



Pearson

Pearson Australia

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24 February 2021

Reporting entities and structure

This is Pearson Australia Holdings Pty Ltd's (**PAH**) statement published in accordance with the Modern Slavery Act 2018 (Cth), requiring that companies publish a slavery and human trafficking statement. This covers slavery, servitude and forced or compulsory labour, as well as human trafficking.

PAH is a reporting entity under the provisions of s.5(1) of the Act. Pearson plc is the parent company of PAH and is registered in England under company number 53723. PAH's board of directors who are responsible for the management of PAH and its subsidiaries within Australia.

This statement is around PAH's compliance with the Act covering the 2019 financial year sets out the steps taken by all Australian registered subsidiaries of Pearson plc to prevent modern slavery and human trafficking in our business and supply chain during the year ending 31 December 2019. The legal entities covered by this statement are set out below:

- | | |
|---------------------------------------|--|
| i. Pearson Australia Holdings Pty Ltd | ACN:103 243 858 and its wholly-owned subsidiaries: |
| a. Pearson Australia Group Pty Ltd | ACN:004 245 943 |
| b. NCS Pearson Pty Ltd | ACN:074 509 792 |

Pearson's global policies and activities around modern slavery

PAH's trading subsidiaries set out above are integrated into the global business of Pearson plc, and follow the business practices and policies relating to modern slavery legislation set out by Pearson plc.

The Pearson plc statement in relation to Modern Slavery Compliance for year ending on 31 December 2019 is attached to this statement, as it contains comprehensive details of Pearson's efforts and programmes as required by the Modern Slavery Act 2015 (United Kingdom), including details of PAH and its subsidiaries.

Additionally, in 2019, PAH and its subsidiaries adopted the Pearson plc mandated global due diligence process for all, which uses third party intelligence and industry database to check for financial, operational and reputational risks including compliance with modern slavery legislation. Where prospective suppliers are flagged as risks or potentially not meeting Pearson's standards, the supplier is either subject to enhanced due diligence to resolve any issues or Pearson declines to work with the supplier.

Relationship with Pearson plc global compliance team

PAH works closely with Pearson plc's global compliance team, with both regular information and process exchanges and goal setting, as well as PAH's role in ensuring that Pearson plc's processes are fit for purpose in meeting local Australian requirements. Additionally, all material breaches or risks around modern slavery compliance are reported to the global compliance team, who work with the locally designated compliance officer and our in-house legal team to ensure PAH compliance with the Act.

Effectiveness of process and remediation of any concerns

PAH and its subsidiaries declined to work with between 4-10 prospective major vendors or suppliers to due diligence concerns in 2019 (although we are not disclosing the specific reasons for our refusal and it should not be inferred the reasons related to modern slavery concerns).

Additionally, PAH and its subsidiaries have a remediation mechanism where existing suppliers cause any concerns around modern slavery legislation, which includes immediate termination of the supplier relationship. The directors were not aware of any supplier in 2019 who warranted such termination of their contractual arrangements with Pearson.

The effectiveness of our due diligence processes is monitored and subject to continues improvement at a global level by Pearson plc. Additionally, all major suppliers are subject to due diligence every 3 years regardless of contract term.

This statement is authorised by PAH's board of directors, which is the principle governing body of the entity and its subsidiaries and signed by a responsible member of the entity.

Signed:



Name: David Barnett

Position: Managing Director

Date: 24 February 2021



Pearson

**Modern Slavery
Statement 2019**

About this statement

This is Pearson's statement published in accordance with the UK Modern Slavery Act 2015, which requires that companies publish a slavery and human trafficking statement. This covers slavery, servitude and forced or compulsory labour, as well as human trafficking.

This statement is our compliance with the Act covering the 2019 financial year. It sets out the steps taken by Pearson plc and all relevant subsidiaries (see the [2019 Pearson annual report](#) for a full list of subsidiaries) to prevent modern slavery and human trafficking in our business and supply chain during the year ending 31 December 2019.

Introduction

As a company dedicated to helping people improve their lives through learning, we want all individuals that our business impacts to have access to employment that is decent and helps to improve their circumstances. Modern slavery is inimicable to our mission.

