

## People review: 2012

Our company purpose is to help people make progress in their lives through learning - or to be 'always learning'. The use of 'people' in describing our purpose is deliberate in that this applies as much to the people that work at Pearson as it does to the millions of people who benefit from our products and services.

Pearson has always been a business built on ideas and as such relies on the minds and creativity of our people.

Last year, we set out in our Impact on Society report that Pearson was a business in transition. 2012 saw a continuation of that trend:

- Digital and services business now account for 50% of revenue – up from 31% in 2007;
- Emerging markets. Sales revenue from our businesses in Latin America, China, India, Africa and the Middle East has tripled to \$1,241m in the last five years. 20% of our employees are now located in these markets in readiness for further growth;
- Technology and services in education. We are changing from being a textbook publisher to a broad-based supplier of education technology and services as well as curriculum materials.

These are significant changes and have long shaped how we think about the structure of our business and the types of people we employ.

These trends are seeing a significant acceleration in 2013. As part of the vision for the company, Pearson is set to radically shift the pace of our focus on digital and services businesses with a special emphasis on emerging markets.

As part of this shift, we plan to structure the business around the different learner stages – school, higher education and professional and to group our markets as:

- **North America**, by some distance our biggest market today and for the foreseeable future
- **Growth**, including China, India, Brazil and South Africa, which are new centres of gravity which can fuel Pearson's future growth
- **Core**, including the UK, Australia and Italy, where we are already strong and intend to stay that way.

Also part of our transformation is the combination of our consumer publishing business Penguin with Random House which we expect to complete during the second half of 2013. We believe that bringing together these two businesses is the best strategy to respond to the rapidly changing consumer book industry.

Looking forward to the rest of 2013, this business transformation represents a fundamental acceleration of our strategy and will bring significant change across all parts of the company.

We have committed to keep our people up to date as restructuring and plans for change evolve. We are making these changes to help us better fulfil our ultimate purpose to help people progress in their lives through learning.

## Our approach

The seven priority people issues for us from a corporate responsibility perspective from 2012 were:

- **People development.** Making sure that we offer the right development opportunities for all our people.
- **Understanding the workforce of the future.** As the shape of the business changes, so do our future skills needs. This means that some functions and roles which we currently have will no longer be needed, while new jobs and structures will emerge which we may not yet have considered.
- **Data and analytics.** As we grow organically and by acquisition, we need to be able to understand how we are changing both through hard data and by reviewing what people tell us about how we are doing.
- **Collaboration and engagement.** Having an efficient way for our people to communicate is important to our business success by helping us to work differently and more efficiently.
- **Diversity and inclusion.** As we internationalise and grow, so do the people that work for us. We continue to value and benefit from the insight and experience of people from different backgrounds, perspectives and ways of thinking.
- **Wellbeing.** We care deeply about the wellbeing of all employees and their families and we look to create opportunities for everyone to take steps toward healthier living.
- **Health and safety.** A duty we share with all organisations is to offer a safe and healthy workplace for the people that work for us.

These continue to be our priorities as our global education strategy evolves.

## People development

We need to be able to identify and fill skills gaps while also ensuring that all our people have the technical, personal, management and leadership skills they need to carry out their roles. Everyone has at least an annual appraisal and development review with their manager to agree objectives for the coming year. We offer a diverse and comprehensive range of learning and development opportunities around the world.

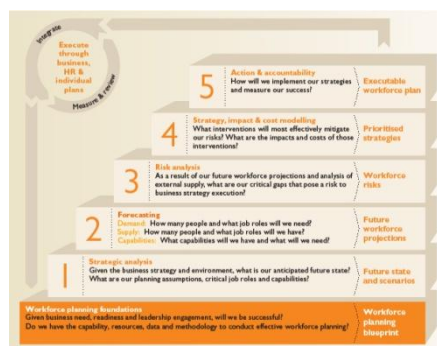
For our future leaders, we ensure each individual has a development action plan to help them make progress in their careers.

### Case study: [Pearson Academy for launch in 2013](#)

Pearson Academy is a global community of existing learning groups and people-related development resources and activities from across the company. It will deliver learning and performance management to everyone at Pearson via a single, engaging platform. For the first time, learning and online performance management will be available to anyone at Pearson, anywhere, on any device - and we'll be able to track learning and performance activity and measure it. Pearson Academy will help us develop better prepared and better skilled people for the future and put learning and development at the core of people's working experience.

