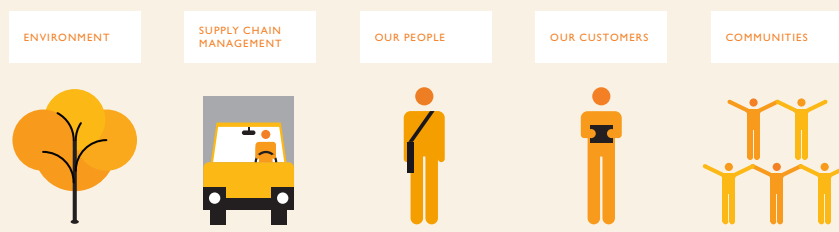


› RESPONSIBLE BUSINESS PRACTICE

Our unique opportunity is to make a difference in our three focus areas – raising literacy levels, improving learning outcomes and contributing to competitiveness. In addition, we adopt a broad and holistic definition of ‘responsible business’, capturing priorities relevant to our stakeholders that we share in common with other industries and individual companies.



Environment

We see two big environmental challenges facing the planet. The first is climate change and the second is resource use.

Climate change impacts such as extreme weather patterns and water scarcity affect people everywhere, with developing countries the most vulnerable.

We operate in more than 70 countries and we are seeing a growing global recognition of the effects of climate change whether from our investors or by policymakers and how this is starting to change the business landscape. New regulations are emerging – as are the expectations of the people who work at Pearson and who buy our products and services.

The second challenge is lack of resources. It is sobering to note this estimate by the World Wildlife Fund: if every country in the world consumed materials at the same rate as the UK, it would take three planets to sustain our way of life. All countries have legitimate aspirations to grow and provide opportunity, but that they do so in a sustainable fashion, should be of deep concern to us all.

Our environmental responsibilities

It goes without saying that Pearson cannot solve these world issues alone. Though our environmental footprint is relatively small compared to that of many industries, minimising our environmental impact makes business sense. It resonates with a core objective of our business strategy to operate more efficiently and effectively, but also reflects our concern for good environmental stewardship which is shared by many of our stakeholders.

Our company is also changing. Digital solutions are growing across all our businesses. E-books have reached a tipping point for Penguin, digital revenues are 40% of the total at the FT and in education, we are changing from being a textbook publisher to a broad-based supplier of education technology and services as well as curriculum materials. At the same time, non-digital revenues continue to grow. These trends mean a changing environmental footprint for us to track and shape.

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

	Digital	Physical	Digital %
2006	721	2,884	20
2007	817	3,073	21
2008	986	3,496	22
2009	1,306	3,918	25
2010	1,618	3,961	29

Climate neutral commitment

Reflecting public policy and investor interest in climate change, carbon management is a major focus for us. That does not mean that we think other everyday environmental issues are not important – we encourage recycling in our offices; we’re reviewing and reducing the types of packaging we use; and replacing Styrofoam cups with ceramic mugs where possible too. Our section on environmental management describes how we pick up on wider issues.

On climate change, we decided that our initial focus should be on our own operations. We had been steadily making reductions in our energy use on a like-for-like basis at about 2% per year but wanted to do a lot better.

So, in 2007, we adopted a target adopted for our then existing operations to become climate neutral by the end of 2009. We achieved this and maintained it in 2010 through:

- › A carbon management programme. Primarily, this focused on improving energy efficiency in our buildings (e.g. more efficient lighting; server virtualization – which harnesses unused capacity in servers for IT) as well as providing alternatives to business travel, such as upgrading our videoconferencing facilities;
- › Investing in generation of renewable energy at our sites. We installed solar panels on the roof of our Old Tappan on-demand print centre in 2009 and have started two additional projects – solar roof panels at our Cranbury distribution centre, which will be among the largest projects of its type in the world; and a wind turbine at our site in Owatonna, Minnesota;

- › Purchasing electricity from renewable sources where it is available and affordable to do so, currently in the US, the UK and Canada.

- › Establishing partnerships that deliver carbon offsets. Examples from 2010 include the FT Rainforest in Costa Rica and partnering with the Woodland Trust. Past projects include the 96-acre Penguin Wood in the UK.