Our company's values are to be "brave, imaginative, decent and accountable." In line with these values, we have long-standing commitments to a number of international human rights frameworks that guide our approach to combatting modern slavery. We are a founding signatory to the ten principles of the United Nations Global Compact, which include the rejection of forced and compulsory labour alongside other fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. As a result, we are committed to ensuring our business as well as our suppliers and our business partners are free from slavery, servitude, forced or compulsory labour.

In our [annual report](#) and on [our website](#) we report annually on our progress to meet our commitment to the UN Global Compact and other human rights standards including the Universal Declaration of Human Rights, the International Labour Organization's declarations on fundamental principles and rights at work, and the UN Guiding Principles on Business and Human Rights.

Pearson's Structure

Who we are

We are the world's learning company operating in 70 countries around the world with more than 22,500 employees. We provide content, assessment and digital services to schools, colleges and universities, as well as professional and vocational education to learners to help increase their skills and lifelong employability prospects.

We aim to support learners throughout their lifetime for every moment that matters – whether this is exam preparation and success, graduating from university, getting a new job, studying for a postgraduate degree, changing career or looking for a new challenge.

Our mission is to help people make progress in their lives through learning. Our vision is to have a direct relationship with millions of lifelong learners and to link education to the way people aspire to live and work every day. To do that, we will collaborate with a wide group of partners to help shape the future of learning.

Our capabilities include combining world-class educational content and assessment, powered by services and technology, to enable more effective teaching and personalised learning at scale. Our capabilities are based on our deep expertise in how people learn.

Our strategic advantages

Insights and capabilities

We partner with world-class authors, institutions, government and regulatory bodies and employers to develop our content, assessment and service capabilities. We take a data-driven approach to product design, based on proven learning science and pedagogy. This enables huge advancements in rich content, personalised learning and effective analytics.

Investing back into our business

Pearson's strong balance sheet supports the continuing investment in our digital transformation and structural growth markets. We are investing record levels to become the winners in digital education.

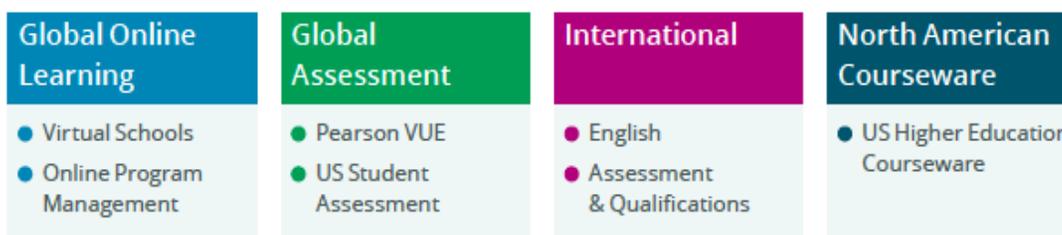
Global reach and scale

We have a truly global scale and focus. We operate in 70 markets worldwide. Our products and services benefit from being centrally developed, globally deployed with local expertise and capabilities ensuring success.

Our new operating structure

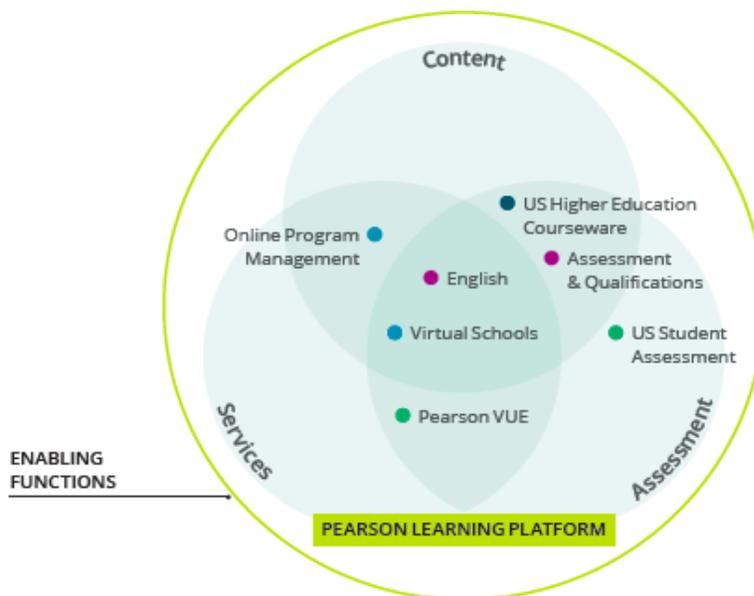
We are refining the structure of our business to better reflect the shift towards more digital learner-centred products.

