



Pearson

Sustainability content index & materiality 2018

Global Reporting Initiative (GRI)

UN Global Compact (UNGC)

UN Sustainable Development Goals (SDGs)

Material issues

Content Index

Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

GRI 101 and 102: General disclosures

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
Organizational profile								
GRI 102-1	Name of the organization	p1		p1				
GRI 102-2	Activities, brands, products, and services	p1		p4-5				
GRI 102-3	Location of headquarters			p148				
GRI 102-4	Location of operations			p4; p54-59; p216-219				
GRI 102-5	Ownership and legal form			p127; p201				
GRI 102-6	Markets served	p1		p158-160; p216-219				
GRI 102-7	Scale of the organization	p1	p2-5	p142-145; p158-160; p171-172				
GRI 102-8	Information on employees and other workers	p2; p38-42	p2-5	p37; p167				
GRI 102-9	Supply chain	p49-52		p36				
GRI 102-10	Significant changes to the organization and its supply chain			p45; p154				
GRI 102-11	Precautionary Principle or approach	p46-48; p60-61		p33; p39; p60-61			7	6, 7, 13, 15
GRI 102-12	External initiatives	p4; p30-31; p33; p48					1-10	17
GRI 102-13	Membership of associations	p30-31						17
Strategy								
GRI 102-14	Statement from senior decision-maker	p3-4						Statement of commitment to the ten principles from chief executive
GRI 102-15	Key impacts, risks, and opportunities	p4-6; p60-61	p2-6	p33; p60-61	See also p9-12 of this document		1-10	4, 8, 10
Ethics and integrity								
GRI 102-16	Values, principles, standards, and norms of behavior	p54; p57		p37	Company policies are posted on the sustainability section of our website (www.pearson.com/corporate/our-policies.html).			
GRI 102-17	Mechanisms for advice and concerns about ethics	p54	p2	p37				
Governance								
GRI 102-18	Governance structure	p53-54		p78-126				
GRI 102-22	Composition of the highest governance body and its committees	p53		p80-89				
GRI 102-23	Chair of the highest governance body			p82				
GRI 102-25	Conflicts of interest			p83				
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	p53		p78-79; p106-107				
GRI 102-29	Identifying and managing economic, environmental, and social impacts	p60-61		p106-107	See also p9-12 of this document			
GRI 102-32	Highest governance body's role in sustainability reporting	p53		p106-107	The Board's Reputation & Responsibility committee reviews the annual sustainability report.			

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Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
Stakeholder engagement								
GRI 102-40	List of stakeholder groups	p58-59; p30-31		p26-28				
GRI 102-41	Collective bargaining agreements	p38					3	8
GRI 102-42	Identifying and selecting stakeholders	p30-31; p58-61						
GRI 102-43	Approach to stakeholder engagement	p30-31; p58-61						
GRI 102-44	Key topics and concerns raised	p30-31; p58-61			See also p9-12 of this document			
Reporting practices								
GRI 102-45	Entities included in the consolidated financial statements			p134-147; p158-160				
GRI 102-46	Defining report content and topic boundaries	p60-61		p32-33	See also p9-12 of this document			
GRI 102-47	List of material topics	p60-61		p32-33	See also p9-12 of this document			
GRI 102-48	Restatements of information				2017 employee turnover percentages were recalculated as the percentage of all employees rather than the percentage total turnover. The absolute numbers are unchanged.			
GRI 102-49	Changes in reporting				No changes			
GRI 102-50	Reporting period	p57						
GRI 102-51	Date of most recent report	p57						
GRI 102-52	Reporting cycle	p57						
GRI 102-53	Contact point for questions regarding the report	p57						
GRI 102-54	Claims of reporting in accordance with the GRI Standards	p57			This report has been prepared in accordance with the GRI Standards: Core option			
GRI 102-55	GRI content index				Available at: www.pearson.com/content/dam/one-dot-com/one-dot-com/global/Files/sustainability/2018-reports/2018_Content_Index.pdf			
GRI 102-56	External assurance	p57			See more about external assurance at: www.pearson.com/corporate/sustainability/reporting-policies/reports-benchmarks.html			

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Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

