2 Valuing our people



With our strong positions in creative and technology businesses, Pearson is a company that is especially dependent on the skills and imagination of its people. By hiring, nurturing and keeping the very best, we believe we can build a community of people with a common interest in achieving their own potential and supporting the development of the company.

We have an array of programmes to foster this - more than 50% of our people are shareholders in Pearson through participating in our employee share plans. We have a Group level health and safety policy, with numerous awareness days and other good practice examples across our offices, and we offer a variety of programmes to enable people to find a balance between their personal and professional lives. We also know 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. We want to be the best possible company to work for and we endeavour to provide salaries, benefits, incentive plans and opportunities that rival those offered by our competitors.

Building our community

We aim to attract, take on and promote the most talented people who're right for the job, irrespective of race, gender, age, physical ability, religion or belief, sexual orientation, marital/civil partnership status or any other criteria not specifically related to relevant aptitudes, potential, skills and abilities. Increasing our diversity is a business imperative - we believe that as an international company, a workforce where differences are valued and respected is vital to our future, and we want minds and imaginations from as broad a base as possible right across company. We know that maintaining excellent channels of communication is central to making all those voices heard, contributing in turn to the motivation, the pride and the sense of ownership people feel about their role at Pearson. It is also crucial for pulling the best potential people in and encouraging them to stay with us, so we continue to encourage our people to interact across departments and businesses using informal social networks as well as providing formal intranets, regular newsletters and annual

Fast fact: Love & Tate Skills Match

The FT takes part in the Love & Tate Skills Match programme in London, giving young people from in and around the economically diverse borough of Tower Hamlets new skills and valuable work experience: this has led to several individuals later being hired in roles across Pearson.

large presentations from senior managers to staff around the world. We want to reflect the societies in which we operate: we don't set specific targets, but our continued goal is to have diversity at the heart of everything we do, and to be the best in our industry for diversity. We have dedicated Diversity and Inclusion Teams and Councils in both the US and the UK, a senior member of staff at each Pearson company who acts as a Diversity Champion, and a widely publicised set of initiatives communicated on internal intranets and through the Diversity and Inclusion website⁸.



Watch our 'Why choose Pearson?' video to hear a cross-section of staff at Pearson talk about what initially attracted them to Pearson, and what keeps them excited about their work.

8 See Pearson's Diversity website.

Building our community Snapshots from 2009

Getting into Publishing, Penguin UK's annual open day for students and recent graduates was held by the Diversity and Inclusion team in November 2009 at Pearson's London headquarters. Now in its sixth year, the day featured presentations from departments across Penguin and networking opportunities with Penguin staff for the 70 attending students. The video of the 2008 event is featured on YouTube.

Social media (i)

Our businesses can talk to each other, our customers and other external stakeholders more than ever before, with most parts of our business using several social media platforms. We are turning increasingly to such social media platforms, both internal and external, to increase the efficiency of our communications across the company and to engage customers in the design and development of our products.



The segment of our workforce from a **minority ethnic background** has increased every year to over 14% in 2008, up from 9% five years ago. In the US, that segment has grown from 15.7% in 2005 to 19.9% in 2008, with a 2% increase in minority managers, to 12% of the team. UK managers of minority backgrounds represent 11% of the team.

FTSE100 Executive Women Award ① In 2009 Pearson landed this award from Opportunity Now, the foremost UK benchmark for gender equality, diversity and inclusion. This index is published annually by Cranfield International Centre for Women Leaders at Cranfield School of Management.

Pearson Rainbow Network

The Pearson Rainbow Network (UK) took part in London's Pride Festival for the first time in July 2009, celebrating lesbian, gay, bisexual and transgender culture in the city. The network, supported by the Diversity and Inclusion team, aims to support LGBT staff and raise awareness of relevant issues.



The Helen Fraser Fellowship () In December 2009, Penguin UK announced the launch of this fellowship to honour the work that Helen Fraser, the recently retired Managing Director of Penguin Books UK, had done to champion diversity within the company. The Fellowship aims to identify, encourage and train editorial talent within Britain's black and minority ethnic communities.

Global Equity Organization Judges' Award

Following the 2008 launch of our WorldWide Save for Shares plan in 63 countries and our innovative ShareStore, July 2009 saw us win a Global Equity Organization Judges' Award for our longstanding commitment to international employee share ownership. Judges were impressed by the extensive two-way communications platform Pearson established, and the fact that feedback provided by plan participants was used to tailor our programmes for greater success. Modelled on the UK Save As You Earn scheme, we have offered Save For Shares to our UK people since the 1980s and to our international staff since 1998.