Together, these covered around 75% of our impact in 2010. For the balance, we added a Pearson Rainforest, building on the existing FT Rainforest in Costa Rica. This compares to 90% of our impact covered in 2009, as we have now included businesses acquired in 2008 and 2009 in the scope of the 2010 commitment.

The primary purpose of the climate neutral commitment was to focus people within Pearson on reducing our own environmental impact. This it has done, as the savings in our buildings and from reduced business travel are running at three times previous levels. We continue to improve on our data gathering and for 2010, we can report an absolute climate footprint 8% lower than the previous year.


	Metric tonnes CO ₂ e
2009 climate footprint	210,306
GHG reductions in 2010	17,165
2010 climate footprint	193,141
Offset by:	
Renewable energy	97,798
Operating company offset partnerships	37,919
Pearson Rainforest	57,424

We have also given people who are passionate on green issues an opportunity to get involved – there are some 40 green teams at larger Pearson locations around the world and we will work to incorporate a Planet Pearson space into our new online collaboration platform, so that it will be available globally, not just in the US.

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Renewable energy generation – Harnessing the sun and the wind

2010 is the first full year of energy generation from the installation of solar panels on the roof of Pearson's data centre in Old Tappan, New Jersey. Over the 25-year life of the panels, the switch to solar energy at that facility is expected to offset about 4,000 tons of carbon dioxide, the equivalent of planting more than 100,000 trees. Work started in February 2011 on our next two projects – a wind turbine at our print services facility at Owatonna, Minnesota and a second solar panel project at our Cranbury distribution centre in New Jersey.

Watch our Installing the panels at Old Tappan video:
 <http://bit.ly/gK7lox>

Resource use

Paper for our books, magazines and newspapers is the most significant natural resource we use in our business. Our section on supply chain management describes our approach to responsible paper purchase. Over the last few years, we have focused on improving our resource efficiency. Through initiatives such as using the whole tree rather than part of the tree in the papers we purchase, reducing the base weight of the papers we use and custom publishing, we have made huge strides in this area.

The next phase of our climate neutral work involves understanding and mapping our climate impact across our supply chain. There is no agreed methodology for this, so we have set out to work with industry partners to develop a common methodology. Penguin in the UK is leading the way in this field, while our businesses in North America have also mapped the carbon footprint relating to paper purchase.

Once we have mapped our climate footprint, we will consider what targets might be appropriate.

Environmental management

Pearson has had an environmental policy since 1992. Our businesses in the UK are accredited against ISO 14001, the international environmental management standard, and the businesses in Australia

are working towards accreditation. We will introduce this into other countries or businesses by consulting local business heads and stakeholders. Other parts of the world apply our own environmental management system, which we describe on our website <http://bit.ly/h7eYpK>.

Our work on environmental responsibility and climate neutral commitment is guided by our Environment Executive Committee. The committee is chaired by Robin Freestone, the chief financial officer, and includes senior executives from operations, communications and those leading implementation across the business.

Engaging others

Getting Pearson people involved in our environmental work has always been an important objective for us. Staff-led initiatives include:

- › Green/Eco Teams. We now have 40 groups of volunteers in place in Pearson buildings in the UK, the US, Canada, Australia, South Africa and India Green/Eco Teams;
- › Planet Pearson, a cross-company environmental intranet site currently available in the US. This site offers ideas for carbon reductions, links to local green groups and performance reports.

Our books, magazines and newspapers continue to cover climate change as an issue and have developed some innovative ways to provoke debate, inspire action and celebrate success.

FT/IFC Sustainable Finance Awards – Sustainable Finance Conference

The Financial Times and IFC, a member of the World Bank Group, have launched the Sustainable Finance Awards, a major global programme designed to recognise the institutions across the financial industry that have shown leadership and innovation in integrating environmental, social and governance considerations into their business. The awards form part of the FT's annual sustainable finance conference.

www.ftconferences.com/sustainablefinance

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

How others see us

- › The Dow Jones Sustainability Index has named Pearson as the Global Sector Leader for the last four years – environment is a major part of the index methodology.
- › Penguin in the UK was ranked 11th in the *Sunday Times* Best Green Companies listing in 2010.
- › Pearson in the US was named as a 2010 Green Power Leadership Award winner by the U.S. Environmental Protection Agency (EPA). Pearson currently ranks No. 25 on EPA's National Top 50 list of green power purchasers. We offset 100% of the energy we use in North America through the purchase of wind power credits.
- › Penguin was recognised in the Forest Stewardship Council (FSC) Global Partner Awards for outstanding achievement in promoting the FSC brand worldwide.

