



# Anti-Bribery & Corruption (ABC) Policy

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# Introduction

Pearson is built upon a strong foundation of integrity. We are committed to conducting business in accordance with the highest legal, professional, and ethical standards with whomever we may deal with, and wherever we operate.

Bribery is a criminal offence and Pearson does not tolerate bribery or corruption in any form. This zero-tolerance policy extends to all Pearson business relationships and applies in all jurisdictions in which we operate. Failing to recognize and avoid bribery and corruption risks can have a devastating impact on Pearson's reputation, business, and can create criminal and/or civil liability for Pearson and the individuals involved.

This policy (*hereinafter "ABC Policy"*) is intended to ensure compliance with global anti-bribery and anti-corruption laws including, but not limited to, the US Foreign Corrupt Practices Act (*hereinafter "FCPA"*), the UK Bribery Act 2010 (*hereinafter "UKBA"*), and similar laws that prohibit the offer, authorization, or provision of a thing of value for the purpose of influencing an official act or decision, or for the purpose of obtaining and retaining business (*hereinafter "ABC Laws"*).

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*Compliance with this Policy is the responsibility of every Pearson employee and Business Partner.*

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## Purpose

The purpose of this policy is to:

- **Establish expectations and responsibilities** for all Pearson employees in the observance of and compliance with ABC Laws.
- **Provide guidance** to Pearson employees on **how to recognize, avoid, and report** suspected acts of bribery and corruption; and
- **Prescribe principles and controls** intended to **prevent, detect, and remediate** bribery and corruption risks.

## Applicability

Pearson's ABC Policy applies to any Pearson company, subsidiary, affiliate, division, and other controlled business entity and operation, as well as the directors, officers, executives, senior leaders, and employees and temporary workers thereof (collectively, "Pearson"). Moreover, the principles set forth in Pearson's ABC Policy extend to its Business Partners through the application and acceptance of Pearson's Business Partner Code of Conduct, which is located [HERE](#).

# What is Bribery? What is Corruption?

**Bribery** refers to the act of offering, promising, giving, receiving, or soliciting anything of value to any person or entity, directly or indirectly, with the intention of corruptly or improperly obtaining or retaining a business advantage.

**Corruption** refers to any form of abuse of entrusted power for private gain. Corruption *includes, but is not limited to, bribery.*

Bribery may be **active** (offering or promising to give anything of value) or **passive** (requesting, agreeing to receive or accepting anything of value) in nature if it is committed with the intention to induce the recipient to act improperly in the performance of his/her duties.

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*A person does not have to accept the offer for Bribery to occur.*

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## “Any person”

**Bribery** can occur anywhere and can involve anyone. Bribery can involve:

- foreign and domestic **Government Officials**;
- OR
- employees and agents of **public and private sector institutions.**

Pearson may also be responsible for the indirect actions of its Business Partners and other third parties in the performance and discharge of services on behalf of Pearson.

## “Anything of value”

A *bribe* may take *many forms*; it does not have to be cash.

“Anything of value” broadly includes and is not limited to:

- cash and cash equivalents such as gift cards
- gifts
- meals and refreshments
- entertainment
- lodging
- trips and travel related expenses
- training and education services
- employment offers or referrals
- internships
- product discounts
- loans
- charitable donations
- sponsorships
- rewards as part of a contest, sweepstakes, games of chance or in exchange for product opinions or views
- use of materials or facilities
- the forgiveness (or cancellation) of debts, and
- any other transfer of value, even if nominal.