Key businesses in our new structure



Interdependencies in our key businesses across our core capabilities

We have three core capabilities – content, assessment and services.
Our key businesses share synergies across them, powered by the Pearson Learning Platform, all of which is supported by our Enabling functions.



Our 2030 Sustainability Strategy



Advance equity
in learning



Build skills for
sustainable futures



Lead by
example

Our values are **brave, imaginative, decent** and **accountable**

We are **the world's learning company**

For more information on the company, visit www.pearson.com/corporate.

Our 2030 Sustainability Strategy

Pearson has just introduced a 2030 Sustainability Strategy following our 2020 Sustainability Plan.

The world is facing exciting, unprecedented opportunities and challenges. We need everyone to reach their full potential and help shape a brighter future. By leveraging our company's capabilities and partnering with others, we can help develop lifelong learning opportunities that enable people around the world to create better lives for themselves, their families and thus their societies.

Our focus is identifying, supporting and developing people so they can reach their full potential and supporting the UN Sustainable Development Goals, particularly goal 4 on quality education, goal 8 on decent jobs and economic growth, and goal 10 on reducing inequality.

The focus areas of our strategy are below. Later this year, we will release our targets and more detail about how we will advance these objectives.

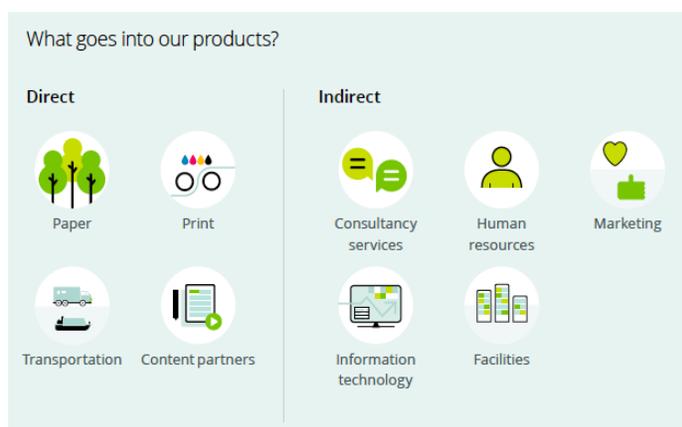


Pearson's Supply Chain

In 2019, Pearson purchased over £2.35bn of goods and services from over 44,500 third parties, from large multinationals to smaller specialist companies and sole traders. Eighty percent of Pearson's global spend is represented by 605 suppliers.

The vast majority of the products and services that Pearson and its operating companies purchase are sourced from suppliers in OECD countries, mainly those in North America and Europe. Pearson divides its supply chain into two broad areas: direct and indirect.

Our direct supply chain, which accounts for approximately 30% of spend, primarily covers the sourcing and production of textbooks from third-party printers, as well as paper sourcing and transportation. More detail about our paper supply chain and our print supply chain is on p10. Direct also consists of our content spend, such as authors, rights and permissions, and digital technology related to digital education products. As we transition from print to digital, the latter will represent an increasing portion of direct spend. While print and paper sourcing represent the higher risk for modern slavery today (see Areas of Focus on p9), we are constantly evaluating and addressing our human impacts as a digital company.



Our indirect and technology procurement, which accounts for approximately 70% of spend, covers all other categories of spend, including consultancy services, human resources, marketing, information technology, and facilities. More about our indirect supply chain is on p12.

Policies Related to Modern Slavery

Pearson has a number of policies in place that relate to modern slavery, and which are approved by the executive management team. They are available online at: <https://www.pearson.com/corporate/our-policies.html>.