Plans

2011 plans	
Climate neutrality	Maintain our climate neutral commitment for 2011
Carbon mapping	Continue work on mapping complete carbon footprint for Pearson businesses in the UK and the US
Reuse/recycle rate	Maintain our reuse/recycle rate for all unsold books and newsprint in excess of 95%
Targets	Publish energy, water and other environmental targets once 2010 environmental audit completed
Environmental management	Complete ISO 14001 certification in Australia and identify additional businesses to start the process in 2011
Collaboration	Extend access to Planet Pearson globally
Awards	Further encourage innovation by launching an internal awards scheme to recognise good environmental practice

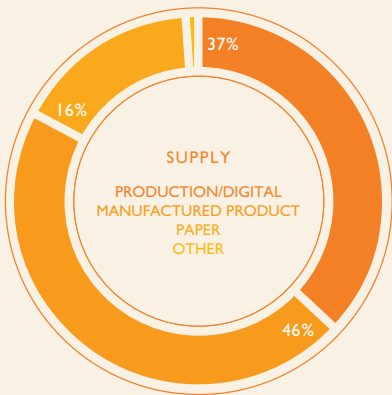
› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Supply chain management



Pearson purchases goods and services valued at over £2 billion each year. This total includes our investment in research and development such as our advances to authors and the development of new digital products and services.

Although rapid growth in our digital sales is being reflected in the mix of what we purchase, paper and print remain the most significant categories of direct spend for us:



As we grow, so do opportunities to consolidate and centralise the way that we purchase goods and services. This will bring efficiency benefits and cost savings, as well as a consistent global approach to the way we select and monitor the performance of our suppliers across all aspects, including corporate responsibility.

Our approach

Pearson was a founder signatory to the UN Global Compact in 2000. We were clear from the outset that we had a responsibility to use our influence with our suppliers across our supply chain. So, in 2001, we made a series of commitments that covered labour standards and human rights as well as environmental responsibility, and extended these to cover our supply chain.

These commitments, together with the [Pearson code of conduct](#), remain the guiding principles against which we judge our actions and performance today.

Labour standards, human rights, the environment and combating corruption

We have set out the commitments that we expect from all our suppliers.

Specific clauses relating to these standards are an integral part of our contracts for key suppliers. These standards include the rejection of forced and compulsory labour, a respect for diversity, a minimum age to work on Pearson projects and compliance with environmental and other regulations.

We write to all our main suppliers – defined as those where we purchase more than \$250,000 or equivalent in local currency – to advise them both of our commitment to the Global Compact, and about the Pearson code of business conduct. Our 2010 process was completed in January 2011.

We carry out an ongoing programme of supplier visits to assess compliance with the Global Compact and with our own standards. These visits reinforce our commitment to the abolition of child labour and all forms of forced and compulsory labour, as well as environmental responsibility. Our production departments this year continued our programme of visiting suppliers all across the world.

We also work with industry partners on setting common standards that reflect the Global Compact principles.

Global Compact communication	2010	2009	2008	2007
Over \$250k	1,882	1,867	1,702	750

Paper

Our books, newspapers and magazines all use paper. We lead the way in investing in new technology to provide opportunities for our customers and readers to access our content digitally. Nevertheless, we expect that our use of paper will continue to be an important means for delivering our products.

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

The amount of paper we use is determined by the news agenda of the day, our advertisers, the decisions taken by our authors and the number of products we commission, print and sell. We therefore believe it is unrealistic to set targets to reduce total paper usage. Instead, our role should be to incorporate environmental considerations into our paper purchasing processes.

We source paper primarily from North America and Scandinavia.