GRI 200: Economic disclosures

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 201: Economic performance								
GRI 103-1	Explanation of the material topic and its Boundaries	p1-6	p2-8	p18-24				
GRI 103-2	The management approach and its components	p1-6	p2-8	p18-24				
GRI 103-3	Evaluation of the management approach	p1-6	p2-8	p18-24				
GRI 201-1	Direct economic value generated and distributed	p1		p2-4; p44-53; p142-147			1	1, 8, 10
GRI 201-2	Financial implications and other risks and opportunities due to climate change	p46-51		p32-33; p39			7, 8, 9	6, 7, 13, 15

GRI 203: Indirect economic impacts

GRI 103-1	Explanation of the material topic and its Boundaries	p1-6	p8					
GRI 103-2	The management approach and its components	p1-6	p8					
GRI 103-3	Evaluation of the management approach	p1-6	p8					
GRI 203-1	Infrastructure investments and services supported	p7-19; p20-31; p45						4, 8, 10
GRI 203-2	Significant indirect economic impacts	p7-19; p20-31; p45						4, 8, 10

GRI 205: Anti-corruption

GRI 103-1	Explanation of the material topic and its Boundaries	p54-55		p37; p74			10	16
GRI 103-2	The management approach and its components	p54-55		p37; p74			10	16
GRI 103-3	Evaluation of the management approach	p54-55		p37; p74			10	16
GRI 205-1	Operations assessed for risks related to corruption	p54-55		p37; p74			10	16
GRI 205-2	Communication and training about anti-corruption policies and procedures	p54-55	p2	p37; p74			10	16

GRI 300: Environmental disclosures

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 302: Energy								
GRI 103-1	Explanation of the material topic and its Boundaries	p46-48					7, 8, 9	7, 13, 15
GRI 103-2	The management approach and its components	p46-48					7, 8, 9	7, 13, 15
GRI 103-3	Evaluation of the management approach	p46-48					7, 8, 9	7, 13, 15
GRI 302-1	Energy consumption within the organization	p46-48	p8				7, 8, 9	7, 13, 15
GRI 302-3	Energy intensity	p46-48	p8				7, 8, 9	7, 13, 15
GRI 302-4	Reduction of energy consumption	p46-48	p8				7, 8, 9	7, 13, 15

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Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 305: Emissions								
GRI 103-1	Explanation of the material topic and its Boundaries	p46-48		p39			7, 8, 9	7, 13, 15
GRI 103-2	The management approach and its components	p46-48		p39			7, 8, 9	7, 13, 15
GRI 103-3	Evaluation of the management approach	p46-48		p39			7, 8, 9	7, 13, 15
GRI 305-1	Direct (Scope 1) GHG emissions	p46-48	p8	p39			7, 8, 9	7, 13, 15
GRI 305-2	Energy indirect (Scope 2) GHG emissions	p46-48	p8	p39			7, 8, 9	7, 13, 15
GRI 305-3	Other indirect (Scope 3) GHG emissions	p46-48	p8	p39			7, 8, 9	7, 13, 15
GRI 305-4	GHG emission intensity	p46-48	p8	p39			7, 8, 9	7, 13, 15
GRI 305-5	Reduction of GHG emissions	p46-48	p8	p39			7, 8, 9	7, 13, 15
GRI 307: Environmental compliance								
GRI 103-1	Explanation of the material topic and its Boundaries	p46-48					7, 8, 9	7, 13, 15
GRI 103-2	The management approach and its components	p46-48					7, 8, 9	7, 13, 15
GRI 103-3	Evaluation of the management approach	p46-48					7, 8, 9	7, 13, 15
GRI 307-1	Non-compliance with environmental laws and regulations		p8				7, 8, 9	7, 13, 15
GRI 308: Supplier environmental assessment								
GRI 103-1	Explanation of the material topic and its Boundaries	p49-52					7, 8, 9	7, 13, 15
GRI 103-2	The management approach and its components	p49-52					7, 8, 9	7, 13, 15
GRI 103-3	Evaluation of the management approach	p49-52					7, 8, 9	7, 13, 15
GRI 308-1	New suppliers that were screened using environmental criteria	p49-52					7, 8, 9	7, 13, 15
GRI 308-2	Negative environmental impacts in the supply chain and actions taken				No significant issues were brought to our attention.		7, 8, 9	7, 13, 15

GRI 400: Social disclosures

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 401: Employment								
GRI 103-1	Explanation of the material topic and its Boundaries	p33; p38-42; p58		p37; p65			1, 2, 3, 4, 5, 6	8, 10
GRI 103-2	The management approach and its components	p33; p38-42; p58		p37; p65			1, 2, 3, 4, 5, 6	8, 10
GRI 103-3	Evaluation of the management approach	p33; p38-42; p58		p37; p65			1, 2, 3, 4, 5, 6	8, 10
GRI 401-1	New employee hires and employee turnover		p3-4				6	8, 10
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p39	p5					8, 10