### Understanding the workforce of the future

Our businesses need access to the right people with the right skills at the right time in the right place. This sounds relatively easy, but we operate globally in fast-changing, hard to predict, often digital-led markets. Effective scenario planning, supply and demand forecasting and implementation of key people strategies are critically important to mitigate risk in realising our business strategy. To help with that process, we have adopted a workforce planning approach that helps businesses align their business strategies with people strategies, including identifying workforce capacity, capability, and flexibility.



Changing business models can lead to a need to restructure and integrate teams, and to a reduction in roles. Where possible, we aim to either offer redeployment to other areas of the business or reduce numbers through natural attrition. This is not always possible, so we offer voluntary severance or make less use of contractors where that is relevant.

We are accelerating our transformation towards digital, services and emerging markets. Whatever changes we make, we do so in light of the company values to be brave, imaginative and decent. This means being open with our people about the changes we have to make, helping those affected to adjust and ensuring that we are sensitive to the needs of each individual.

### Data and analytics

Operating businesses currently track people metrics. We have introduced a single system to track all US people data regardless of operating business using common definitions. Data is reported and analysed by operating businesses and supports workforce planning, benchmarking and analytics.

We have extended the scope of the people data currently available through this consolidated system to include data from the major businesses in the UK adding approximately 7,000 additional people to the current database of on average 20,000 regular employees. For 2013, we will look at current global HR data collection in light of the new organisational structure and evolving global education strategy.

2012 is our baseline year for reporting people data. For the US and UK, the metrics we report are:

	Units	People
Total US and UK employees		25,610
All employees – (female)	%	57.6%
Managerial - (female)	%	50.1%

All employees – (minority)	%	17.6%
Managerial- (minority)	%	14.5%
Turnover rate	%	15.9%
Average salary	USD	\$64,000

### Collaboration and engagement

We have launched a digital space called neo. It is designed for Pearson people to find each other, to come together to share ideas, expertise and information, and to collaborate.

### Diversity and inclusion

Pearson is a pretty special place to work. We're made up of people from diverse backgrounds, perspectives and skills; our diversity makes us a better company, making us better able to respond to changing customer needs, develop products that are reflective of the markets in which we work and more effectively engaged in the communities we serve. We are committed to building inclusive teams, creating and sustaining a workplace and culture that is reflective of our employees, customers, learners and shareholders; where every individual is respected, valued and included.

Our aim is to lead our industry for our approach to diversity and inclusion by building a workplace where differences and fairness are respected and valued. By strengthening our commitment to diversity and inclusion, we ensure that we are recognized where we operate as an employer with a firm commitment to diversity and equality.

One way we assess our progress is through external benchmarks:

- Pearson in the US has been included in Working Mother magazine's 100 Best Companies list for its twelfth year.
- The Pearson Diversity Summer Internship Programme won the 'Widening the Talent Pool' category in the Race for Opportunity awards.
- Gender Diagnostic - we are working with a specialist in gender intelligence to analyse our gender demographic data and provide insight into opportunities for improvement.

#### CASE STUDY: Gender identity

One of the commitments underpinning our approach is to value diversity. This means recognising that everyone is unique in some way, and that differences should be recognised, respected and valued. As one part of this commitment, Pearson developed detailed guidelines for our people managers to support transgender colleagues. In 2012, we got feedback from Danielle Agee in Pearson Shared Services about how the guidelines have practically helped. 'Antoinette Harland is the HR manager here and she's had a lot to do with giving me support; she's quite on the ball when it comes to Gender Identity issues.' Our guidelines were developed with input from UK charity GIRES, the gender identity research and education society and Out and Equal in the United States. Pearson is a corporate member of GIRES.

#### Case Study - [Employee Engagement \(Advocating for Change: The US Diversity Advocates\)](#)

In 2012, we set up a new Diversity Advocates Programme in the United States. It provides an opportunity for Pearson US employees to get involved and work closely with the Diversity & Inclusion (D&I) Team in a structured way to embed D&I into our business operations. The US Diversity Advocates are employees who both apply and have been selected to assist Pearson in aligning our diversity and inclusion strategy across the US and implementing programmes in their local areas and teams. In 2013, the advocates will be working to enhance organizational awareness, communicate regularly on strategy and promote diversity learning and development within our businesses.

