

INTRODUCTION

Our strategy, structure and how we make things happen [p 08](#)

OUR PRIORITY ISSUES

Literacy, learning outcomes and competitiveness [p 12](#)

RESPONSIBLE BUSINESS

Beyond priority issues – our broad responsibility agenda [p 25](#)



> WHAT'S IN THIS REPORT

Introduction

- 02 A message from Robin Freestone
- 03 About Pearson

Our framework

- 08 Our responsible business framework
- 09 Responsible business practice
- 10 Values, principles and behaviour
- 11 Corporate responsibility governance
- 11 Risk management
- 11 Stakeholders
- 11 Plans

Our focus: three priority issues

- 1** **Raising literacy levels**
 - 12 Our approach
 - 13 Pearson in the classroom
 - 15 Partnering with others to encourage reading
 - 16 Reading at home
- 2** **Improving learning outcomes**
 - 18 Our approach
 - 19 Quality, efficacy and usability
 - 19 Helping close achievement gaps for individual learners and schools
 - 20 Supporting teacher education and development
 - 21 Helping share what works between education policymakers
- 3** **Contributing to competitiveness**
 - 22 Personal progress: helping individuals get ready for work
 - 24 Doing informed business

Responsible business practice

Environment

- 25 Our environmental responsibilities
- 26 Climate neutral commitment
- 27 Resource use
- 27 Environmental management
- 27 Engaging others
- 28 How others see us
- 28 Plans

Supply chain management

- 29 Our approach
- 29 Labour standards, human rights, the environment and combating corruption
- 29 Paper
- 30 Print
- 31 Distribution
- 31 Working with industry partners
- 32 Plans

Our people

- 33 Our approach
- 33 Workforce planning
- 34 Organisational change
- 34 Getting the fundamentals right
- 34 Diversity and inclusion
- 35 Health, safety and wellbeing
- 35 Plans

Our customers

- 36 Freedom of expression
- 36 Product safety
- 36 Extending our reach

Our communities

- 37 The Pearson Foundation
- 38 Literacy
- 38 Teacher quality
- 38 Education leadership
- 38 Youth engagement
- 38 Pearson businesses
- 39 Pearson people
- 39 Fundraising and volunteering
- 39 Pearson Community Awards

Progress and plans

- 40 Progress and plans

Awards and recognition

- 42 Awards and recognition



Learn more about Pearson at: www.pearson.com

www.facebook.com/braveimagnatedecent

www.twitter.com/pearsonplc

› INTRODUCTION

A message from Robin Freestone



Robin Freestone Chief financial officer

Pearson is a company with a strong sense of purpose. As Marjorie sets out in her strategy review, it is to help people get on in their lives through learning. (We are 'Always learning', as the tagline says.)

That's a social purpose. It sets the stage for our approach to responsible business – and shines a spotlight on the deep connection between strategy and responsibility.

Our premise is that being responsible is fundamental to our success as a company. There's nothing new about that: our heritage draws on Weetman Pearson, who more than a century ago had a reputation as one of the most enlightened employers of his time.

Building and maintaining trust remains essential to our business; we recognise that many people – our shareholders, customers, employees, suppliers and communities – have high expectations of us. We welcome those expectations, and intend to live up to them. By being clear about our strategy, setting objectives and targets, we build and sustain that trust.

This past year, we've made some important progress in the way that we manage our responsibility to the communities we work in. We've formed a corporate responsibility steering group, bringing together senior business leaders to oversee the development of our strategy and the implementation of our plans. We have for the first time appointed a senior executive to lead that work across the company. And we've begun to develop a clear framework to articulate our goals and guide our activities. We intend to use this framework as the basis for our reporting, so it's worth setting out the major elements:

1. We start with our corporate strategy and purpose: to be the world's leading learning company and to help people make progress in their lives.

2. We focus on three key issues of social and economic importance, where we believe Pearson has a unique role to play. These are literacy, efficacy and competitiveness.

3. In addition to those key Pearson-specific issues, we have a wide agenda for responsible business activities that covers a range of disciplines from environmental sustainability to supply chain management to diversity policies to the work of the Pearson Foundation.

4. And we recognise that any definition of 'responsible business' is built on and contributes to our company culture, values and behaviour.

In addition to refining our overall approach, I'm pleased to report that we have continued to expand the reach and impact of the many activities that fall under our broad definition of 'responsible business'. We summarise a sample of them in this report; we hope that you enjoy reading about them as much as we enjoy and value being actively engaged in them.


We've been honoured this year to receive many awards for our approach to responsibility. But we want to do more, and better. So we always welcome comments, observations and suggestions about this aspect of Pearson – just as we do about all the company's activities. So please feel free to contact me at robin.freestone@pearson.com or Peter Hughes, our new head of corporate responsibility, at peter.hughes@pearson.com

Robin Freestone Chief financial officer
(and Board member responsible for corporate responsibility)

> INTRODUCTION CONTINUED

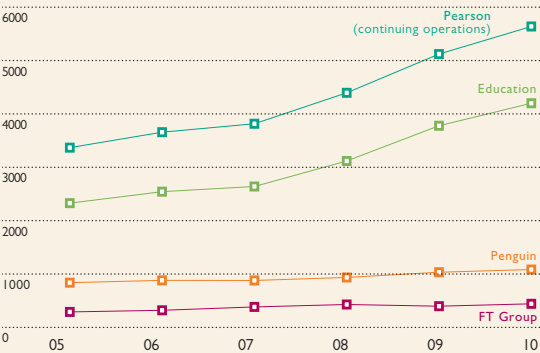
About Pearson

Pearson is the world’s leading learning company.
We are 36,000 people in more than 70 countries,
helping people of all ages to make progress
in their lives through all kinds of learning.