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Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 403: Occupational health and safety								
GRI 103-1	Explanation of the material topic and its Boundaries	p42-43		p38; p68			1, 2	8, 10
GRI 103-2	The management approach and its components	p42-43		p38; p68			1, 2	8, 10
GRI 103-3	Evaluation of the management approach	p42-43		p38; p68			1, 2	8, 10
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	p42-43	p6				1, 2	8, 10
GRI 404: Training and education								
GRI 103-1	Explanation of the material topic and its Boundaries	p38-40		p37; p65			1	4, 8, 10
GRI 103-2	The management approach and its components	p38-40		p37; p65			1	4, 8, 10
GRI 103-3	Evaluation of the management approach	p38-40		p37; p65			1	4, 8, 10
GRI 404-1	Average hours of training per year per employee		p5					4, 8, 10
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	p38-39						4, 8, 10
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		p5					4, 8, 10
GRI 405: Diversity and equal opportunity								
GRI 103-1	Explanation of the material topic and its Boundaries	p40-42		p38			1, 2, 6	8, 10
GRI 103-2	The management approach and its components	p40-42		p38			1, 2, 6	8, 10
GRI 103-3	Evaluation of the management approach	p40-42		p38			1, 2, 6	8, 10
GRI 405-1	Diversity of governance bodies and employees	p40; p42	p2	p38			1, 2, 6	8, 10
GRI 405-2	Ratio of basic salary and remuneration of women to men	p40		p38	See Pearson's UK gender pay report at: www.pearson.com/corporate/news/media/news-announcements/2019/03/pearson-publishes-2018-gender-pay-report.html		1, 2, 6	8, 10
GRI 407: Freedom of association and collective bargaining								
GRI 103-1	Explanation of the material topic and its Boundaries	p33; p38; p49					3	8
GRI 103-2	The management approach and its components	p33; p38; p49					3	8
GRI 103-3	Evaluation of the management approach	p33; p38; p49					3	8
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p33; p38; p49					3	8

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Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 408: Child labor								
GRI 103-1	Explanation of the material topic and its Boundaries	p33; p49					5	8
GRI 103-2	The management approach and its components	p33; p49					5	8
GRI 103-3	Evaluation of the management approach	p33; p49					5	8
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	p33; p49					5	8
GRI 409: Forced or compulsory labor								
GRI 103-1	Explanation of the material topic and its Boundaries	p33; p49					4	8
GRI 103-2	The management approach and its components	p33; p49					4	8
GRI 103-3	Evaluation of the management approach	p33; p49					4	8
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p33; p49					4	8
GRI 412: Human rights assessment								
GRI 103-1	Explanation of the material topic and its Boundaries	p33-34, p49-52		p36			1, 2, 3, 4, 5, 6	4, 8, 10
GRI 103-2	The management approach and its components	p33-34, p49-52		p36			1, 2, 3, 4, 5, 6	4, 8, 10
GRI 103-3	Evaluation of the management approach	p33-34, p49-52		p36			1, 2, 3, 4, 5, 6	4, 8, 10
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	p33-34, p49-52					1, 2, 3, 4, 5, 6	4, 8, 10
GRI 412-2	Employee training on human rights policies or procedures	p34; p35; p37; p40; p54-55			We provided training on data privacy, safeguarding, Editorial Policy, D&I, code of conduct, and anti-corruption.		1, 2, 3, 4, 5, 6	4, 8, 10
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p33-34, p49-52					1, 2, 3, 4, 5, 6	4, 8, 10
GRI 413: Local communities								
GRI 103-1	Explanation of the material topic and its Boundaries	p7-19; p45		p34-35				1, 4, 8, 10
GRI 103-2	The management approach and its components	p7-19; p45		p34-35				1, 4, 8, 10
GRI 103-3	Evaluation of the management approach	p7-19; p45		p34-35				1, 4, 8, 10
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	p7-19; p45		p34-35				1, 4, 8, 10

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Global Reporting Initiative (GRI)/UN Global Compact (UNGC)/UN Sustainable Development Goals (SDGs)

