

## Sustainable business practice

Over the last few years, the scientific evidence about the changes we are seeing to the climate has become overwhelming.

At Pearson, we're proud that many of the books we publish and the articles we print help to raise awareness of this evidence, but we've also been making sure we do our bit to have as minimal an environmental impact as possible.

We know that our stakeholders – young people, educators, business people and everyday citizens – are also passionate about caring for the planet, as are many of the people that work here.

Our commitment is reflected in our translation of aims into company policy: we have placed a [carbon cap on the types of vehicles we use](#) in our UK car fleets; we ask our suppliers to use [sustainable sources of paper](#) whenever possible and to abide by our [Code of Business Conduct](#)<sup>2</sup>; and we've worked with the UK book publishing industry to introduce common principles on [labour standards](#) and [human rights](#).

<sup>2</sup> Cf. 'Managing labour standards, human rights and risks', p9

## Sustainable business practice continued

### Achieving climate neutrality

Every person and every company has an impact on the environment and Pearson is no exception. Our books, magazines and newspapers use paper – a vitally important natural resource<sup>3</sup>. We use energy to heat, cool and light our buildings and to power the computers we rely on to share our ideas, products and stories. Our people travel to and for work and our books, products and newspapers are shipped and driven all over the world. Globally, Pearson emits about 200,000 metric tonnes of carbon dioxide each year, about 70% of which is produced by our businesses in the US. In early 2007, we set ourselves the target of achieving climate neutrality for our existing businesses by the end of 2009. We'll seek to offset in 2010 whatever emissions we have been unable to avoid in 2009, supporting a range of projects that have the potential to either save or absorb a tonne of carbon for each tonne that we emit<sup>4</sup>. In the UK, Pearson is switching to the international environment standard **ISO 14001**, an Environmental Management System (EMS) that enables us to address the delicate balance between maintaining our profitability and minimising our environmental impact. Initial assessments have been successfully completed across the FT, Pearson Education and Penguin in the UK, Pearson companies in India have begun the ISO 14001 process, and our companies in the US have been considering implementing this EMS. We introduced an Environment Policy back in 1992, reviewing and updating it in 2000, 2004, 2007 and again in 2008: the full policy can be viewed [here](#).

### Activity summary

– Facilities managers across Pearson companies have been working on a programme of **retrofitting buildings with better insulation, sensor lighting and energy efficient light bulbs** to reduce our energy consumption. A major lighting upgrade at our distribution centre in Lebanon, Indiana delivered a \$200,000 reduction in energy bills and reduced the carbon footprint of the building by 1,800 metric tonnes of CO<sub>2</sub> (15%) in 2008. A server virtualisation programme we launched in 2006, covering the FT, Pearson Education, Pearson Australia and Pearson Shared Services in the UK has now helped us save over \$10m and reduce our carbon footprint by over 3,500 metric tonnes of CO<sub>2</sub>.

– By **improving the video conferencing facilities in our buildings, our companies have been able to reduce the necessity to travel**. Pearson held its first virtual Town Hall meeting on 3 December 2008, a highly interactive event allowing Pearson people from around the world to converse and discuss ideas without leaving the office. The total cost was less than 20% of traditional in-person forums through savings on a conference venue, travel fares and overnight accommodation, also avoiding over 300,000 air miles and the resulting emissions. For essential travel, we've been encouraging our people to avoid flights wherever possible and we're gradually 'greening' our car fleet. Over 40 Penguin staff travelled from the UK to the Frankfurt Book Fair by train in 2008, while Penguin in both the US and UK have reduced the number of cars in their fleet, aiming to replace others with hybrid vehicles as these become more affordable. More information on Green Penguin activity is available on the [UK](#) and [US](#) websites.

– Across the company, **Pearson people are volunteering to join Green Teams and Eco Committees** to discuss and implement changes in habits and policy at their offices. More than 30 teams across Australia, Canada, India, the UK and the US are now involved in campaigning for their co-workers to turn off screens and computers, switch off lights, use tap instead of bottled water for meetings, join car pools, ride bicycles, and a myriad of other green tips and behavioural changes that will add up to make a big difference. We've also established two Green Funds in 2008 – one in the UK and one in North America – to stimulate innovation and investment by our operating companies in carbon saving programmes.

### Snapshots

<http://longmanusagoinggreen.com> A website put together by the people at Longman ELT to offer green tips of the week, a link to an environmentally-friendly What's New 2009 catalogue with fewer pages, printed on recycled paper and mailed only to those who request it, plus an outline of the 'green' activities at Longman around the US.

