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ENVIRONMENT

Pearson does not directly operate in industries where there is a potential for serious industrial pollution. While most of our products are based on intellectual property, we recognise that our day-to-day operations have an effect on the world around us and that we have a responsibility to manage and measure this impact.

One way in which we have responded to these challenges was by becoming a founder signatory in 2000 to the UN Global Compact along with other companies. The Compact emerged following an address by UN Secretary General, Kofi Annan in January 1999 in which he challenged world business leaders to help build the social and environmental pillars required to sustain the new global economy. The Compact sets out nine principles in the areas of human rights, labour standards and the environment.

In our 2000 Annual Report & Accounts, we reflected the UN principles in a series of guidelines that set out our key commitments. In subsequent Annual Reports & Accounts we reported on our progress against our guidelines.

This review complements our Annual Report by describing in more detail how we have interpreted and responded to the environmental dimension of the Compact.

In 2000, Pearson set up this online review to provide information on our environmental performance to all our stakeholders including our people.

We recognise the need to seek to continuously improve our performance. The first step on the road to improving our performance was to determine our greatest impacts and therefore where we should concentrate our energies. Our work of 2001 achieved this. The next step was to measure how we currently perform on each of these issues. Only with this knowledge can we improve. Our work of 2002 has gone a long way in meeting this goal. This review describes the results of our second company-wide evaluation of global environmental impacts and performance.

Headline performance 2002

The 2002 Pearson environmental review covers performance data from 69 buildings across the group, covering the impacts of 70% of our employees. Described below is the company's headline environmental performance; the subsequent sections describe each environmental impact area in greater detail.

	2002
Population covered (employees)	20,632
CO2 emissions (tonnes)	100,637
Energy use (kWh)	177,620,000
Water use (cubic metres)	232,939
Waste (unsold products - tonnes)	402,458 (94% recycled)
Business travel - rail (miles)	522,780
Business travel - road (miles)	30,926,051
Business travel - air (miles)	120,636,209

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Environmental Policy

Pearson has had an environmental policy since 1992. During 2000, we reviewed our policy and concluded that, although most of the original principles were still valid, we needed to enhance our efforts and measure them better.

Pearson does not directly operate in industries where there is a potential for serious industrial pollution. Our main products are based on intellectual property. However, in our normal operations we do things that have an impact on the environment in a number of ways.

Pearson Group Environmental Policy

The following policy guidelines show the principal commitments we have set for ourselves:

- We comply with the relevant environmental laws and regulations applicable in each country in which we operate.
- We work with regulatory agencies and advisers as necessary in the implementation of effective environmental policies.
- We take account of environmental issues when placing contracts with our top suppliers of goods and services. In 2002, we wrote to our principal suppliers, managed from the UK and the US, outlining our commitments and our expectations of them.
- We continue to introduce energy efficient systems into our buildings and to manage sensibly our energy requirements.
- A senior executive, Alan Miller has the responsibility for ensuring that our environmental principles are followed and we progress towards the targets we set ourselves. The board takes an active interest in our progress, and each of our operating companies has nominated a senior person to take responsibility for implementing our policy in those businesses. The board reviews progress annually.
- Our environmental policy and our annual environmental review are available to everyone in Pearson through our website, and we have encouraged people to participate and contribute to the development of environmental initiatives as they affect our business.

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

Wider Involvement

We believe that environmental management is an integral part of normal operating practice. As such, responsibility for activity sits with our operating businesses. We will continue with this model of operation, but are increasingly moving towards providing benchmarks against which buildings and business units can judge their progress.

We found that 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.

At present, the UN Global Compact is the main external focus for environmental improvement that engages the company.

Environmental Management

The Board, on an annual basis, considers the environmental policy and the subsequent environment review. David Bell, Director for People, is the board director responsible for the environment policy, and Alan Miller, Director of Pearson Management Services, oversees the management of the reporting process and manages the company response to the changing regulatory environment.

We have established two environmental impact and review working groups, one in the US and one in the UK. Membership of the working groups 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 the company and is tasked with forging links with appropriate functions within the business such as facilities management, procurement, legal services, human resources and communications. Alan Miller chairs both working groups.