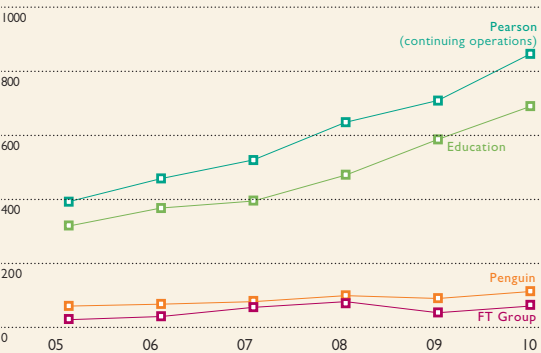
Watch Always learning: A short video illustrating what we’d like to think and say about Pearson
 www.pearson.com/always-learning/

Financial highlights

SALES £m



ADJUSTED OPERATING PROFIT £m



SUSTAINED ORGANIC INVESTMENT \$m
Pre-publication expenditure and authors’ advances



> INTRODUCTION CONTINUED

Education

Overview

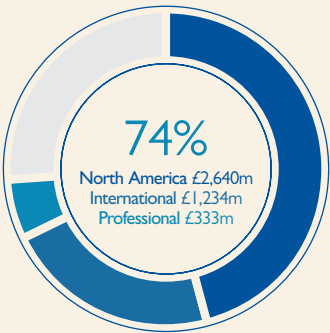
We provide learning materials, technologies, assessments and services to teachers and students of all ages and in more than 70 countries.

People

29,200

US 16,000
UK 3,600
RoW 9,600

Proportion of Pearson revenue



Business

We are a leading provider of educational materials and learning technologies. We provide test development, processing and scoring services to governments, educational institutions, corporations and professional bodies around the world. We publish across the curriculum and provide a range of education services including teacher development, educational software and system-wide solutions.

Markets

For some years, Pearson has been a leader in education, with leading positions in large developed markets and local publishing centres in more than 30 countries. More recently we have significantly accelerated our international expansion, investing in countries including China, Brazil, India and South Africa.



INTRODUCTION CONTINUED

Consumer publishing

Overview

Penguin publishes more than 4,000 fiction and non-fiction books each year – on paper, on screens and in audio formats – for readers of all ages. It is one of the world’s leading consumer publishing businesses and an iconic global brand.



People

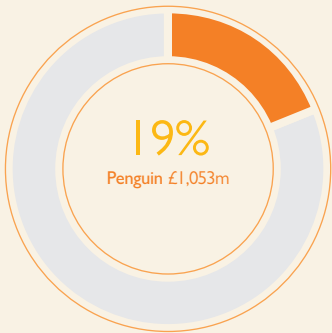
3,450

US 1,800

UK 750

RoW 900

Proportion of Pearson revenue



Business

Penguin operates around the world through a series of connected national publishing houses. It publishes under a number of well-known imprints including Putnam, Viking, Allen Lane, Hamish Hamilton, Berkley, the Penguin Press, Puffin and Dorling Kindersley.

Markets

Penguin combines a longstanding commitment to local publishing with a determination to benefit from its worldwide scale, a globally recognised brand and growing demand for books in emerging markets. Its largest businesses are in the US, the UK, Australia, Canada, Ireland, India and South Africa.



› INTRODUCTION CONTINUED

Business information

Overview

The FT Group provides news, data, comment and analysis to the international business community. It is known around the world for its independent and authoritative information.



People

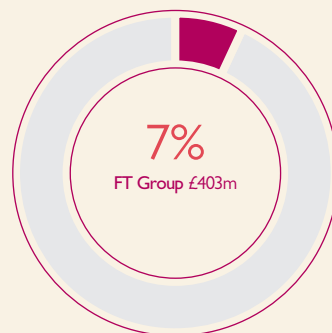
2,600

US 500

UK 1,600

RoW 500

Proportion of Pearson revenue



Business

The FT Group includes: the *Financial Times* and FT.com, a range of specialist financial magazines and online services, and Mergermarket.

The FT Group also has a stake in a number of joint ventures, including those with FTSE International, Vedomosti in Russia, BDFM in South Africa and a 50% stake in The Economist Group.

Markets

The *Financial Times* has a network of approximately 600 journalists in 47 countries and a unique model of producing distinctive newspaper editions for Europe, the UK, the US, Asia and the Middle East. FT.com, with 10.6 million monthly unique users and 3.2 million registered users around the world, makes the FT even more widely available.



› INTRODUCTION CONTINUED

Recent acquisitions

Purchase price

› Wall Street Institute	› 431 English language schools	60 countries	£65m
› Sistema Educacional Brasileiro	› Sistemas in 2,000 schools	Brazil	£326m*
› CTI Education Group	› 13 private university campuses	South Africa	£29m
› America's Choice	› School improvement	USA	£65m
› Tutor Vista	› K-12 schools; online tutoring	India/global	£79m
› Melorio plc	› Vocational training	UK	£99m
› Medley Global Advisors	› Business intelligence	Global	M/N

*£228m paid for 70% with the balance to be paid in 2011