**Made With Care** A video explaining Dorling Kindersley's newly launched *Made with Care* range, the greenest books ever made by the company, prepared with the most ethical and environmentally-friendly processes we could source.



<sup>3</sup> Cf. 'Focus on: Paper', p11

<sup>4</sup> Further detail of our progress towards climate neutrality forms part of our 2008 Environmental Review at [pearson.com/index.cfm?pageid=219](http://pearson.com/index.cfm?pageid=219)

## Sustainable business practice continued

**Planet Pearson** Planet Pearson is a cross-company environmental intranet site launched as a pilot in the US, with a view to expanding its usage across our international business. The site serves as a communications hub where Pearson people can share ideas, resources and suggestions on the many eco-friendly initiatives taking place around the company.



### Managing labour standards, human rights and risks

We place great importance on not compromising our standards of quality or causing harm to our suppliers and their workers, wherever they may be in the world. We're committed to complying with the laws and regulations in all countries in which we operate and our director for people has board responsibility for matters relating to Corporate Responsibility. We were a founder signatory of the UN Global Compact<sup>5</sup> – which sets out ten principles on labour standards, human rights, the environment and anti-corruption – and we have written to our key suppliers to advise them of our commitments to the Compact and our Code of Business Conduct<sup>6</sup>.

#### Activity summary

– We spend over £2bn each year on goods and services, our most significant categories of supply being paper, production (primarily printing) and distribution. We've **included specific contractual commitments relating to labour standards and human rights in our key contracts in all parts of the world**, particularly those relating to paper supply, printing, distribution and call centre activity. We've also worked with the UK book publishing industry to introduce common principles on labour standards and human rights.

- We have **continued our programme of visits to our key suppliers** to check their compliance against both the UN Global Compact and our contractual commitments – in 2008, we have assessed locations in Australia, China, India, Japan and Mexico, and in several European countries, including Germany, Italy, Spain and Slovakia.
- We hold significant volumes of personal data due to the growth of our assessment and testing business, and as more of our business moves onto digital and online formats. As part of our compliance efforts, **we initiated a global data privacy programme in 2008**, and recently appointed our first Chief Security Officer to oversee this and related programmes.

#### Snapshots

**Code of Business Conduct** We contact all our staff every year to ask them to verify that they have understood and complied with the Code, inviting them to report any concerns or breaches to our group internal audit team or via our confidential whistle-blowing helpline.

#### WWF-UK Forest & Trade Network

Pearson cemented its commitment to ethical purchasing when it became the first major publishing group to join the World Wildlife Fund (WWF)'s UK Forest & Trade Network, created to bring together paper product buyers from a range of industries to pool knowledge and experience.



Learn more at <http://public.ftn.wwf.org.uk/aboutftn.asp>

**PREPS** Pearson Education and Penguin are founding members of the Publishers' Database for Responsible Environmental Paper Sourcing (PREPS), a grading system based on the model used by the WWF (above) to enable publishers to find out more easily if paper has come from legal and known origins. Penguin is now the first publisher to do this for the North American market.



Learn more at <http://www.preps-uk.com/what.php>

<sup>5</sup> See [Global Compact Network UK website](#) for further information

<sup>6</sup> See 'Snapshots' in this section for a link to the full Code; cf. also 'Commitment to fairness and quality', p17

## Sustainable business practice continued

### Investing in paperless technology

Pearson is very keen to have company-wide involvement in making our business more sustainable. For now, our attention is focused on the direct impact we have on the world around us, but as you've read in the previous sections, we seek to heavily influence the indirect impact too, something we've been doing more and more over the past few years. We know that it'll be the little things, like double-sided printing at the office, plus the big things, like using sustainable paper sources, that'll help us become a truly climate neutral company. As we use suppliers to make and transport our books, magazines and newspapers, our primary impact is through the carbon emissions from our buildings and business travel; but our most obvious environmental impact is through our use of paper. We're therefore trying hard to use substantially less of it and making sure that we are using the 'kindest' possible paper types wherever we can. As the world's largest book publisher, we believe that the printed book will be around for a long time. At the same time, we're seeing growing demand in alternative digital formats so we're working hard to provide and promote our content in a range of formats.