Indicator	Description	SR 2018	Performance data table	AR 2018	Additional notes	Omissions	UNGC	SDGs
GRI 414: Supplier social assessment								
GRI 103-1	Explanation of the material topic and its Boundaries	p33-34, p49-52					1, 2, 3, 4, 5, 6	4, 8, 10
GRI 103-2	The management approach and its components	p33-34, p49-52					1, 2, 3, 4, 5, 6	4, 8, 10
GRI 103-3	Evaluation of the management approach	p33-34, p49-52					1, 2, 3, 4, 5, 6	4, 8, 10
GRI 414-1	New suppliers that were screened using social criteria	p33-34, p49-52					1, 2, 3, 4, 5, 6	4, 8, 10
GRI 415: Public policy								
GRI 103-1	Explanation of the material topic and its Boundaries	p55-56; p58		p66				
GRI 103-2	The management approach and its components	p55-56; p58		p66				
GRI 103-3	Evaluation of the management approach	p55-56; p58		p66				
GRI 415-1	Political contributions	p55-56; p58						
GRI 416: Customer health and safety								
GRI 103-1	Explanation of the material topic and its Boundaries	p33-34; p34-34; p35; p37					1, 2	
GRI 103-2	The management approach and its components	p33-34; p34-34; p35; p37					1, 2	
GRI 103-3	Evaluation of the management approach	p33-34; p34-34; p35; p37					1, 2	
GRI 416-1	Assessment of the health and safety impacts of product and service categories	p33-34; p34-34; p35; p37					1, 2	
GRI 417: Marketing and labeling								
GRI 103-1	Explanation of the material topic and its Boundaries	p37					1, 2	
GRI 103-2	The management approach and its components	p37					1, 2	
GRI 103-3	Evaluation of the management approach	p37					1, 2	
GRI 417-1	Requirements for product and service information and labeling	p37					1, 2	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	p37					1, 2	
GRI 418: Customer privacy								
GRI 103-1	Explanation of the material topic and its Boundaries	p34-35		p72			1, 2	
GRI 103-2	The management approach and its components	p34-35		p72			1, 2	
GRI 103-3	Evaluation of the management approach	p34-35		p72			1, 2	

Material Issues

With our 2020 Sustainability Plan and approach to reporting, we focus on the issues that matter most to our business, our learners, and all of our stakeholders (see p59-60 for more about our stakeholders).

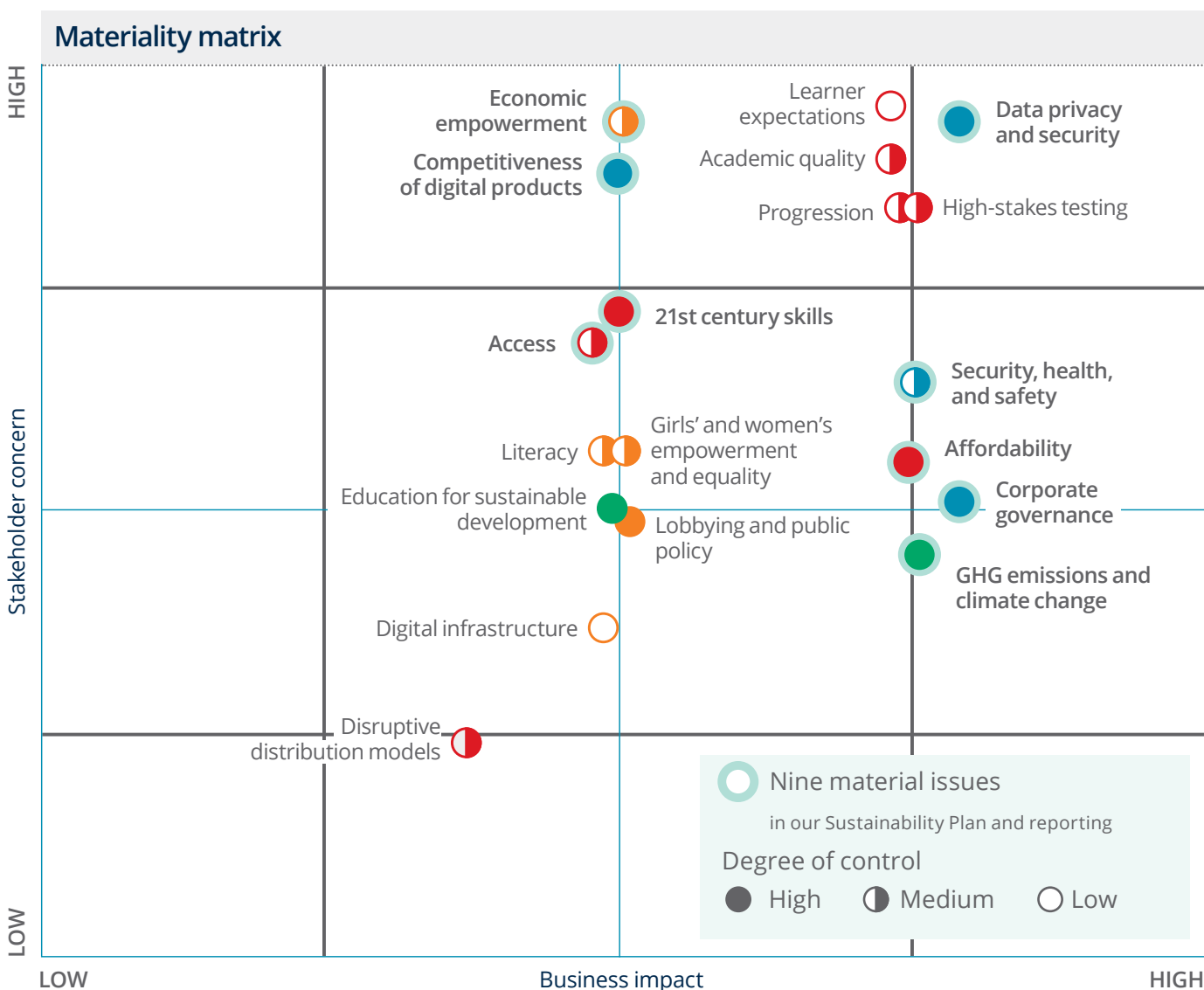
We undertook a comprehensive materiality assessment in 2015, following best practice outlined by the international reporting standard, the Global Reporting Initiative (GRI).