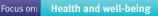
Balancing life and work

We feel that people are most effective at work when they have the flexibility, tools and resources to manage their personal lives. 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 balance their professional and personal lives. We follow a set of global principles to guide how we reward our people that go beyond the issue of salary. These principles include providing compelling health, welfare and retirement benefits for all our staff to help them make the right choices for themselves and their families, providing locally competitive pay that recognises the relevant recruitment market, business sector and geographic region; using incentives to drive performance; and recognising the contribution of all our people. Each of our people has unique needs and we offer a variety of programmes and initiatives to complement these. Examples include flexible work arrangements, telework assignments, employee assistance programmes, back-up care for children and adult dependants, personal planning advice for elder care, sabbaticals, summer hours and convenience services. We know that our people are more likely to stay with our company if their role can evolve alongside any changes in their personal circumstances, and we will go out of our way to protect our most important assets.

Balancing life and work Snapshots from 2009

100 Best Companies for Working Mothers

Pearson was included in the 100 Best Companies for Working Mothers list for the ninth time in ten years in 2009. This annual programme assesses companies on workforce profile, benefits, women's issues and advancement, child care, flexible work, parental leave and company culture: Pearson was commended for flexibility, our comprehensive resource and referral programme, and our Backup Care Connection programme, which covers dependent adults as well as children.



Our People departments have focused particularly on the health and well-being of Pearson people this year, with several businesses highlighting Pearson-subsidised promotions and opportunities available to staff. We encourage our people to stay fit, eat well and balance their professional and personal lives.

Pearson Benefits ① in the US sponsored National Employee Health and Fitness Day in May 2009. All US facilities with 50 or more people participated in onsite 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.

WeightWatchers ① 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. 600 staff in the US already take part in our WeightWatchers at work programme.

CweightWatchers

Penguin UK's Learning and Development team ran dedicated work-life balance **workshops** as part of their training and workshop schedule. Penguin Australia included a 'Personal Effectiveness' workshop in its Training and Development suite, designed to increase effectiveness in all aspects of life – personal and professional.



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Balancing life and work Snapshots from 2009

Morning/lunchtime walking

At Pearson Southern Africa, the newly formed Health and Wellness committee instigated a morning/lunchtime walking programme with the aim of encouraging a daily or weekly outside walk nearby the office for a variety of routes and distances to suit all.



Penguin UK has invested significant resources in creating an ergonomic, attractive workspace for our people, including sharing of river views, break out and common spaces, to produce a layout and furniture that is fit for purpose (including customising where appropriate). We also have controllable heating and lighting, surrounding aesthetics such as artwork and plants, regular upgrades of IT kit.

Developing our talent

The people we hire are passionate about education, iournalism and publishing, and they tend to have ambition and aspirations to progress through or across the businesses. 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. We encourage people to have regular career discussions with their manager, we conduct annual performance reviews, we support internal and external training opportunities, and we promote mentoring, in addition to our own cross-Pearson initiatives to prepare future leaders and keep the current senior team fresh and switched on. In total, we ran 589 personal days of leadership development in 2009. Our talent management programme highlights where it may be beneficial to move people because of their job or skills, and we have the in-house expertise to help the transition go as smoothly as possible. Of our senior management group, over 20% have experience in at least two Pearson operating companies.

Developing our talent Snapshots from 2009

Penguin scholarship ^① Penguin UK chose the School of Printing and Publishing and the London College of Communication (LCC) to provide our very first publishing bursary. Awarded for the academic year 2009-10, the bursary was for £3,000 and given on a competitive basis to a student on the Book and Journal pathway of the MA in Publishing course at LCC.

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.

Design training for new DK staff in Delhi

In the UK, a mixture of 12 Dorling Kindersley design and editorial managers are either already running or booked to run full time training courses for new staff in Delhi. These courses will run for between two to four months. In 2010, more junior designers and editors will be going out to do 'on the job' training for four to eight weeks each.



Forum Our annual Forum brought together 120 of our most high potential managers from all over the world for a three-day session with the Pearson Management Committee and other senior managers.

Penguin Group International determined what topics staff were most interested in and set up **Brown Bag/ Lunch and Learn sessions** – covering areas such as eBooks, online sales and marketing strategies and women in publishing – with attendance for these sessions hitting an all-time high.

A few words from: Francine Rosado-Cruz



"At Pearson, we believe that our success comes from the inclusion of viewpoints as different as the audience we serve."

Diversity & Inclusion Manager, Pearson inc.

I joined Pearson as Penguin Group (USA)'s diversity manager in April 2004, so I've been fortunate to be able to work across our diverse businesses. I've partnered with colleagues at Pearson Education North America and the Financial Times, as well as with Pearson people around the world.

What struck me initially and still impresses me today is that no matter where you work across the globe, Pearson's values of being brave, imaginative and decent prevail in both the work we do and our corporate culture.

At Pearson, we believe that our success comes from the inclusion of viewpoints as different as the audience we serve. We encourage everyone to bring their very best skills to work by supporting work/life integration and effectiveness, as well promoting the health and well-being of our people.