Paper is a priority issue within our wider programme of considering the environmental impact of our supply chain. We:

- › First adopted and publicly disclosed our environmental policy with regard to paper sourcing in 2003. This policy was updated in 2008;
- › Collect and map data on the forest of origin, certification systems applicable and recycled content for the papers we purchase;
- › Hold regular training sessions for our production teams around the world on both labour standards and environmental responsibility issues. We ran sessions in 2010 with the Financial Times Group, Penguin in New York; Pearson Canada and Pearson UK. More are planned in 2011;
- › Talk about our guidelines with our key paper suppliers when we meet and as part of our contract discussions;
- › Discuss our approach to paper purchasing with customers, environmental groups, investor analysts and other interested parties;
- › Retain Forest Stewardship Council (FSC) chain of custody certification allowing their books to also carry the FSC label for Dorling Kindersley and Penguin in the UK;
- › Have continued with the process of seeking to attain FSC chain of custody accreditation for our businesses in North America.

In addition to the standards we set ourselves through our paper purchasing guidelines, we also have a responsibility to use fewer resources where we can. This delivers both environmental benefits as well as cost savings. All our businesses that use paper are focused on improvements, here is one example:

Pearson North America – Schools

Our schools business has continued with its sustained campaign to improve its environmental efficiency. The achievements have been phenomenal, with its 2010 environmental programme helping to avoid the need for over 30,000 US tons of wood. That is over 200,000 trees. This was achieved through a series of initiatives including increased use of recycled fibre, a shift from free sheet to ground wood, a process that uses the entire tree including the bark and by reducing the weight of paper used in our books. Other green initiatives saw the elimination of over 66,000 pounds of plastic and 5,000 gallons of cover coating used.

Print

Less than 0.5% of Pearson products are printed by our own operations. We have two small digital print operations in the US. These operations provide short-run and print-on-demand products, typically custom client applications.

In addition to our general approach to supplier responsibility, we ask our printers for additional reporting in key areas. We have for a number of years maintained a printer register of environmental performance. Last year, we set a target to completely review our approach with Pearson International piloting a new process.

This year, the Pearson International model will be adopted globally.

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Distribution

We outsource distribution and shipment of our products to third party carriers.

Shipping

Our books are produced around the world, requiring shipment from the printers to our Distribution Centres. Maximising the container load is an important measure of environmental efficiency. A review in 2005 of the performance of different parts of the business identified an opportunity to consolidate shipments and thus maximise container loads.

Pearson International – Surveying our printers

Pearson International surveyed all its printers and binders which supplied goods valued at £100,000 and above or local currency equivalent. Printers were based in the UK, Europe, North and Latin America, Africa and Asia. The survey covered:

- › whether the printer uses a recognised system for environmental management and health and safety;
- › measurement and reduction policies for water, ink, solvents, alcohol, energy and waste.

Working with World Transport Agency (WTA), one of our main shipping agencies we established a process in 2006 to measure the carbon footprint associated with the shipping of our books across 12 key routes covering over 90% of books shipped. In order to calculate the carbon footprint, WTA worked with shipping companies and the Carbon Neutral Company to develop new methodologies to measure carbon intensity through a tonnes CO₂ per Container measure. Pearson was the first company to engage with WTA to apply this methodology to our shipments.

Road

Our main road distributors in the UK and Europe are DHL for books and TNT for the *Financial Times*. We meet regularly with our distributors and in January 2011, we were featured as a good case study in a seminar hosted by DHL on environmental trends in the publishing industry.

In the US, we similarly outsource distribution, with UPS being the recently adopted main provider of parcel service. We monitor environmental performance as part of the contractual arrangements. One of the criteria for selecting UPS was its environmental performance.

Inventory management is an important area of impact for us. During 2010, we have developed performance metrics in that area covering all book businesses worldwide. For 2011, we will be considering how to externally report on progress

Working with industry partners

We believe that working with industry partners in setting social and environmental standards is a responsible approach to improving global practice. This approach has many benefits including:

- › Reducing the burden on the supplier – they only complete one audit instead of several, different processes. This is particularly important for smaller suppliers;
- › In many of the markets where we operate, Pearson alone has insufficient influence with suppliers to enforce a set of standards;
- › The sector working together helps set terms of trade and reinforce the importance of non-financial measures of performance.