To identify our main environmental impacts, we established a reporting framework that was piloted in 2001. 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 was sent to buildings housing more than 100 employees or covering more than 25,000 square feet. The results form the basis of this review. In addition, we have encouraged individual businesses to develop their own models and approaches to environmental management.

Case Study: Pearson (UK) established an environmental group consisting of a number of Pearson employees from the 80 Strand site. More than 150 employees, out of a total of 1,600, registered interest in joining the group. An additional communications group was established, charged with studying how environmental issues and initiatives might be communicated throughout the building.

In 2002, we participated in the Business in the Environment Index of Corporate Environmental Engagement. This was a commitment we made in 2001. The index measures the extent to which FTSE350 companies are managing environmental management performance and this gives us an external benchmark against which we can plot our progress. This adds to our existing internal benchmarks between our operating businesses.

The results placed Pearson fourth out of twelve participating companies in the 'Media and Photography' sector, with an overall score of 64.8% (March 2003).

Environmental Impacts

Our core business products are knowledge management and a focus on content. Pearson uses a range of media to deliver its content including books, newspapers and magazines, multi-media and e-learning products. As such, our direct environmental impacts are minimal relating 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 in terms of our affect on the environment. We have identified three areas of particular significance.

These are:

- the purchase and use of paper
- the use of third party printers, and
- distribution.

For example, third party printers handle the vast majority of our printing of both our books and newspapers on a contract basis.

The remainder of this report describes our progress so far as well as to highlight opportunities identified for development.

For More Details

Should you require more details please contact alan.miller@pearson.com.

ENVIRONMENTAL REVIEW 2002

Progress in 2002

During the last twelve months we took a significant step forward in our environmental reporting. In 2001 we focused on bringing together our environmental strategies, communicating internally and identifying our main areas of environmental impact. 2002 has built upon this foundation by quantifying our direct impacts upon the environment. In 2001 we set our plans for 2002. Our progress during 2002 was that we:

- Extended our environmental management procedures to the remaining 25% of the business not involved in last year's pilot stage;
- Formalised a system for capturing data covering our main areas of direct environmental impact;
- Extended the data capture for business travel to include the US. We continue to monitor usage and put in place alternatives where possible;
- Developed environmental procurement guidelines for our buyers and communicated our expectations to 16,000 of our suppliers;
- Continued to communicate with our stakeholders on our environmental practices, performance, targets and plans through our website;
- Successfully communicated our environmental performance to investors. We were selected as a component of the Dow Jones Sustainability World Indices and are ranked within it as the world leader for the Media Sector. We are also a constituent of FTSE4good.

In addition we also:

- Quantified our direct Greenhouse Gas impact;
- Exceeded our target for measuring water use in 50% of our sites.

It is intended that the results described here will represent the baseline for an ongoing annual impact review, allowing year-on-year comparisons and targets to be set. Inevitably, as the business develops there will be an element of churn affecting the figures collected. In future years we will make the appropriate adjustments.

Socially Responsible Investment

Over the last twelve months we have communicated our environmental policies and performance to a range of external stakeholders, particularly 'socially responsible investment' (SRI) funds and ethical investment indices. Inclusion within SRI funds or ethical indices is dependent upon sound environmental policies and performance. Pearson is now included in:

Indices:

- The Dow Jones Sustainability Index - World. The Index is derived from the Dow Jones Global Index and covers the top 10% of the world's leading companies. Pearson is ranked as the world leader for the Media Sector;
- The FTSE4good index. This index is made up of leading UK companies who meet the FTSE4good social responsibility criteria;
- Business in the Community Corporate Responsibility Index, a benchmarking index of UK companies.

SRI questionnaires completed:

- Stock at Stake / Ethibel. A European register of socially responsible companies;
- UBS. UBS has an SRI fund, the EcoPerformance Portfolio, of which Pearson is now a constituent;
- Investor Responsibility Research Centre;
- Carbon Disclosure Project;
- Pensions & Investment Research Consultants (PIRC).