Based on consultation and an analysis of the areas that are most important to our stakeholders, we identified a shortlist of 19 issues that are most relevant to the sustainability of our business. Through further consultation with senior leaders at Pearson, we narrowed these down to nine issues we believe are most material at this time.

To determine materiality, we took into account:

- › The degree of influence and immediacy of opportunity we have to tackle the issues
- › The risk posed to our business, considering what steps we are already taking to address the issues
- › The relative impact of the issues on maintaining or building our reputation and business success.

Following the 2015 process, we made minor adjustments to our material issues in 2016 to reflect input from our stakeholders. We continuously evaluate the relevance of our material issues and we refresh our analysis when appropriate.



Material Issues continued

Our material issues are broken into four categories:

● Corporate functions

Competitiveness of digital products

The potential impact on the business and learners if digital products are not perceived to be, or experienced as, leading in applicability, convenience, price, or other elements of overall competitiveness and functionality.

Data privacy and security

Ensuring personal information about our customers and learners is kept safe and secure, with appropriate systems and procedures in place to prevent privacy breaches and information loss.

Security, health, and safety

Ensuring the safety and security of all employees, learners, and suppliers (including through policies and practice, training, monitoring, and disclosure).

Corporate governance

Establishing a framework and set of processes promoting ethical conduct, transparency, and accountability to our stakeholders.

● Societal issues

Economic empowerment

Education is an important source of economic growth. Providing a quality education helps increase learners' earning potential, allowing them to improve their standard of living, and providing an economic value that extends to future generations.

● Education industry

Access

Ensuring equitable access to our products for all learners, including those with disabilities and special needs.

Affordability

Offering products and services that are affordable to different income groups.

21st century skills

Providing products and services that equip learners with the skills and competencies – such as creativity, entrepreneurship, and critical thinking – needed for success in the 21st century.

● Environmental issues

GHG emissions and climate change

Managing and mitigating our greenhouse gas and climate emissions throughout our value chain.

Material Issues continued

The following table provides further detail on how we define our material sustainability issues, where the impact of these issues occurs (inside or outside the organization, or both), and the key stakeholders impacted by the issues.