### Wellbeing

People are our most important asset at Pearson. We strive to do the right thing in all that we do, especially when it comes to taking care of our employees. By encouraging our employees to take care of themselves, we can feel confident that Pearson's wellbeing, as a company and a collection of talented people, will continue to stay strong.

Although there are differences in health perceptions, policies, and systems in the countries we operate and across our businesses, our commitment to health and wellbeing transcends those boundaries. Our goal is to help employees and their families improve their wellbeing by:

- creating a culture of health across the Pearson businesses
- identifying and providing appropriate resources and services
- empowering people to make responsible decisions about their own healthcare
- providing work-life resources and flexibility to encourage success at work and in life

#### Case study: [Pearson and Global Corporate Challenge®](#)

In 2012, nearly 7,000 Pearson employees from 44 countries participated in the Global Corporate Challenge® (GCC). They formed teams of seven and tracked their steps to take a virtual 'trek around the world. Together, Pearson employees walked over 30 million miles and over half of the participants lost on average 8.5lbs in weight during the 16-week programme. What's more, 76% of participants said their new activity levels had become a habit and 60% felt more connected to their colleagues. Pearson was named the 'Second Most Active Company' out of over 1,200 participating organizations.

For 2013, Pearson is developing a multi-year global wellbeing strategy. The first step in that process is gathering detailed and consistent data about employee health worldwide. A major component of this process is the launch of a personalized online health assessment. For the very first time, employees around the world will receive a comprehensive, tailored health report and this will allow us to determine and focus on the areas of greatest need.

### Health & safety

The health and safety of our people is of overriding concern to us. We believe that good safety and health practices in the workplace are a basic building block of a responsible approach.

Pearson people work in offices and in data, contact and distribution centres. We adopt a risk-based approach to health and safety paying particular attention to facilities such as distribution centres with relatively higher risk of incidents.

By understanding the risks of injury, we are better equipped to prevent them from occurring:

- All our businesses in the UK are now accredited against ISO 18001, the international health and safety management standard;
- Our US business is implementing a comprehensive management system for injury prevention and employee protection;
- In 2012, we launched a global programme to benchmark our health and safety policies and practice and to develop toolkits to support our businesses in this area.

	2012 Plans		2013 Commitments
People development	Make progress on the development plan for Pearson Academy with a planned launch in 2013	👉 On track. Pearson Academy to be launched in second half of 2013	Pearson Academy to be launched in second half of 2013
Understanding the workforce of the future	Extend the approach to mapping future digital skills to other Pearson businesses in at least two countries	👉 On track. Implemented in Wall Street English	Approach to be reviewed
Collaboration and engagement	Continue to develop and embed Neo within Pearson	✅ Achieved. As part of a wider upgrade, we introduced the Neo Recognition badges - a new system for rewarding people for their actions and achievements in the neo community.	Continue to develop and embed Neo within Pearson
Data and analytics	Extend our integrated approach to people data collection, management and reporting to cover the UK, India and Canada	👉 UK completed.	Review our HR data collection and analytics capacity in 2014 in light of the new organisational structure
Diversity and inclusion	Continue to rate our diversity progress through relevant external benchmarks	✅ Achieved	Continue to rate our diversity progress through relevant external benchmarks
	Continue to develop programmes and relationships that help attract and retain talented diverse people into our business and track our progress	✅ Achieved	Continue to develop learning programmes and opportunities that help attract and retain talented diverse people into our business and track our progress

Wellbeing	Build a global wellbeing framework that supports a culture of health in all Pearson businesses	🔄 Ongoing. Preparations underway for launch in 2013 of a comprehensive, tailored health report for global Pearson employees	Determine and focus on the areas of greatest need
Health & safety	Review health and safety management and governance around the world	✅ Achieved. Working group established	Continue work to develop consistent global policy and procedures.
Incentives			Determine appropriate annual and long-term incentive arrangements that support the global education strategy

- ✅ Target achieved
- 🔄 Target ongoing