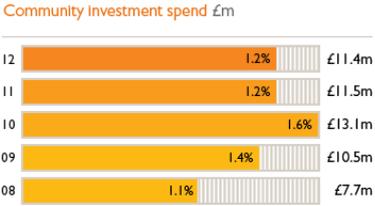


Community review: 2012

Our company purpose is to help people of all ages to make progress in their lives through learning. This is both a social purpose and our core business. Our commercial success provides the investment capacity for us to continue to innovate and expand into new geographic markets and new kinds of learning. Not-for-profit partners can help us extend our reach and impact in ways that have a real impact on learning - especially for the most disadvantaged - and are complementary to our business objectives. We also believe that our stakeholders expect and value our efforts to work in partnership with charitable organisations.

We therefore partner and fund a number of charitable organisations with the Pearson Foundation being the largest of these. In 2012 our worldwide charitable giving was £11.4 million or 1.2% of pre-tax profits.

Community spend

Our commitment	How we measure progress																			
To maintain our total community investment at 1% or more of operating profit	One way we extend our reach is through partnerships with literacy and learning charities. We report on our community investment spend	 <table border="1"> <caption>Community investment spend £m</caption> <thead> <tr> <th>Year</th> <th>Percentage of pre-tax profits</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>12</td> <td>1.2%</td> <td>£11.4m</td> </tr> <tr> <td>11</td> <td>1.2%</td> <td>£11.5m</td> </tr> <tr> <td>10</td> <td>1.6%</td> <td>£13.1m</td> </tr> <tr> <td>09</td> <td>1.4%</td> <td>£10.5m</td> </tr> <tr> <td>08</td> <td>1.1%</td> <td>£7.7m</td> </tr> </tbody> </table>	Year	Percentage of pre-tax profits	£m	12	1.2%	£11.4m	11	1.2%	£11.5m	10	1.6%	£13.1m	09	1.4%	£10.5m	08	1.1%	£7.7m
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Our worldwide charitable giving is divided as follows:

Pearson Foundation	45%
Cash	39%
Books and product	16%

Pearson Foundation

The Pearson Foundation plays an important and special role in furthering our charitable objectives.

By establishing the Pearson Foundation as an independent charity, we sent a clear message to partners that we are serious about our desire to make a sustained investment and intervention in improving learning. The Pearson Foundation sets out its priorities for partnership with other charities as well as provides a means to raise additional funds for charitable purposes from other organisations.

The Pearson Foundation plays an important role for Pearson. It is our preferred charity partner and has a remit within Pearson to look to unlock company assets - cash, products and services and employee time - for charitable purposes, particularly to benefit organisations and individuals who would not otherwise be able to access them.

We are proud of what the Pearson Foundation has achieved and will continue to support its mission to innovate around new models for learning. It plays an invaluable role to explore, demonstrate, and inform the future shape of private and public sector provision. Learn more at www.pearsonfoundation.com

CASE STUDY: The Pearson Foundation Million Voice Project

My Voice™ is an innovative way to engage all members of the school community in a student-centred dialogue about their school's culture. Through asking students, staff, and parents about their school, analysing their responses, and acting on them, My Voice aims to help students reach their fullest potential. The Pearson Foundation brings together the perceptions of young people to provide educators with detailed student data that can be used to improve teaching and learning. The Pearson Foundation provides participating schools, school districts, and organisations worldwide with access to the My Voice™ Aspirations Survey for grades 6 through 12 (US) and years 7 through 13 (UK), as well as resources including implementation support, school-level reporting, and the tools necessary to interpret the report data. <http://myvoice.pearsonfoundation.org/>

Pearson people: giving time and money

Each business group has its own community budget which is often used to match the fundraising of our people, to support local charities and make donations to non-profit groups involved in learning and literacy. Alongside charitable donations and sponsorship, Pearson businesses partner with NGOs to highlight particular local causes or international concerns. We support our people in their own community involvement, matching their fundraising and providing volunteering opportunities in work time.

CASE STUDY: Pearson Community Awards

We celebrate our Pearson volunteers by inviting anyone in the company to apply for the annual Pearson Community Awards, with a US\$2,000 prize for up to seven recipients to donate on Pearson's behalf to their charity of choice, in addition to a US\$500 'thank you' to the volunteer.

CASE STUDY: Magic Breakfast

Pearson UK works closely with Magic Breakfast - an employee nominated charity of the year; now for the 2nd consecutive year. Magic Breakfast work to ensure every child starts their school day with a healthy breakfast, as an essential fuel for learning – all for just 22p a day. Every day, Magic Breakfast delivers free, healthy breakfasts to 7,500 children in 230 primary schools around the UK. Magic Breakfast target schools where over 50% of the children are living in poverty and are eligible for Free School Meals, where many school children start their day too hungry to learn and unable to concentrate in class. Pearson UK employees have been involved in various fundraising activities throughout the year to help raise money in support of the work Magic Breakfast do.

Plans

	2012 Plans		2013 Commitments
Giving money	Review company supported employee giving programmes in the UK and the US and to develop a new strategy.	🟡 On track. New strategy developed for Pearson Community Awards	Launch new format Pearson Community Awards
Giving time	Review our existing menu of volunteering opportunities and develop new ways to recognise and support our people when they volunteer in their local communities with a particular focus on libraries, schools and colleges.	🟡 On track. Work underway to pilot new volunteering initiatives in libraries and in schools	Complete volunteering pilots and assess impact
Giving books	We will set a target for book-gifting for the next three years.	Not achieved. Commitment to be reviewed in light of plans to create Penguin Random House	
Charitable policy	To support the capacity of our businesses to become more effective in running charitable partnerships.	🟡 On hold. To be reviewed in light of the global education strategy	To review our approach to giving and how we decide on areas of priority in light of strategy focus on unmet educational need
Strategy	To review our approach to giving and how we decide on areas of priority		

- 🟢 Target achieved
- 🟡 Target ongoing