#### Activity summary

- We've **made more of our products and services available in paperless form for readers, educators and students**. We have created new ways to access and use our content, actively promoting a huge range of titles in audio format and some 8,500 titles in eBook format at Penguin, a host of online learning tools and products at Pearson Education, and a fully interactive site in FT.com, now available on digital readers and mobile internet devices.
- We are **tracking and measuring our in-house work towards a paperless pre-press environment** – our efforts include cutting the number of printer proofs, transmitting files electronically, using online editing and proofing for both publisher and author, and increasing digital workflow practices.
- We first launched our eBooks back in 2001, but **in 2008, we began to release our new eBooks at the same time as our new print editions**, enabling our readers to choose to access a range of new releases in the digital format.

### Snapshots

**FT.com** The online news service offers registered users access to a vast array of articles, multimedia content and discussion forums at excellent value: even unregistered users are now able to access up to three articles every 30 days for free.



**eBooks for eReaders** To coincide with the launch of mobile digital reading devices, we made a total of 2,500 Penguin Group titles available as eBooks, including 1,500 bestsellers and 1,000 from Dorling Kindersley by the end of 2008.

**Rio Salado College** This community college, catering to working adults in Tempe, Arizona, formed an unprecedented and exclusive partnership with Pearson Custom Publishing to create course materials tailor-made for Rio Salado's specific classes and to help students save an average of 52% over traditional books.

#### FAST FACTS

In 2008, Pearson and Penguin Canada were recognised for their paper choices with a **Sustainability Award** from Atlantic Packaging, acknowledging that their choices saved 10,389 mature trees in 2008, the equivalent of five American Football fields. Over 60% of Pearson Japan (KiriHara)'s material is now printed on recycled paper, and soy bean ink has been used in some of the business' publications since 2001.

## Sustainable business practice continued

### Focus on: PAPER



Paper is the basic material upon which many of our businesses depend: we've identified its use as a key area of environmental impact for the company. We first implemented our official **paper policy** in June 2004 as one of the commitments we made following our signing of the UN Global Compact, and we've engaged in a number of ways to cut our paper use, source our supplies as responsibly as we can, and put something back to replace what we use.

The Penguin Group has chosen to source paper with a **Forest Stewardship Council (FSC)** paper certification where possible, meaning the paper must come from legal sources, must not come from an area of high conservation value and must not contain genetically modified material. The FSC Chain of Custody tracks timber from the forest to the final product, so that there is full traceability. Our use of FSC certified papers is increasing, but only a small percentage of the world's forests are currently covered by any certification scheme, and only 8% of the world's production forests are FSC certified. It is important that we use our buying power to use FSC papers where possible, as this makes it clear to the market that there is a demand for forest products that come from certified well managed sources.

By moving to using papers made from **groundwood** (the whole tree, not just selected parts of it), Pearson Education has been able to reduce the wood it uses by 26,000 tons, the equivalent of 450,000 trees. The initiative helped to save \$4 million.

We have purchased digital reading devices for Penguin's sales force (US) and editorial and marketing staff (Australia, US and UK) to reduce paper use, such as Sony **Readers** and Amazon **Kindles**.

Penguin Classics is supporting the Nature Conservancy's **Plant a Billion Trees campaign** in the US with major marketing, publicity, and in-store promotions that increase public awareness and participation. The programme has already planted 1.4 million trees in Brazil, and every dollar donated to the conservancy will put another tree in the ground.

Many offices across Pearson now configure their network printers to double-sided printing as a default setting, helping to reduce office paper consumption, while many others now use recycled copy paper and are seeking to use fewer personal and more group printers.

Penguin and the Woodland Trust are creating a new wood, **Penguin Wood**, in a national forest in the Midlands, England. Nearly 400 members of staff at Penguin UK went on a charity walk in aid of the Woodland Trust 'Trees for Schools' campaign, raising £25,000 for the trust.

### A few words from... Rich Glicini

"Although Pearson is focused on reducing the company's harmful impact on the environment, we also find that our environmental initiatives almost always yield cost savings that further align our long-term goals with those of our stakeholders. For instance, our recent investments in high-definition video conferencing and online virtual meeting tools will reduce our carbon footprint while at the same time decreasing our business travel expenses. In addition to these benefits, we believe providing these meeting alternatives makes our people more productive and supports them in their quest for balance between their professional and personal lives.

We don't see a conflict between being a profitable business and being a good corporate citizen. Taking concrete steps to streamline and strengthen our operations while also reducing our environmental footprint is exactly the sort of win-win situation we like to pursue."

**Rich Glicini** Senior vice president,  
human resources, **Pearson Inc.** and  
environmental director, **US**