If you have any comments please email Alan Miller on alan.miller@pearson.com.

ENVIRONMENTAL REVIEW 2002

About the review

About the review - what it covers

A series of consultation exercises carried out in 2001 helped identify the range of environmental impacts arising from Pearson's activities. A pilot questionnaire was circulated and initial data captured. In 2002 the questionnaire was streamlined and we surveyed business facilities around the world where there is more than 100 employees or covering more than 25,000 square feet (2,322 square metres). The results of those questionnaires form the core of this review.

This review charts the environmental impacts and performance of business units at 69 sites in 12 countries, covering over 20,000 (70 percent) of the Group's employees.

The review covers a range of impact areas:

- Property Management
- Water use
- Substances that damage the ozone layer
- Waste
- Transport
- Supply Chain
- Health and Safety

The impacts will be described at the Group level with headline figures for each impact area. We believe that a focus on our major sites offers the greatest opportunity to improve our impacts and performance and will act as a catalyst for continual improvements in both measurement and performance across the Group.

In addition, some of the sites surveyed do not have systems in place to monitor their performance.

In this review the term 'coverage' is used to describe the proportion of the population surveyed providing performance data.

About the review - scope

The core activities of Pearson are based around intellectual property and as such do not pose the serious environmental pollution risks of other industries. However, our employees occupy many thousands of square metres of office space and undertake activities that have an impact on the environment in a variety of ways.

These impacts were identified during the consultation exercises of 2001, this review begins to quantify them.

What is included:

- Direct impacts of the Group’s activities: resource use, emissions, waste, travel
- Our performance in terms of reducing or eliminating these impacts
- Our approach towards supply chain management

What is not included:

- Indirect impacts such as the environmental attributes of our resources or the performance of our suppliers

The Group’s environmental reporting is still developing; this review does not cover every single Group operation or site. Questionnaires were sent to sites housing over 100 employees or covering more than 25,000 square feet. This report covers sites representing 70% of the Group’s employees.

Countries Properties Headcount Square Metres

12 69 20,632 746,070

Unless otherwise stated, all performance data refer to these 69 properties in the 12 countries surveyed.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

ENVIRONMENTAL REVIEW 2002

Direct Impacts

As has been noted, Pearson's principal impacts were identified during 2001. Our impacts can be described as 'direct' impacts, for which we are ultimately responsible and over which we have complete control, and 'indirect' impacts, which ultimately can be attributed to our activities but over which we have very limited control. The pilot process refined these impacts to a range of performance and key indicators:

Direct impacts

- Greenhouse gas reporting
- Facilities
 - Energy use
 - Water use
 - Ozone depleting substances
 - Neighbourhood complaints
 - Policies
- Waste
 - Paper
 - Unsold product
 - PC, IT, phone equipment
 - Furniture
 - Toners
 - Packaging
- Transport
 - Distribution
 - Company cars
 - Business travel

Indirect impacts

- Supply Chain
 - Paper and printing
 - Transport / Distribution

The review provides quantitative evidence to describe the Group's performance within these key areas.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Water

Water is a resource that we use. However, we believe that the amount we use directly is not a significant environmental impact for us. In 2001 we committed to increasing the extent of our monitoring of water use from 37% to 50% of sites. This review received data from 77% of sites surveyed representing 53% of our total workforce.

Coverage Water use (Cubic Metres)

77% 232,939

Many of our sites are actively pursuing water efficiency initiatives, such as fixing breakages in the main supply pipes and installing water efficiency devices in toilets.

Case Study 1: According to the World Bank, Bogotá has one of the most contaminated water systems in the world. Organic wastes flood streets and homes during heavy rains; industrial toxins, like lead and mercury, dump into natural causeways and flow into the irrigation channels and fields that produce food to feed the city; Bogotá health authorities report tens of thousands of cases of water-related illness each year. In our property in Bogotá, we run a water control system and a water awareness campaign.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Property Management

As has been noted, our principal direct environmental impacts result from the management of our buildings. Property and facilities management is the responsibility of our individual operating businesses. The size of our businesses and the nature of the properties managed can vary considerably between operating companies.

