



Environmental Management System

Importance of Environmental Management

Pearson recognises that that our day-to-day operations have an environmental impact and that we have a responsibility to manage and measure this impact. Good environmental management brings many benefits:

- Consistent with our company values of being brave, imaginative and decent
- Improved environmental and reputational risk management
- Cost savings
- Meeting stakeholder expectations of what constitutes a well run, responsible business
- Ensuring compliance with relevant environmental laws, regulations and codes
- Reflects our commitment as a signatory to the Global Compact principles on labour standards, human rights, environmental responsibility and combating corruption

The UN Global Compact principles that relate specifically to the environment are:

- Businesses should support a precautionary principle to environmental challenges; and
- Undertake initiatives to promote greater environmental responsibility; and
- Encourage the development and diffusion of environmentally friendly technologies.

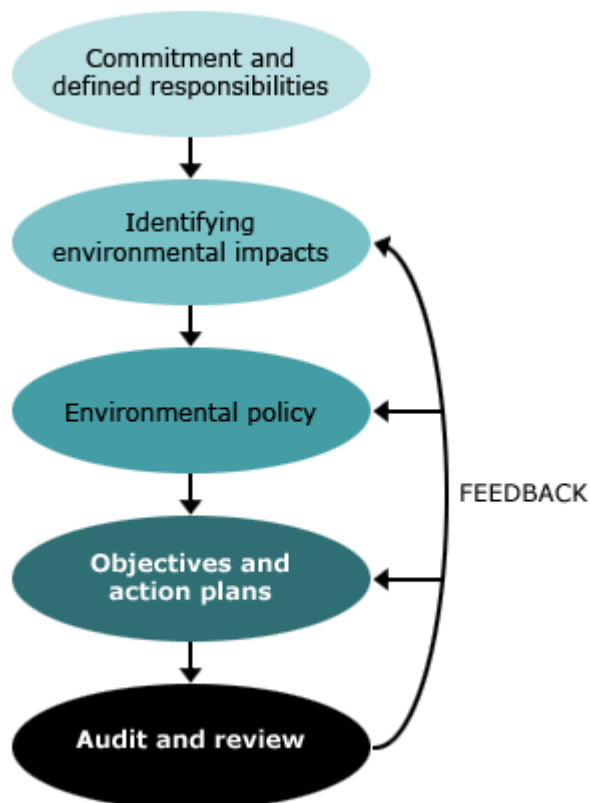
Introduction

The purpose of this document is to provide a reference on the environmental management system used by Pearson across its global businesses. Our approach was developed to reflect the principles and approach as set out in ISO14001, the internationally recognised environmental management standard.

Pearson is not currently ISO14001 certified, however, our policy is to encourage different countries to decide whether their environmental impacts warrant certification. Our operations in the UK are currently in the process of seeking accreditation against the ISO14001 standard.

Our global EMS is designed to ensure continuous improvement in our environmental performance. The five core elements of this Environmental Management System are:

- Commitment of top management and defined responsibilities;
- Identifying environmental impacts;
- Communicating an environmental policy;
- Setting environmental objectives and programmes/plans; and
- Regular audit and review cycle.



1. Commitment of top management and defined responsibilities

David Bell, Director for People, is the executive board director responsible for the environment policy, and Alan Miller, Director of Group Affairs, oversees the management of the global reporting process and the company response to the changing regulatory environment. Rich Glicini has responsibility for the implementation of environmental management in the US and Canada.

We have established two environmental networks, one in North America and one in the UK. Each network includes a representative from each of our main operating businesses in the US and the UK - Pearson Education, Penguin Group and the Financial Times Group. They are accountable for developing and improving our environmental management practice. Each member of the working group acts as a champion on environmental issues within their operating company and is tasked with forging links with appropriate functions within the business such as facilities management, procurement, legal services, human resources and communications. In

addition, these networks are responsible for cascading our environmental management practices to our operations in other parts of the world. Alan Miller chairs the network in the UK and Rich Glicini chairs the equivalent in North America. Each network meets at least twice a year. In addition, we establish working groups to tackle specific issues and facility level ‘green’ groups to involve our employees.

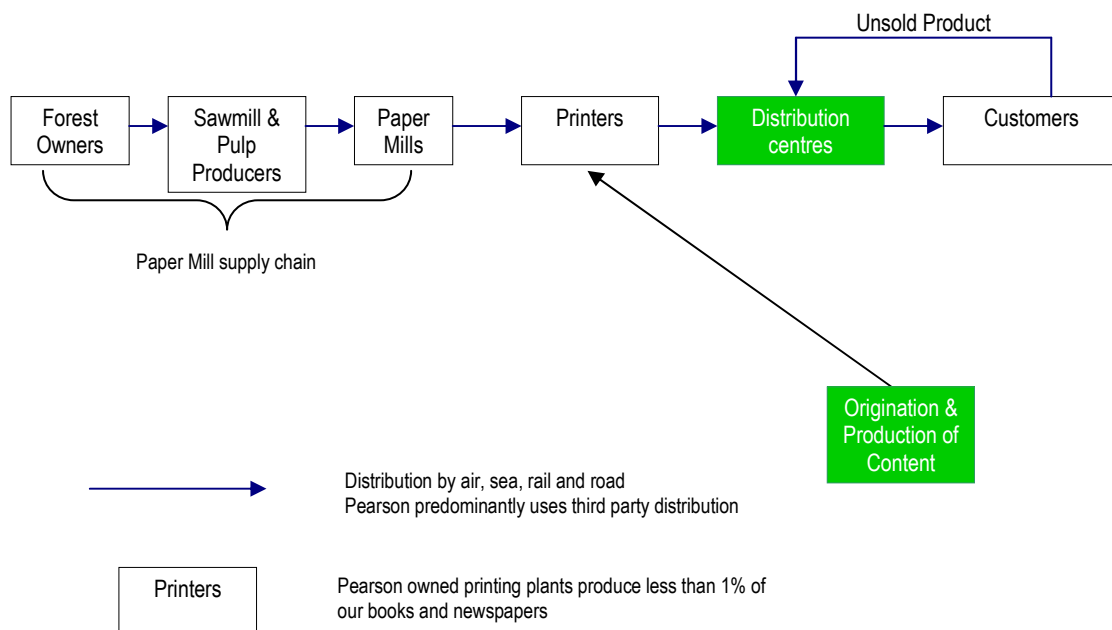
Environmental management is an integral part of our normal business practice. As such, responsibility sits with our operating businesses. To support them we provide trend data and benchmarks against which buildings and business units can judge their performance and progress.