Human Rights Statement

Published and endorsed by our Chief Executive in 2018, our [Human Rights Statement](#) outlines our commitment, approach, key areas of impact, and governance and remediation processes. It articulates our vision to respect and promote human rights, including the right to education, throughout our operations and with our customers, employees, contractors and supply chain, and it reinforces our commitment to avoid involvement in and address issues with any form of modern slavery.

Our approach is guided by the Universal Declaration of Human Rights, the International Labour Organization's declarations on fundamental principles and rights at work, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact Principles.

The sustainability team guides our human rights approach, which is implemented through a number of policies, statements, and procedures, including: Code of Conduct; Business Partners Code of Conduct, UN Global Compact Supplier Commitments, Safeguarding Principles, Health & Safety Policy, Accessibility Statement, Diversity and Inclusion Statement, Editorial Policy, Anti-Bribery and Corruption Policy and Anti-Retaliation Policy. Our publicly available policies can be found on our [policies webpage](#).

Employee Code of Conduct

The [Employee Code of Conduct](#) underpins our values by setting out the global ethical, social and environmental standards of behaviour we expect from employees, and references our commitment to upholding human rights and complying with the provisions of the Modern Slavery Act 2015. It is supported by a suite of global policies and principles that are publicly available on [our website](#).

Our Code of Conduct was revised and refreshed in 2019, and a training course for employees included a focus on raising concerns, a certification to the Code and an overview of our global Conflicts of Interest policy and disclosure process. We make sure all Pearson employees are aware of our Code and confirm they understand and will comply with it. In 2019, we achieved our target of 100% employee completion and acknowledgement of the Code. The Code is also assigned as part of the onboarding process for all new Pearson employees. Our Code certification process also reminds employees of ways to report concerns and ask questions and highlights www.PearsonEthics.com as a channel to report concerns of wrongdoing (see p13).

The board Audit committee monitors implementation of the Code and Pearson's Chief Executive oversees employee adherence to and training about the Code.

Business Partner Code of Conduct

As part of our approach to responsible sourcing, Pearson looks to work with partners and businesses that have standards that reflect our own. We have a number of policies and processes relating to working with third parties – the most important of which is our [Business Partner Code of Conduct](#).

The Business Partner Code of Conduct (“Partner Code”) clarifies the responsibilities and expectations we have of our business partners (which include joint venture partners, vendors, franchisees, distributors, suppliers, contractors, consultants and agents) for ethical and responsible business practice.

The Partner Code sets out our support for universal human rights (including equal employment, freedom of speech and of association, and cultural, economic and social wellbeing), good labour practices and decent working conditions. It also sets out our expectations for supply partners to oppose discriminatory, illegal or inhumane labour practices including slavery and human trafficking.

The Partner Code forms part of new contracts and it is included when contracts are renewed or updated. Compliance with the principles in our code is a minimum standard of behaviour outlined in contracts.

The Partner Code also states that it is the responsibility of business partners to ensure that subcontractors doing work for or on behalf of Pearson meet the same high standards of ethics and compliance required for business partners.

The board Audit committee monitors implementation of the Business Partners Code and Pearson Legal oversees third party adherence to our Business Partner Code.

Terms of Business

Pearson has also established processes that explicitly include modern slavery in our [terms of business](#), which all vendors must agree to. Suppliers are required to warrant that their supply chain is free from slavery, servitude, forced or compulsory labour and human trafficking as defined by the Modern Slavery Act 2015.

Our business terms of reference provide us with the power of audit and if necessary, the right to terminate a relationship if we find issues of non-compliance. This means our responsible purchasing principles of behaviour are contractually enforceable.

We also have a supplier engagement internal policy, which sets out the procedures to be followed, the minimum standards required and the documentation process to be adopted prior to identifying, contracting with and purchasing goods or services from an indirect supplier.

When working with schools and campuses, suppliers must have an applicable safeguarding policy which meets or exceeds Pearson’s (see p12 for more on safeguarding). Suppliers are also subject to Pearson’s Anti-Bribery and Corruption Policy (see p8), Terms and Conditions for Purchase of Goods and Services (US/CAN & UK) and Gifts and Hospitality Policy.