Some businesses have their own property management function with larger properties possessing a dedicated facilities manager reporting to a central function. For other businesses, there is a single person reporting to a board. This diversity is reflected in the range of systems and standards of management.

Our length of tenancy in particular properties may vary widely and can influence our investment decisions. We also have an active programme of refurbishment, relocation and disposal of properties. It is normal practice for our specifications to take into account environmental considerations.

Our environmental performance was measured in five key areas:

- Energy use
- Water use
- Ozone depleting substances
- Neighbourhood complaints
- Policies

Energy use

The majority of the energy we use is electricity and gas. In the UK, we have developed an energy management matrix. Responsibility has been assigned to experts within the operating businesses to track and analyse performance. This includes identifying opportunities for cost, usage and environmental savings.

Between 77% and 90% of sites covered by the review were able to supply energy use data for 2002:

	Coverage	Energy use
Electricity (kWh)	88%	133,447,879
Gas (kWh)	77%	51,493,000
Heavy Fuel Oil (kWh)	90%	3,098,000
Total (kWh)		177,620,000

A number of our properties are already actively pursuing energy efficiency programmes and have undertaken energy audits. Over half of our properties use low energy lighting. Examples of other typical initiatives being pursued include triple glazing, lighting control systems, building wide energy management systems, energy awareness campaigns as well as Intranet sites with hints on energy reduction.

In 2001, we set a target for emissions reporting to cover 75% of target properties. This has been achieved. We will look at increasing this to 90% for all energy usage for 2003.

Energy sources account for over two thirds of our total CO2 emissions. We have therefore set our target as being to reduce the energy we use by an initial 5% on 2001 levels by the end of 2006.

Case Study: Interactive Data in the UK has achieved reduced energy consumption thanks to investment in improved IT equipment. Most modern IT equipment requires less energy than older equipment. Flat screen monitors, for example, require around a third of the energy of conventional cathode ray tube (CRT) monitors. This in turn means less heat is released into the office, so it takes less energy to cool it down.

In addition, Interactive Data is looking at investing in more motion sensing light switches that automatically turn off lights when a room is empty. The energy savings are likely to allow 3-year payback time on the investment.

Being a Good Neighbour

We are committed to having a positive relationship with all our stakeholders. This extends to our neighbours around the buildings we occupy. In 2002 we received very few minor complaints from our neighbours; these complaints consisted of concerns regarding noise, parking, and ground maintenance.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Greenhouse gases

Greenhouse gas reporting

In recent years, commentators have argued that the most pressing global environmental issue is climate change. An increase in atmospheric concentrations of ‘Greenhouse Gases’ (GHG), resulting principally from the use of fossil fuels, has been identified as the most likely cause for this anthropogenic environmental change. Many governments are taking steps to reduce GHG emissions and businesses such as Pearson are managing their impact.

Pearson’s GHG emissions originate from two principal areas, property management and transport, each comprising a number of sources:

Property management:

- Electricity use from the grid
- Heavy oil combustion

Transport:

- Business travel (road, rail and air)
- Distribution

This review has quantified these sources in universal units (kWh for energy use and km for transport - see individual sections) that allows the calculation of GHG emissions. These GHG emissions are expressed in terms of units of Carbon Dioxide (CO₂), the principal ‘Greenhouse Gas’.

Property Management

This review captured data for energy consumption from three sources: grid electricity, gas and heavy oil. Each unit of energy results in the emission of a specific quantity of CO₂. The emission of CO₂ resulting from grid electricity varies by country, depending on the constituent sources of the electricity (coal, oil, gas, nuclear and renewable-power stations). This review took account of these differences when arriving at an overall emissions figure.

CO₂ emissions (tonnes)¹

Electricity 62,218

Gas 9,784

Oil 809

Energy use is described in greater detail later.

¹(Sources: UK: DEFRA - Guidelines for Company Reporting on Greenhouse Gas Emissions; and Global: The GHG Indicator UNEP Guidelines for Calculating Greenhouse Gas Emissions for Businesses and Non-Commercial Organisations)

Transport

Our other significant CO2 impact results from our use of transport, taking the form of business travel and distribution. We have a very limited in-house distribution system, most is out-sourced; for this reason the review did not generate adequate data to allow inclusion.