Our three most important industry initiatives are:

- › We were a founder member of the group of publishing companies in the UK that established PreLIMS – a common social accountability standard;
- › We are a member of the [World Wildlife Fund \(WWF\) Forest & Trade Network](#) and through this group, work with WWF and other company members to improve environmental standards of paper purchase;
- › Helped found [Publishers database for Responsible Environmental Paper Sourcing \(PREPS\)](#), an industry collaboration to map the environmental characteristics of paper.

» RESPONSIBLE BUSINESS PRACTICE CONTINUED

Both PREPS and PreLIMS were initially a UK initiative; however, Pearson businesses were the first to adopt these globally.



Plans

	2011 plans
Paper	Complete the process of securing Forest Stewardship Council (FSC) accreditation across our businesses in North America
Supplier relationship management	As part of a project to build a comprehensive global vendor relationship management system comprising a web-based portal and suite of data-marts, we will incorporate corporate responsibility metrics and supplier certifications where appropriate.
Printer	Extend the printer survey piloted by Pearson International to printers serving Pearson North America, the FT and Penguin during 2011. Pearson International will use its survey printer findings to inform its priorities for seeking improvements
Inventory management	Review current internal performance metrics and our approach to external reporting in this area

› RESPONSIBLE BUSINESS PRACTICE CONTINUED



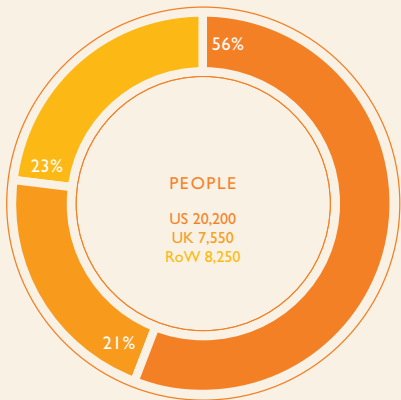
Our people

Our business purpose is to help people get on in their lives through learning – or to be ‘always learning’. The use of ‘people’ in describing our business purpose is deliberate in that this applies as much to the people that work at Pearson as it does to the millions of people who benefit from our products and services.

Pearson has always been a business built on ideas and as such relies on the minds and creativity of our people. At the same time, Pearson is a business in transition. We are seeing rapid growth in:

- › Digital business. 29% of sales now come from digital up from 20% in 2006;
- › Emerging markets. Sales revenue from our businesses in Latin America, China, India, Africa and the Middle East has more than doubled to \$834m in the last five years. 20% of our employees are now located in these markets in readiness for further growth;
- › Technology and services in education. We are changing from being a textbook publisher to a broad-based supplier of education technology and services as well as curriculum materials.

These changes are shaping how we think about the structure of our business and the types of people we employ.



Our approach

- › **Understanding the workforce of the future.** As the shape of the business changes, so does our future skills needs.
- › **People development.** Making sure that we offer the right development opportunities for all our people.
- › **Changing the shape of the organisation.** As we internationalise and grow, so do opportunities to work differently and more efficiently. That means that some functions and roles which we currently have will no longer be needed, while new jobs and organisational structures will arise which we may not yet have considered.
- › **Data and analytics.** As we grow organically and by acquisition, we need to be able to understand how we are changing both through hard data and by reviewing what people tell us about how we are doing.

Workforce planning and developing our people

Our businesses need access to the right people with the right skills at the right time in the right place. This sounds relatively easy, but we operate globally in fast-changing, hard to predict, often digital-led markets. Effective scenario planning is critically important to our people strategy.

We need to be able to identify and fill skills gaps while also ensuring that all our people have the technical, personal, management and leadership skills they need to carry out their responsibilities. Each individual has at least an annual appraisal and development review with their manager to agree objectives for the coming year. We offer a diverse and comprehensive range of development opportunities around the world.

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

During the year we reviewed our programme to identify our future leaders. Each individual has a targeted development action plan to help them progress to more senior positions.

We know that one of the most powerful ways people can learn is from each other, so a priority for this year was to develop a new way for Pearson people to come together to share ideas, expertise and information and to collaborate. This initiative will be formally launched in 2011.

Organisational change

Working more efficiently can lead to a need to restructure and integrate teams, and to a reduction in roles.