Overview: Modern Slavery Due Diligence and Risk Assessment

In considering modern slavery as a risk for Pearson, our due diligence involves:

- Assessing actual and potential areas of risk applying the criteria below, including through our human rights risk assessment, third-party due diligence process and processes specific to various parts of our business
- Identifying gaps in policy and practice with regard to our ethical and responsible sourcing
- Addressing priority areas and areas of concern identified through this process
- Implementing remediation plans where issues are identified
- Identifying further priorities for action

In determining which areas of our business and supply chain to focus on with regard to modern slavery, we consider the following criteria for risk:

- Product and raw material risks (which have a higher prevalence of modern slavery in general)
- Country risk through the Global Slavery Index as well as NGO reporting on modern slavery
- Materiality-based risk (based on volume of product purchased, though we understand that volume does not correspond directly to salience of modern slavery risks)
- Degree of influence or control that Pearson has within the respective categories of spend

Modern slavery is also a consideration in broader risk assessment work, including a human rights impact assessment undertaken and a third-party anti-bribery and corruption due diligence process.

We conducted a comprehensive human rights impact assessment in 2017 drawing on the expertise of BSR, a sustainability organisation we have engaged to help us advance our human rights efforts. We engaged a range of internal and external stakeholders to consider how our operations, products and services, and the activities of our business partners may have a positive or negative impact, including in relation to modern slavery.

Looking across our business and value chain, the human rights assessment considered the rights of learners, employees and contractors, teachers and educators, customers, supply chain labour as well as the broader community. Through the process, we identified areas of risk and opportunity, such as strengthening due diligence and risk management in third-party transactions, including indirect procurement.

Commencing in 2018 we rolled out a global Anti-Bribery and Corruption (ABC) Third Party Due Diligence programme. Over the course of the past two years we have launched a new Third-Party ABC and Due Diligence Policy, implemented a new due diligence system and completed due diligence on all in-scope third parties in South Africa (including the Rest of Africa), the Middle East, India, Mainland China and Hong Kong, Asia Pacific, Brazil, Hispano America, Italy, Western, Central and Eastern Europe and our VUE and Test Centre businesses. We visited the offices located in these regions, met with key stakeholders and relationship owners, conducted due diligence on all third parties we deemed highest risk, thus 'in scope,' for due diligence, trained staff on how and when to conduct due diligence for all new engagements, and introduced remedial measures or terminated relationships where required.

Using our procurement system, we have also implemented due diligence in the US, UK and Canada as a prerequisite to onboarding any new in-scope third-party supplier and we are working through screening our legacy (existing) third parties in these regions, too. We have developed a dual-purpose online

training course, which can be used as a refreshed due diligence training for those who have already been trained on the due diligence, and as an introduction to the process for those who have not. We have rolled it out to colleagues across the US, UK and Canada and will use this course as a refresher training module for regions requiring renewed due diligence. So far, we have screened 33,400 third parties globally.

We also continue to consult a variety of global and local stakeholders, including civil society and international organisations like BSR, to help us improve how we manage human rights and modern slavery related risks.

As set out in last year's statement, we undertook a supply chain review project with sustainability advisors BSR to assess and improve our approach to human rights, including modern slavery, and environmental sustainability in our supply chain, ensure we meet global standards and stakeholder expectations, identify any gaps and develop a roadmap to improve our approach. Based on the project's findings, we have put a road map in place to improve data management systems, facilitate better measurement and reporting of KPIs, and train both buyers and suppliers on human rights issues as explain what Pearson expects of suppliers.

Areas of Focus

Based on our risk assessment, we have found that the areas below pose varying levels of risk in connection with some aspect of modern slavery. More detail is below and on the pages that follow.

Our direct supply chain, which accounts for approximately 30% of spend, presents a relatively higher level of risk based on the criteria above. With regard to our paper supply, forestry practice in some countries has been identified as having human rights concerns. See below. In our print supply chain, there is country-based risk. See p10.

