain our position in the key indices of social responsibility.

 For a more in-depth look at our CR and sustainability activity in 2008, please go to Live and Learn: Our Impact on Society 2008 report at www.pearson.com/community/csr_report2008/

Our impact on society continued

Target 2008

Progress

Plan 2009

Valuing our people

Accelerate our commitment to build a truly international business by helping more of our people experience a new country on a short-term assignment, with our developing markets as a priority.



Achieved. We helped 67 people through NewDirections in 2007 and increased that to 102 in 2008.

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

Show evidence of progress in retention of people with diverse backgrounds for both entry level and management positions.



Achieved. In the UK, the percentage of staff from minority backgrounds rose to over 14% in 2008, against 9% in 2003. 11% of Pearson UK management is from a minority group, of which 4% are in senior management. Since 2005, the minority representation in the US workforce has risen from 15.7% to 19.9% in 2008. Minority ethnic managers make up 12% of the Pearson US management team, up 2% from 2005, with senior management representation rising by 1% to 5% in the same time frame. The turnover of staff from minority ethnic backgrounds in the global 'talent pool' declined dramatically from 6.1% in 2005 to 5.4% in 2006, down to 1.2% in 2007.

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



New target. Increase our capacity to combine training opportunities for our staff with opportunities to partner with schools, colleges and not-for-profits.

Commitment to fairness and quality

Launch the Pearson International Education Summit, bringing together global education leaders to identify and share exemplary educational practices.



Achieved. The inaugural Summit, developed in conjunction with the US Council of Chief State School Officers, was held in Singapore. It convened delegates from 13 countries and six continents to explore first hand the educational and cultural drivers that consistently help Singapore students to score at the top of international surveys.

Continue and expand the Summit to include a focus on teacher quality and training, one of the key learnings of the Singapore convening.

Use the Pearson Foundation Development Fund to work with our businesses in Africa, India and Asia to provide training and support for local teachers in developing communities.





Achieved. Launched the Pearson Professional Development Program for African educators in Kenya, Nigeria, South Africa, Tanzania and Zambia. Provided intensive training and support for local educators, focusing specifically on early childhood development, literacy, numeracy and on teacher and student acquisition of key 21st century skills.

Extend these programmes to involve education leaders in a cross-country dialogue addressing key education needs and solutions.



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Target 2008	Progress	Plan 2009
Supporting active citizenship	<p> Achieved. Booktime: 750,000 book packs donated to children in around 20,000 schools across the UK, up from 700,000 book packs in around 17,000 schools in 2007.</p> <p>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 2008 campaign. Shared more than 200,000 books and raised nearly \$2m for Jumpstart’s year-round operations, helping to draw national attention to the US early education crisis.</p>	<p>Increase the number of children reached through these campaigns, expanding Booktime once again and rolling out Jumpstart’s Read for the Record programme internationally.</p>
		<p> New target. Increase the number of interventions we make to facilitate constructive debate on key contemporary issues.</p>



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