Business travel takes the form of car, rail and air travel. Air travel can further be broken down into short and long-haul flights; and car travel is detailed in terms of fuel type and engine size. Per kilometre, road travel has the highest CO2 impact, but air travel covers much greater distances

CO2 emission rates (tonnes/ km)²

Road	Car: Petrol <1.4 ltr engine	0.17
	Car: Petrol 1.4-2.1 ltr engine	0.22
	Car: Petrol >2.1 ltr engine	0.27
	Car: Diesel <2.0 ltr engine	0.12
	Car: Diesel >2.0 ltr engine	0.14
Rail	Rail	0.06
Air	Air - Short haul	0.18
	Air - Long haul	0.11

The data generated by this review covers road, rail and air travel in the UK and US, plus road travel in France and Spain. As such it covers 85% of our business.

²Source: DEFRA - Guidelines for Company Reporting on Greenhouse Gas Emissions

CO2 emissions (tonnes)

Air	14,425
Rail	50
Car	13,351

The data for air, rail and car use are described in greater detail later.

ENVIRONMENTAL REVIEW 2002

Our plans for 2003

During 2003 we aim to build on our 2002 review; we will:

- Increase the collection of performance data both in terms of the number of buildings and the activities covered;
- Pilot systems to measure the environmental impacts of our out-sourced distribution arrangements;
- Establish a central register of our key third-party printing relationships;
- Explore opportunities to reduce our impacts relating to business travel;
- Set targets to increase office paper recycling;
- Continue to monitor our progress on meeting our energy-use reduction target of 5% by 2006;
- Remove the remaining Halon from our European sites in line with European legislation;

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Supply Chain

We believe that our major environmental impacts are through the supply chain. We are major purchasers of book papers and newsprint, use third party contract printers and binders as well as distribute our books and newspapers around the globe. We also recognise that we can be in a position to influence supplier practice. This is why we decided to focus on the environmental impact of our purchasing activities in 2002.

During 2002 we:

- formally contacted 16,000 of our suppliers describing how our environmental policies affect our purchasing decisions and how they could respond to them as part of a wider commitment to the UN Global Compact.
- began the process of introducing specific environmental clauses within large contracts such as for paper purchase, distribution and printing.

In many instances, legislative and regulatory controls along with industry initiatives have led to high standards of integrity amongst suppliers.

Paper & Printing

Our business is content management. As a company, we have invested in new technologies to provide our customers with a choice of medium for learning, reading or accessing the news. Nevertheless, we expect that paper, as a medium for delivery of content will continue to grow. We are constrained in setting targets to reduce paper in that usage is outside our control. Nevertheless, we see that we have a responsibility to include environmental considerations into our purchasing process.

For our UK and European businesses, we normally purchase paper directly from the main Scandinavian or North American suppliers. Current evidence is that over 60% of key paper suppliers have adopted an Environmental Management System, issue a publicly available environment report and 88% follow ISO 14001 standards within their business.

A significant proportion of the paper used to print the Financial Times is recycled or has high wood chip content. Our suppliers all have environment policies and we will continue to discuss with them whether it is possible to further increase the recycled proportion of our paper.

We keep the use of recycled paper, bleaching in production and colour paper under continual review.

Where practical we prefer to use printers that operate "direct to plate" facilities and aim to only use printers with this facility, for new title production, by 2004. This system reduces use of silver film.

In 2003 we will compile a register of key out-sourced printing relationships.

Transport / Distribution

It is normal practice for our businesses to outsource distribution and shipment of our products to third party carriers. Pearson has very few commercial vehicles of its own. The main distributors in the UK and Europe continue to be Securicor and DHL for the books and TNT for our newspapers.

In the US, we similarly outsource distribution with UPS being the main distributor. These distributors have environmental policies and use modern fleets of trailers. We monitor environmental performance as part of the contractual arrangements.