Our indirect supply chain, which accounts for approximately 70% of spend, is lower risk. Recruitment policies and practices of contingent and agency workers could pose risk as workers in our examination paper distribution centres are needed seasonally. Third parties also recruit facilities service providers in Pearson buildings. See p12.

Also in our indirect supply chain, agricultural products used by our catering services (part of the facilities category) and raw materials in hardware (part of the IT category) are areas of concern with regard to modern slavery based on their country and NGO reporting. Both are tier 3 and beyond suppliers (suppliers to our sub-suppliers), which are covered by our Business Partner Code of Conduct and are required to address modern slavery risk in their operations and supply chain. Our IT is less than 4% of global spend and catering is less than 1% of global spend.

Finally, while our exposure is limited, in some cases learners that interact with our business may be at risk for modern slavery. Through our safeguarding function, we support staff in our direct delivery businesses to identify risks and report them through the proper channels. See p12 for more about how we mitigate this risk.

Direct Procurement Due Diligence and Risk Assessment

Paper Sourcing

Timber production and forestry has been identified by Pearson as a higher risk industry due to the potential for human rights abuses, including the use of forced, indentured and child labour.

Pearson has a longstanding [responsible paper sourcing policy](#) that recognises this risk and sets out our ambition to use paper suppliers that offer legal, ethical and responsibly-sourced timber. This policy sets out our preference for papers that hold Forest Stewardship Council (FSC) certification, and we also recognise the Programme for the Endorsement of Forest Certification (PEFC) system of certification.

The risk of slavery is associated with unsustainable and illegal forestry practices. As a cornerstone of their certification criteria, FSC and the PEFC require ethical treatment of workers in the forestry industry and compliance with fundamental ILO conventions, including the Forced Labour convention. There is an extensive due diligence process to ensure that forced labour and human trafficking are not part of the production process of FSC and PEFC-certified products. Both bodies require annual audits to verify continued compliance with certification requirements.

In 2019, we purchased over 100,000 tonnes of paper globally. To help to reduce our impact, we have retained Chain-of-Custody accreditation from the FSC in the UK, which enables Pearson products to carry the FSC logo. Of the more than 12,000 tonnes of paper we purchased in the UK, 86% was certified to an environmental standard, such as FSC or PEFC.

Print Production

We rely on third-party suppliers to print our textbooks and course materials. Globally, we have over 200 print suppliers representing approximately £200m in spend.

In the UK, we require suppliers rated as high risk, and with spend of over £100,000, to undertake an independent third-party audit before being approved as a supplier; and to agree to regular review audits at least once every two years. We rate suppliers as medium or high risk based on a country of operation and a Book Chain tool (see p11) designed specifically to help publishers identify labour and environmental risks in the supply chain. The audits are carried out by third party auditors and shared via the Book Chain platform.

Our due diligence process also includes visiting suppliers around the world to assess compliance with our standards and ensure suppliers address non-compliance. These visits provide a valuable opportunity to reinforce our commitments to eliminating all forms of child, forced and compulsory labour, as well as promoting environmental stewardship. More detail about visits and audits to high-risk suppliers of our UK and India businesses is below.

In the UK business, we had £26m in spend with 46 printers. Of these, we have identified four suppliers, representing £6.6m in spend, as high risk based on country of operation (China and Malaysia), guidance from Book Chain (see p11) and meeting our materiality threshold for the UK business, defined as

exceeding £100,000 in spend. All four were visited in 2019 and have a valid audit in place.

In our India business, we have £5.2m in spend with 16 printers. All 16 are participating in Book Chain and of these, 12 printers, representing £4.8 in spend, have audits in place.

The Book Chain Project – supplier labour and environmental audits for print and paper

Pearson is a founding signatory of the Book Chain project, a collaborative effort in the publishing industry to promote a responsible supply chain.

Pearson participates in all three elements of the project:

- PREPS – responsible forestry and paper sourcing
- PRELIMS – labour, human rights and environmental standard checks at print suppliers
- PIPS – product chemical safety.