Where possible, we aim to either offer redeployment to other areas of the business or reduce numbers through natural attrition. This is not always possible, so we offer voluntary severance or make less use of contractors where that is relevant. Compulsory redundancies are always a last resort.

Whatever changes we make, we do so in light of the company values to be brave, imaginative and decent. This means being open with our people about the changes we have to make, helping those affected to adjust and ensure that we are sensitive to the needs of each individual.

Getting the fundamentals right

People will always be our most valuable resource. How we support, manage and encourage the development of our people is fundamental to the success of the business and to achieving against our business strategy.

Above and beyond our priorities, there are some basic things that in common with most companies, we must get right. Our aim is that each and every person that is part of the Pearson family should:

- › feel valued and that their contribution to our success is recognised and fairly rewarded;
- › be able to shape the way they work around their personal circumstances through a flexible approach to their work-life balance;
- › have the right tools and skills;
- › have opportunities for learning and development and;
- › benefit from a safe and positive working environment that reflects the diversity of our colleagues.

Diversity and inclusion

Our aim is to be leading our industry for our approach to diversity and inclusion by building a workplace where differences and fairness are respected and valued. By strengthening our commitment to diversity and inclusion, we ensure we are recognised where we operate as an employer with a firm commitment to diversity and equality. One way we assess our progress is through external benchmarks:

Internships@Pearson – Diversity internships in the UK

The Pearson Diversity Summer Internship Programme – a paid eight or twelve week (journalism) placement – was recognised as a finalist in the ‘Best Diversity within Work Experience Awards at the National Placement & Internship Awards 2011’.

Watch the internships video:
 <http://summerinternships.pearson.com/index.htm>

- › Pearson was again named joint winner of the FTSE Executive Women Award by Opportunity Now;
- › Pearson in the US was named one of the top 100 employers by Working Mother magazine;
- › Similarly, the Human Rights Campaign, which campaigns for equal rights for lesbian, gay, bisexual and transgender citizens named Pearson as one of its top 100 employers.

We track our employee profile by country. The profile for our two largest countries by employment is:

	Minority		Women	
	All	Mgt	All	Mgt
2009				
UK	13%	10%	60%	62%
US	20%	12.6%	60%	50%
	Minority		Women	
	All	Mgt	All	Mgt
2010				
UK	14%	9%	60%	61%
US	20%	12.8%	59%	50%

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Health, safety and wellbeing

The health and safety of our people is of overriding concern to us. We believe that good safety and health practices in the workplace are a basic building block of a responsible approach.

Pearson people work in offices, data and contact centres and in distribution centres. We adopt a risk-based approach to health and safety paying particular attention to facilities such as distribution centres with relatively higher risk of incidents. By understanding the risks of injury, we are better equipped to prevent them from occurring:

- › Our first site in the UK was accredited in 2009 against ISO 18001, the international health and safety management standard. Work continues for all businesses in the UK to be accredited against the standard;
- › Our US business has developed and piloted a comprehensive management system for injury prevention and employee protection.

Plans

	2011 plans
Developing our people	Review our existing menu of learning and development opportunities; fill gaps and work to provide everyone with access to the training and education they need to improve their skills, train for new opportunities, develop as leaders and managers, and receive mentoring, professional certification and support to successfully progress.
Digital transformation	Pilot an approach to mapping future digital skills needs across the businesses through intensive work with a key digital community
Collaboration and engagement	Launch a digital space for Pearson people to come together to share ideas, expertise and information and to collaborate
Data and analytics	Operating businesses track people metrics. We will review and extend our approach to data collection, management and reporting adopting common definitions where appropriate and relevant to do so
Diversity and inclusion	Continue to rate our diversity progress through relevant external benchmarks
Health, safety and wellbeing	Complete the process of accreditation against ISO 18001, the international health and safety management standard for all our businesses in the UK. Introduce a new injury and illness prevention programme in the US

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Our customers



We continue to work hard to earn the trust of the people who buy and use our products and services. Each of our businesses is conscious of living up to their reputations – Penguin's for the quality of its publishing and consistent record of innovation and fearlessness; the FT's for its rigorously investigated, unbiased and responsible journalism; and our education businesses' for the efficacy and demonstrable positive outcomes of their learning solutions. Some important areas for us are:

Freedom of expression

In 2010, the Penguin Group celebrated the 50th anniversary of the controversial publication of D.H. Lawrence's *Lady Chatterley's Lover*. In addition to releasing a special edition in honour of the anniversary, Penguin Classics built a designated website to explain the timeline of the trial, display book reviews from modern-day Penguin readers and showcase more Penguin titles that have shocked the world. Penguin continues to champion freedom of expression in a number of other ways, including through continued strong support of both English PEN and PEN's annual WorldVoices Festival.

Product safety

Ensuring product safety is integral to the design and manufacture of all products made by or on behalf of each of our businesses is our foremost priority – everything we put on the market should not harm a person or the environment. The Penguin Product Safety Manual, first developed in 2008, records procedural steps, legislative requirements, developmental advice and labelling information to help achieve this goal. Now in its eighth incarnation, the manual is regularly updated to reflect changing global requirements and developments to internal processes and due diligence procedures. This manual has been adapted and adopted by Pearson globally. An international product safety team convenes monthly to oversee this important area.

Access to education (in developing economies)

Wherever we operate in the world, our businesses and people pursue a common purpose: to help people of all ages to progress through their lives through learning. Our financial and commercial success sustains us, providing the means to invest and innovate to deliver on that common purpose.

Our expertise, resources and global presence means we are uniquely placed to both help bridge gaps and to improve learning outcomes in ways that are tailored to the specific learning needs in the different countries of the world.

The right to a quality education is also a global priority enshrined in the Millennium Development Goals. Realising that right globally requires addressing a complex array of challenges including awareness and attitudes, affordability and in the poorest countries, lack of infrastructure or the ability to finance education systems. Pearson works with governments and other partners to make our products and services available at prices appropriate to each marketplace. Through the Pearson Foundation, we work to further extend access and to play our role in helping address the challenges and barriers to access.

Extending our reach

Bridge Academies – Learning for \$1 a week

In 2010, Pearson Southern Africa invested in the Bridge International Academies in Kenya. These are 'school in a box' private primary schools, designed to give Kenyan families living in poverty the opportunity to send their children to high-quality low-cost schools. Each school costs \$4 per child, per month to operate, with profits re-invested into the expansion of the small network of schools. Bridge International hopes to develop 1,800 schools across sub-Saharan Africa with 15,000 education workers by 2015.

www.bridgeinternationalacademies.com/Bridge/Home.html

TechHub

We are a founding sponsor of this new co-working space for the tech start-up community. TechHub is based at the heart of east London's so-called 'Silicon Roundabout', offering support and opportunities to product-oriented technology entrepreneurs. Members of Pearson's Digital Strategy team visit TechHub for their monthly demo nights, and took part in several TechHub events with Penguin, Pearson UK and the FT during Internet Week Europe 2010.

www.techhub.com

Developing new business models

Micropayments

FT.com has fast become the best practice example for paid content in the world of journalism, with an intuitively-priced subscription structure which allows registered users to share articles for free. <http://www.pearson.com/media-1/announcements/?i=1339>



Our communities

As the world's leading learning company, we are in a powerful position to push the agenda for literacy and learning on a global scale. Our businesses take this responsibility seriously, supporting Pearson people in their charitable endeavours, responding to local disasters and lending their weight to international causes in our areas of expertise. We invested £13.1m in our local communities in 2010, through our businesses, supporting the work of our staff and via our charitable arm.

Indicators of responsible business performance

Our responsible business priorities	Aim	Progress			
		2010	2009	2008	2007
Community	Grow our total community investment and maintain at 1% or more of operating profit	£13.1m (1.6%)	£10.5m (1.4%)	£7.7m (1.1%)	£7.2m (1.3%)

The Pearson Foundation

Through The Pearson Foundation, our philanthropic arm, we focus our efforts on four areas: literacy, teacher quality, education leadership and youth engagement.