In 2003 we will explore the feasibility pilot systems to monitor the environmental impact of our distribution systems in the UK and US.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Business Travel

As a global company, business travel is a necessary part of how we do business. However, we also recognise that transport has an environmental impact and needs to be incorporated into our wider environmental management system. For the UK, and for most of our businesses in North America, we have centralised the purchase of travel for air and rail. In a very few instances, our people will make their own arrangements for business travel, often using expenses to reclaim costs.

We have a centralised system of travel booking for the UK and some of our businesses. This allows us to manage and understand our travel needs better. One of the indicators we measure with regard to air travel is miles travelled. In 2001, our businesses in the UK covered just under 20 million miles by air; in 2002 this figure was reduced to 16.5 million miles.

In our last review, we committed to extending the collection of rail and air travel data to include our US businesses. This we have done, the rail and air travel data now covers all UK and US business travel.

Rail and air travel data is now collected for all UK and US businesses. Car travel is less well covered - in 2003 we aim to extend coverage of car-use to include all UK businesses to supplement figures from the US.

Mode of travel	Coverage	Total (miles travelled)
Rail	UK and US - all business units	522,780
Air		120,636,209
Car	92%	30,926,051

Vehicle type	Coverage of vehicle data	%age of fleet	Total distance (miles)
Petrol <1.4 ltr	33%	1%	11,184
Petrol 1.4-2.1 ltr	3%	6%	21,747
Petrol >2.1 ltr	99%	92%	30,862,673
Diesel >2.0 ltr	33%	1%	30,447

Case Study: Pearson Education (US)
Pearson Education in the US, leases all of its 1,520 vehicles from the same company. This allows accurate monitoring of mileage and includes a structured maintenance programme to maximise fuel efficiency.

One alternative to long-distance travel is an increased use of video-conferencing facilities. During 2003 we aim to establish systems to monitor and increase the use of such facilities.

In addition to monitoring and reducing the environmental impact of business travel, we have begun to make efforts to reduce our indirect impact: the impact resulting from our employees travelling to work. We are currently evaluating the value of a software package designed to identify the potential for car ride-sharing between employees, and we encourage bicycle use where practical.

Case Study: Penguin UK

Penguin offers a cycle-based alternative to the interest free season ticket loan for its people in 80 The Strand. For those who wish to cycle to work, individuals can spread the purchase cost over 12 months using the season ticket process. The company has linked with a local bicycle supplier for this scheme. A secure cycle lock-up and shower facilities were provided to support this initiative.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Waste

Our principal energy use issues arise from the management of our properties. In a similar way much of our resource use and waste issues arise from the use and maintenance of our offices and warehouses.

Our waste comprises primarily paper and packaging. In addition, there are the usual office wastes including office furniture, computers and IT equipment; toner cartridges and waste caused through building renewal programmes.

We include waste within our plans for an environmental strategy. We recognise the need to improve our management systems in this area.

We are known for our newspapers and books. In the UK, 100% of our surplus newspapers are recycled as part of an industry agreement involving the main wholesale suppliers.

Similarly, 100% of books returned to our warehouses in the UK are recycled. This might be back through the customer chain or pulped for recycled paper.

In the US, our companies are subject to and follow stringent regulations on waste.

The review shows that over 90% of all waste is recycled. The quantity of unsold product is largely dependent on sales; PC, IT, phone equipment and furniture is influenced by changes in office space.

	Coverage	Quantity (tonnes)	%age landfill	%age incinerated	%age recycled or reused
Unsold product	94%	402,458	4%	2%	94%
PC, IT, Phone equipment	98%	-	3%	1%	96%
Redundant Furniture	98%	-	6%	0%	94%

Office paper

Systems for recycling office paper exist in the majority of offices and awareness of recycling schemes are high, with 87% of all office paper being recycled.

Office paper use is not measured across the company, we will put in place systems to monitor this in 2003.

Toners

There is no central system for recycling toner cartridges, however, our operating businesses operate a variety of schemes. We encourage our people to return cartridges or to take advantage of charitable or similar recycling schemes at a local level.