PRELIMS (Publishers Resolution for Ethical International Manufacturing Standards) is a shared database which allows the publishing industry to ensure that supplier sites meet recognised standards for labour and environmental practice. PRELIMS has a Code of Conduct that collates standards that are based on existing internationally-recognised codes and laws. The PRELIMS code outlines what the publishers expect from their suppliers, and also states the publishers' commitments to their suppliers.

By engaging with Book Chain, suppliers benefit by easily sharing their audit results with multiple publishers, saving them time and money by avoiding duplication.

Independent third-party audits must be consistent with the PRELIMS code. We also recognise comparable codes and audit processes, including the audits carried out under the International Council of Toy Industries (ICTI) Care Process, and Sedex Members Ethical Trade Audit (SMETA) audits against the Ethical Tradition Initiative (ETI) Base Code.

The scope of these audits include checking (i) that there are employment contracts for all workers (including migrants), (ii) the existence of policies and training relating to standards on forced labour, (iii) whether migrant workers were recruited through an agency and (iv) the existence of grievance procedures and their use. When issues are raised by auditors, these are assessed and corrective action plans are put in place.

In 2019, we were involved in an additional project whose aim was to increase health and safety in print factories in China. Two of the 11 print companies that were involved were Pearson suppliers. The project included a webinar for factory managers, a guidebook collating best health and safety practices, three best-practice case study interviews and a WeChat group to support managers. The project received overwhelming interest from managers. 115 print suppliers have downloaded the health and safety guide via the Book Chain system and some suppliers are already using it internally to improve their health and safety management. This project has highlighted the barriers to managing health and safety in the print industry and also the opportunities to improve. Companies were able to explore better managerial practices through learning from their peers.

Indirect Procurement Due Diligence and Risk Management

Indirect suppliers make up approximately 70% of global supply chain spend. With our new technology platform live in the UK, US and Canada, new indirect supplier requests are tracked and pass through audited approval actions before being confirmed for onboarding into Pearson systems. Suppliers submit information directly and securely through our platform, governed by SOX control standards, where risk assessment concerns are tested across: conflict of interest; trade sanctions; sanctioned countries; sustainability; physical security; diversity; and business continuity.

Our 2020 supplier risk initiatives will focus on: a reduction in the number of ‘active’ suppliers available for the business users to purchase against (therefore reducing our risk landscape); risk assessment of incumbent suppliers; and improvement of Pearson’s supplier risk assessment enabled by technology and partnerships.

Contingent workers

We work with Allegis Global Solutions (AGS) to manage the relationships with our contingent workforce population in the US and UK, which we define as any individuals who are working at, or for, Pearson but who are not Pearson employees or suppliers and who are paid through means other than Pearson’s payroll. They include independent contractors and payroll agency employees. Our contingent workers frequently fill roles such as engineers, developers, exam graders and project managers.

AGS helps us ensure our contingent workers have the same protections as our regular employees, including against conditions linked with modern slavery. They receive a detailed supplier manual outlining how Pearson people policies apply to them and AGS holds contingent worker agencies accountable for ensuring that workers are informed of these policies.

Pearson is also a certified living wage employer in the UK in our directly managed operations. As such, we abide by the certification principles for our permanent, contract and agency workers. In a modern slavery context, paying a living wage reduces the risk of debt bondage.

Modern Slavery and Our Learners

While not an area of high risk, we recognize that we may encounter instances where learners interacting directly with Pearson could be at risk for modern slavery.

If an employee in our direct delivery business has a concern about a learner related to modern slavery, he or she is able to raise it through our internal safeguarding channels. Our safeguarding policy and programme focus on protecting learners wherever we operate, and particularly in schools, training and learning centres and teaching facilities. Our primary concerns focus on ensuring children’s safety and providing safe, age-appropriate learning environments for all in both physical and virtual classroom settings.

Following the commitment set out in our last modern slavery statement, we are reviewing our safeguarding procedures to better integrate measures to address modern slavery. For example, we will

add the issue to our safeguarding policy and will strengthen systems to track incidents that are reported.