Description of material issue	Boundary	Key stakeholders	Relevant GRI G4 aspects
Data privacy and information security			
Ensuring personal information about our customers and learners is kept safe and secure, with appropriate systems and procedures in place to prevent privacy breaches and information loss.	Impact occurs primarily outside Pearson – failure to protect privacy and security of data could significantly affect our learners and customers.	Employees Learners Customers Business partners Suppliers International, non-governmental, and non-profit organizations Governments and other education agenda-setters Regulators	Customer privacy
Competitiveness of digital products			
The potential impact on the business and learners if digital products are not perceived to be, or experienced as, leading in applicability, convenience, price, or other elements of overall competitiveness and functionality.	Impact occurs primarily within Pearson as this affects the company's economic performance. However, stakeholders outside the organization, including learners, customers, and suppliers, could indirectly be affected through the lack of supply of products.	Employees Learners Customers Suppliers Business partners Shareholders and investors	Content creation
Security, health, and safety			
Ensuring the safety and security of all employees, learners, and suppliers (including through policies and practice, training, monitoring, and disclosure).	Impact occurs both within and outside Pearson. Our ability to retain and attract the best people, maintain supply chain effectiveness, and protect our reputation could be affected if we fail in these areas.	Employees Suppliers Learners Customers Governments Regulators	Occupational health and safety Training and education
Corporate governance			
Establishing a framework and set of processes promoting ethical conduct, transparency, and accountability to our stakeholders.	The impact occurs both within and outside our business since the way we conduct our business affects all our stakeholders – those who work for us, do business with us, and use our products and services.	All our stakeholders	Anti-corruption
Economic empowerment			
Education is an important source of economic growth. Providing a quality education helps increase learners' earning potential, allowing them to improve their standard of living, and providing an economic value that extends to future generations.	Impact occurs primarily outside the company, both on the lives of learners who are able to improve their standard of living, and on the prosperity of communities and countries.	Learners Customers Governments and other education agenda-setters International, non-governmental, and non-profit organizations	Indirect economic impacts Diversity and equal opportunity
Accessibility			
Ensuring equitable access to our products for all learners, including those with disabilities and special needs.	Impact occurs primarily outside Pearson.	Learners Customers International, non-governmental, and non-profit organizations	Content dissemination

Material Issues continued

The following table provides further detail on how we define our material sustainability issues, where the impact of these issues occurs (inside or outside the organization, or both), and the key stakeholders impacted by the issues.

Description of material issue	Boundary	Key stakeholders	Relevant GRI G4 aspects
Affordability			
Offering products and services that are affordable for several income groups.	Impact occurs primarily outside the company. The transition to more digital products and services makes education opportunities more affordable for many learners.	Learners Customers Governments International, non-governmental, and non-profit organizations	Content creation
21st century skills			
Providing products and services that equip learners with the skills and competencies – such as creativity, entrepreneurship, and critical thinking – needed for success in the 21st century.	Impact occurs primarily outside the company. We want to help learners gain the skills they need for success in life and work through our products and services.	Learners Customers Governments and education agenda-setters International, non-governmental, and non-profit organizations	Media literacy
GHG emissions and climate change			
Managing and mitigating our greenhouse gas and climate emissions throughout our value chain.	Impact occurs both within the business and outside through our employee activities and in our supply chain. Our primary areas of impact are business travel and energy consumption in our offices.	All our stakeholders	Energy Emissions Transport Supplier environmental assessment

Alignment of material issues to principal and other Pearson risks

Sustainability report 2015 Material issues	Annual Report 2016 Principal risk	Group risk	Business area risk monitoring		
Disruptive distribution models	Products and services	Yes	› Global Product › Core › Growth	› North America › Social, Environmental and Ethical (SEE)	
Competitiveness of digital products	Products and services				
Affordability	Products and services				
Learner expectations	Products and services				
Academic quality	Products and services				
High-stakes testing	Testing failure	Yes	› Assessment	› Core	
Lobbying and public policy	Political and regulatory risk	Yes	› Core › Growth	› North America › Assessment	
Data privacy and security	Data privacy and information security	Yes	› Core › Growth › North America	› Assessment › Global Product	› Legal › Tech & Ops
Digital infrastructure	Customer digital experience	Yes	› North America	› Global Product	› Tech & Ops
Security, health, and safety	Safety and corporate security	Yes	› Core › Growth	› HR › SEE	› Assessment*
Accessibility	-	-	› Assessment*	› Legal*	› SEE
GHG emissions and climate change	-	-	› SEE		

As part of our risk management process, Group risks are tracked across all business areas, geographies, and functions. See p33 in *Pearson's Annual Report & Accounts*.

* Emerging risk