



GFTN-UK FOREST PRODUCT REPORTING SUMMARY FOR 2012

Pearson has been a member of WWF's Global Forest & Trade Network (GFTN) in the UK since 2004.

Common to all GFTN members, Pearson is committed to progressively sourcing forest products from well-managed sources. We undertake due diligence to assess and mitigate any risk of illegal and unwanted forest products entering into the UK market from our supply chain. We collect as much information on supply chain sources as possible, and systematically work to eliminate sources which may not positively benefit forests as a future resource for people and nature.

To highlight our progress towards meeting our commitments to source well-managed and recycled materials, we're publishing the status of our current supply chain for preferred categories of forest goods, as defined by the GFTN.

We hope the transparency of the UK GFTN members about their performance on forest sourcing will prompt others in the sector to follow suit. We also encourage all forest certification systems to continuously improve their performance in delivering responsible forest management. At present, WWF and GFTN participants believe the FSC represents the gold standard and a credible benchmark for other forest certification schemes to match. Our preference is to source increasingly from credibly-certified forests or verified recycled sources.

The European Timber Regulation aims to limit the trade in illegal timber. It provides a baseline of legality as a minimum for forest goods entering the European market and reaching consumers. GFTN members want to make sure they're playing their part in reducing the UK footprint on global forest resources, by sourcing sustainably – going beyond a compliance-only approach.

Our forest products reported for the 2012 calendar year are as follows:

- 61% Source Verified (including e.g. PEFC purchased with Chain of Custody)
- 21% Credibly Certified (FSC purchased with Chain of Custody)
- 2% Post-consumer Recycled

Our [paper policy](#) is publicly disclosed on our corporate website

Scope of reporting

- All own or store brand forest products for resale

Challenges

Our books, magazines and newspapers all require paper. We want to see sustainable forests. Our future business success depends on the continued availability of the different grades of paper we use.

It is our duty to think about the entire journey from forest to printed page. We are committed to treating the members of our supply chain fairly right back to the forest owner – sharing with our partners a care for the environment and respect for local communities.

We have made significant progress. In 2004, there was almost no availability of credibly certified papers in the UK market that we could use and now over half of our tonnage is either credibly certified or recycled. We are pleased with the progress we have made but challenges remain in that:

- book and newsprint accounts for a relatively small percentage of total paper production which limits the influence of individual companies to affect change.
- the paper supply chain is fragmented and complex making it difficult to trace back to the initial felled tree particularly when small volumes are purchased. Each paper grade can contain several different types of pulp sourced from different parts of the world.
- for some grades we use, credibly certified paper is currently unavailable or uneconomic to use.

In 2012, we announced the intention to combine our consumer publishing business, Penguin with Bertelsmann's Random House. We expect this to complete in 2013. The majority of the paper we report as a member of WWF's Global Forest & Trade Network (GFTN) relates to Penguin imprints.

Pearson has also set out our strategy to accelerate our investment and growth in digital learning and in emerging markets.

Priorities

Our priority continues to be to enforce our company standards. Reflecting the complexities of the industry, paper is not currently included within the scope of the EU Regulation limiting the trade in illegal timber. Nevertheless, it is our intention as a member of the WWF GFTN in the UK to act and to report as if we were in scope. Our priorities for 2013 are:

- To continue to improve the information we hold on the papers we purchase in particular those sourced in small volumes.
- Where appropriate, to work with industry partners as well as members of the WWF UK FTN in improving forest management practice.
- To continue to actively encourage all our paper suppliers but particularly those in the Far East to increase levels of certification and in particular to adopt the FSC standard.
- To review with WWF our changing paper footprint.