Effectiveness and Enforcement

With very few exceptions, all Pearson employees and suppliers may raise a concern anonymously on the www.PearsonEthics.com site – our whistleblowing service. If a local jurisdiction does not allow anonymous reporting, the site will not permit individuals to make an anonymous report. Individuals can ask an ethics or compliance question or make an inquiry regarding a company policy. Incidents can also be reported and individuals can track the progress of any investigation. Our policy is one of no retaliation against any person reporting concerns in good faith.

Cases that pose significant risks to our business are reported to the Pearson audit committee. In 2019, 135 concerns were raised and investigated. None were related to modern slavery and none were classed in our highest risk category.

As outlined on p7, our terms of business are contractually enforceable because our business terms of reference provide us with the power of audit and if necessary, the right to terminate a relationship if we find issues of non-compliance.

Training

We recognise that training and awareness raising is an important part of reducing the risk of modern slavery. In 2020 we plan to undertake further training of employees and suppliers as part of the implementation of our supply chain review action plan. We plan to cover awareness raising of human rights issues, outline Pearson's approach to reducing risks, as well as providing guidance on how to use new systems and processes.

In the past, we have provided briefings and training for production teams on the ten principles of the UN Global Compact which includes forced and compulsory labour. To date, Pearson has:

- Engaged Health, Safety, Safeguarding and Sustainability leaders in growth and core markets on Pearson's commitments to human rights and avoiding involvement in modern slavery, including related risk factors, through presentations and a survey.
- Carried out face-to-face training in April 2017 for the book publishing production team on the Modern Slavery Act.
- Briefed the indirect procurement leadership team on key sustainability issues including modern slavery.
- Introduced the issue to the purchasing team in India as their territory is a higher-risk geography.
- Held a briefing session of the Global Compliance team on the issue.
- Engaged the indirect procurement leadership team in the wider review of human rights working with BSR referenced on p8.
- Delivered training on the Code of Conduct to all employees annually.

Transparency

We commit to transparency in the implementation of this statement by making available reports on our progress to relevant stakeholders and to the public.

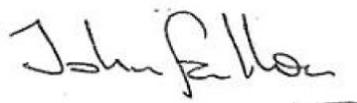
Plans for the Future

Our priorities for 2020 are to:

- Implement recommendations from our supply chain review, develop a roadmap to scale up efforts to integrate our human rights strategy and policies globally, and strengthen our supplier risk assessment process, enabled by technology and partnerships.
- Improve data management systems and facilitate better measurement and reporting of KPIs.
- Conduct training for buyers and suppliers on our sourcing requirements for respecting human rights and other sustainable business practices.
- Include environmental and social criteria in category management plans for priority areas of supplier spend, and strengthen responsible sourcing clauses written into supplier contracts.
- Reduce the number of 'active' suppliers available for the business users to purchase against, therefore reducing our risk landscape.

This statement has been approved by the Board of Directors, Pearson plc as of 25 March 2020:

Signed by:



John Fallon
Chief Executive Officer

To provide feedback on the content of the policy, please contact: Jo Russell, joanne.russell@pearson.com.

For more information on our organisation structure, business and supply chain management, please visit our [annual report](#).

Definition of Slavery

Slavery, in accordance with the 1926 Slavery Convention, is the status or condition of a person over whom all or any of the powers attaching to the right of ownership are exercised. Since legal 'ownership' of a person is not possible, the key element of slavery is the behaviour on the part of the offender as if he/she did own the person, which deprives the victim of their freedom.

Definition of Servitude

Servitude is the obligation to provide services that is imposed by the use of coercion and includes the obligation for a 'serf' to live on another person's property and the impossibility of changing his or her condition.

Definition of Forced or Compulsory Labour

Forced or compulsory labour is defined in international law by the ILO's Forced Labour Convention 29 and Protocol. It involves coercion, either direct threats of violence or more subtle forms of compulsion. The key elements are that work or service is exacted from any person under the menace of any penalty and for which the person has not offered him/herself voluntarily.

Definition of Human Trafficking

Human trafficking requires that a person arranges or facilitates the travel of another person with a view to that person being exploited including where the victim consents to the travel. This reflects the fact that a victim may be deceived by the promise of a better life or job or may be a child who is influenced to travel by an adult.