In 2002, we communicated to all staff the importance of toner recycling as part of a wider plan to raise awareness amongst our people of environmental issues. Subsequently, 99% of all toners are now recycled, either direct to the manufacturer or through charity schemes. The latter was adopted by NCS Pearson in the UK: the scheme not only recycles the toners but also raises money for charity.

Packaging

The use of packaging, in a similar way to paper use, is largely dependent upon sales. However more efficient use of packaging and distribution systems may help to reduce the amount of packaging waste.

Case Study: During 2002 Penguin UK managed to reduce its cardboard and packaging use, and increased the recycled content of its packaging. These savings resulted from increased efficiency and better carton utilisation. In addition, Penguin UK uses significant amounts of wood in the form of distribution pallets. All the wood Penguin UK now use is sourced from sustainably managed forests, and is stamped with the environmental stamp to show this. Not only is it the most environmentally friendly option, it has also saved the company money.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

Substances that damage the ozone layer

Hydro chlorofluorocarbons (HCFCs) are present in air-conditioning systems. HCFCs are substances linked with depleting ozone levels. In all our businesses, we have nominated people looking at alternatives.

The survey process reinforced our company view that as we install new systems or commission new buildings, we will use recommended alternatives.

Halon is traditionally used in fire-extinguishing systems. It too is a substance that is linked with damaging the ozone layer. Seven of the sites within this review had Halon present, including two European sites. In Europe, legislation is in place requiring that Halon be removed from all installations by the end of 2003.

Coverage Number of sites Quantity

Halon present 89% 7 216 kg

We have a programme in place to remove Halon by the end of 2003 from all our European properties as required by recent European legislation, and from all other properties by the end of 2006.

If you have any comments please email Alan Miller on alan.miller@pearson.com.

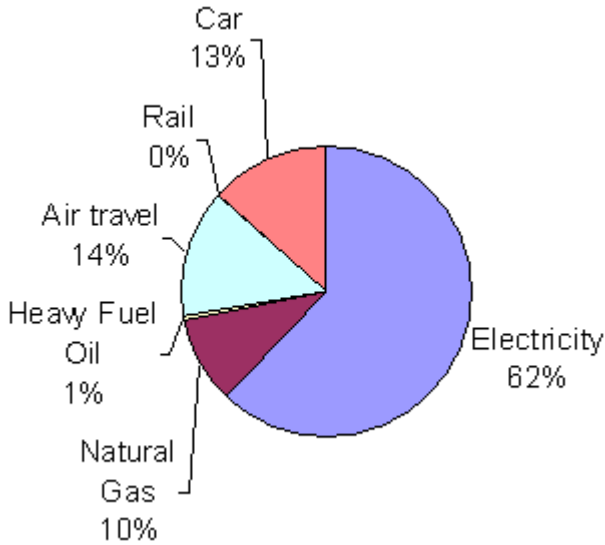
Overall CO2 impact

Though not exhaustive, this review describes the principal sources of CO2 for the areas of the Group surveyed. It allows a headline figure for overall CO2 emissions for the Group in 2002:

Total 100,637 tonnes CO2

Of which:

Of which:



Case study: Traditional sources of electricity, such as coal or gas-fired power stations produce CO2. Renewable energy sources, such as solar, hydro or wind power, produce energy in a way that does not. One way for a company to reduce its climate change impact is to switch from traditional sources of energy to ‘renewables’. Penguin Group USA has partnered with New York State Electric and Gas to become one of the first companies in New York to purchase environmentally friendly, wind generated electricity for its Kirkwood warehouse facility. Wind energy now generates 5% of the electricity used in the warehouse and during 2002 saved the equivalent of 120 tonnes of CO2. During the same period, overall electricity consumption at the facility was reduced by 15% through energy saving initiatives, resulting in an additional 332 tonne CO2 saving.

The UK Government, in its Energy White Paper of February 2003, set ambitious targets for reducing CO2 emissions and emphasised the role of businesses in meeting these targets:

"We will depend on businesses... to adapt and innovate to deliver a low carbon future."

If you have any comments please email Alan Miller on alan.miller@pearson.com.