Environmental issues are an integral part of our review process for Social, Environmental and Ethical (SEE) risk. This process provides a means to ensure that the Board is advised of material matters relating to our environmental performance.

It is normal practice for our operating businesses to take advice from a range of sources including environmental management consultants and trade associations. We also work with regulatory bodies where appropriate.

2. Identifying environmental impacts

We are committed to improving our understanding of the impacts we have on the environment around us, and to set targets to manage and reduce them. However, as a business based on ideas, our direct environmental impacts are limited – and are mainly due to operational factors such as property management, use of energy and water, managing waste and travel. Our indirect environmental impacts through our supply chain relationships are more significant. Our environmental impacts are summarised in the diagram below:



The environmental consequences of our day to day operations over which we have practical control are marked in green. In our offices, call centres and distribution centres, we control how much energy we use, how much we travel and how much waste we produce. Many of these impacts are directly related to the amount of business we do: the more we do the more resources we use. The areas of greatest direct impact for Pearson are:

- Energy use
- Unsold Product
- Waste
- Business Travel

The key areas in our supply chain where we seek to exercise influence are:

- Purchase and use of paper
- Use of third party printers
- Distribution

3. Environmental policy

Pearson has had an environmental policy since 1992. This policy was reviewed in 2000, in 2004 and again in 2007. We concluded that our policy needed to reflect our growing concern to use our positive influence to promote environmental responsibility across our supply chain.

Our policy covers the general environmental impacts of the Pearson businesses. More specific impacts, such as those evident in the paper supply chain, are covered by separate policies.

Our policy covers the entire Group. A number of our businesses have established their own environmental guidelines to complement that of the Group.

Our policy is available to all staff and to the general public through the Pearson corporate website.

4. Setting environmental objectives/targets and programme/plans

A commitment to continuous improvement is a key element of our Environmental Management System. We have put in place a number of objectives and targets that we review on an annual basis. Our environmental targets are specific, measurable, achievable, realistic and time-related.

These objectives are then supported by specific programmes and action plans. Examples of specific environmental programmes include those for energy management and our extensive work on managing the environmental impacts of our paper supply chains.

5. Annual audit and review cycle

Monitoring and measurement of activity is central to achieving continuous improvement.

We established a reporting framework that was piloted in 2001. Initially, this framework was new to the business and helped identify gaps in data collection as well as opportunities for improving our processes in capturing information. The data capture system was modified and in 2002 covered buildings housing more than 100 employees or covering more than 25,000 square feet. In 2003 the model was further refined and engaged a larger number of Pearson facilities: all buildings with more than 50 employees or larger than 10,000 square feet. For 2005, we have introduced a new system to assess the environmental impact for buildings below our formal reporting thresholds.

The responses to the survey are checked and then analysed against previous performance and stated objectives and performance targets. Data relating to our environmental impacts under our direct control is collected for the following:

Issue	Indicator
Energy	Electricity - kWh use
	Gas - kWh use
	Heavy fuel oil - kWh use
Transport	Car fleet – miles
	Air – miles
	Rail – miles
Climate change	Carbon dioxide emissions – metric tonnes
	Specifying alternatives to HCFC
Waste and recycling	Unsold product recycling - tonnes and % recycled
	Office paper recycling - tonnes and % recycled
	Other office recycling
	Redundant electronic equipment - % recycled
	Toner cartridges - numbers and % recycled
Packaging	Cardboard – tonnes
	Shrinkwrap – tonnes
	Plastic transit packaging - tonnes
	Foamfill - tonnes
Water	Mains water - m3 use
Local impact	Complaints from our neighbours

We also ask our sites to draw attention to any interesting case studies that we can use to highlight good practice through the Group. This knowledge sharing enables internal benchmarking and promotes performance improvement.

The survey responses are then used to produce a review of our environmental performance. This is reported publicly - highlights in our annual corporate responsibility report and in a dedicated environmental section on the internet. The findings from this process are used to revise future environmental objectives, targets and programmes.

Archive and Reporting

Pearson has reported comprehensive information on its environmental performance online for the last five years.

We report online as this helps make our performance data and information widely accessible. It also means we cut down on the paper we use and the cost of reporting.