We work in partnership with The Pearson Foundation and others to extend and share our business skills and knowledge. The activities of the Foundation are varied, numerous and international – from supporting education initiatives for young girls in South Africa to digital initiatives for teachers in the US – so we've highlighted one initiative from each of our target areas.

www.pearsonfoundation.org

› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Literacy

In an effort to better understand the ways in which young people's learning and expression are being shaped by mobile and digital technologies, The Pearson Foundation released *The Digital World of Young Children: Emergent Literacy* in 2010, a research white paper on the effects of digital media on young children's learning. Read the report here:

www.pearsonfoundation.org/downloads/EmergentLiteracy-WhitePaper.pdf

Teacher quality

The Foundation supports the Council of Chief State School Officers' (CCSSO) Teacher of the Year award annually, finding and recognising the best teachers across the United States with a series of videos on why they teach.

www.pearsonfoundation.org/ccsso-toy/2010/

Education leadership

The Foundation partnered with Organisation for Economic Co-operation and Development (OECD) to produce a series of investigative films, *Strong Performers and Successful Reformers in Education*. The first four films in the series were shown to coincide with the OECD's release of the Programme for International Student Assessment (PISA) annual results in December 2010.

www.pearsonfoundation.org/oecd/

Youth engagement

In August 2010, the Foundation launched the Pearson Fellowship for Social Innovation with TakingITGlobal, an award-winning online community of youth who are working for change. Young people completing the Taking IT Global Sprout e-course will be able to apply for the Fellowship from January 2011, to get support for the launch of community project they design and plan during their Sprout studies.

<http://sprout.tigweb.org/>

Pearson businesses

Each business group has its own community budget which is used to match the fundraising of our people, to support local charities and make donations to non-profit groups involved in learning and literacy. Alongside charitable donations and sponsorship, Pearson businesses partner with NGOs to highlight particular local causes or international concerns.

Bainian Vocational School partnership

Following the devastation of the Sichuan province earthquake in 2008, Pearson people in China and across the world responded to raise hundreds of thousands of pounds for disaster relief. Following a discussion with the Sichuan Government on how best to support education for the needy students in the area, Pearson China helped to establish a branch of the Bainian Vocational School (BNVS) in Chengdu, Sichuan, in addition to supporting its first class of students.

When another earthquake hit the neighbouring Qinghai province, The Pearson Foundation matched the money raised by people in Pearson China – these funds were in turn donated to BNVS Chengdu to support students attending the school from Qinghai. A follow-up visit to the school from Pearson China staff in 2010 found the school thriving and lively, and was accompanied a donation of DK books in Chinese, Longman dictionaries and English language Penguin Readers to support the school library.



› RESPONSIBLE BUSINESS PRACTICE CONTINUED

Pearson people

We support our people in their own community involvement, matching their fundraising and providing volunteering opportunities in work time. We celebrate our Pearson volunteers by inviting anyone in the company to apply for the annual Pearson Community Awards, with a \$2,000 prize for up to seven recipients to donate on Pearson's behalf to their charity of choice, in addition to a \$500 'thank you' to the volunteer. In 2010, we put plans in motion to introduce a similar set of awards to acknowledge individual and team work to reduce environmental impacts.

Give As You Earn

Pearson staff in the UK take part in our Give As You Earn scheme, donating money to charities of personal choice every month. Pearson plc matches these donations annually up to the value of £500 per person, totalling a £72,000 fund match in 2010 for nearly £100,000 given by our people. In 2011, we will explore how to implement a similar initiative in the largest part of our business Pearson North America.

Pearson Community Awards 2010

Lauri Hubert Hoese, Pearson North America

Lauri worked her way up the Crime Prevention Institute (CPI) since she first began volunteering with them at a fundraising event four years ago – she is currently serving as President of the Board of Directors. CPI provides wrap around support to non-violent offenders while they make the transition from Travis State Prison, Texas, back into every day society. CPI's social workers meet with an individual while they are in prison, then help with housing, employment, transportation, family concerns and other issues after their release. Lauri chairs monthly meetings, attends many events and functions, and networks heavily for the charity to help boost its fundraising efforts. CPI is able to achieve a lot with a small budget – Lauri's award from Pearson could fund a member of staff full-time for the remainder of the year, or sponsor two clients to take part in the entire CPI programme, including pre-release education, transitional services and post-release case management.