## Key Takeaways



It is an offence to:

- Offer a **bribe** even if it is not accepted
- Help any person to **offer a bribe**
- Get another person to **offer a bribe**
- Encourage/urge another person to **offer a bribe**
- Conspire/secretly plan with another person to **offer a bribe**

## Guiding Principles, Policies, and Procedures

- **Pearson employees are strictly prohibited** from offering, promising, giving or authorizing bribes, directly or indirectly, to anyone, for the purpose of improperly influencing a business decision. **Pearson also prohibits its employees from soliciting, requesting, or accepting a bribe from anyone under any circumstances.**
- **Pearson employees are prohibited from encouraging Pearson's Business Partners or other third parties** to engage in activity that is otherwise prohibited by this ABC Policy, the Business Partner Code of Conduct, or ABC laws in general.
- **Pearson employees are expected to promptly report any suspected or known violation of this ABC Policy, the Business Partner Code of Conduct, or ABC Laws,** to their legal representative, Local Compliance Officer, supervisor, human resources manager, the Global Compliance Office, or [Pearsonethics.com](https://www.pearsonethics.com).

# Bribery & Corruption: High Risk Business Transactions

Bribery and corruption come in many forms. If any of the following is provided with a corrupt or wrongful intent, it is **Bribery**.

Employees are expected to be aware of bribery and corruption risks in regular business transactions, including:



## A. Doing business with third parties

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Pearson expects that all Business Partners execute and maintain the high standards of ethical conduct and compliance with all applicable ABC laws whenever engaged in any Pearson business. Consequently, Pearson may only engage with Business Partners who are able to and willing to comply with this ABC Policy, the Business Partner Code of Conduct, and ABC Laws. Pearson shall select, screen, retain, monitor, and manage its Business Partners in strict accordance with the foregoing policies, as well as the procedures set forth in [Pearson's Third-Party ABC Policy, including Due Diligence](#). Our business partners include suppliers, distributors,

agents, advisers, consultants, technology providers, and government and public bodies to name a few.

Per the Third-Party ABC Policy, including Due Diligence, Pearson shall conduct due diligence of all acquisition targets and third parties considered in-scope for ABC due diligence for potential bribery and corruption risks.

## **B. Working with Government Officials and Public Sector Entities**

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Pearson's ABC Policy applies to all public and private sector business transactions. Transactions involving Government Officials require special attention and caution because of the specific requirements imposed by ABC Laws. Accordingly, to ensure compliance with ABC Laws and other relevant regulations, Pearson employees are expected to consult with their Local Compliance Officers or the Global Compliance Office to learn and comply with all rules that apply to government contracting and interactions with Government Officials. You can find a list of Local Compliance Officers and contacts within the Global Compliance Office [here](#), as well as by searching for it on the [Global Compliance](#) and [Anti-bribery and Corruption \(ABC\)](#) Neo Pages.

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*Any activity involving an attempt to influence government action on Pearson's behalf shall be coordinated by Pearson's Government Relations Department. The selection, screening, and monitoring of any lobbyist engaged by Pearson shall be in strict accordance with Pearson's Third-Party ABC Policy, including Due Diligence.*

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## **C. Political Contributions Using Company Funds**

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Pearson categorically prohibits the use of company funds for the purpose of making or facilitating any Political Contribution.

## **D. The Provision of Gifts & Hospitality, Sponsorships, and Charitable Donations**

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Pearson may offer and provide Gifts & Hospitality, Sponsorships, and Charitable Donations to third parties, when legitimate and offered and provided solely for the purpose authorized by, and approved in conformity with, the foregoing referenced policies. Such expenditures shall be accurately recorded in Pearson's books and records. For more information on the policy, procedures and accurate recording of third-party expenditures related to gifts, hospitality, sponsorships and donations, please see the following policies and the "Maintaining Accurate Books & Records and Proper Internal Controls" section of this ABC Policy.

- [Pearson's Gifts and Hospitality Policy](#)
- [Pearson's Sponsorship Policy](#)
- [Pearson's Charitable Donations Policy](#)

## **E. Third Party Invoices related to Government Official Expenses**

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Invoices for professional services and out of pocket expenses raised by third parties for interacting, directly or indirectly, with government or public officials on Pearson's behalf should also receive pre-approval from your Local Compliance Officer or the Global Compliance Office.

## **F. Employment for Merit**

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All employees must be hired solely on the basis of merit, ability, and company need. Hiring shall be in compliance with [Pearson's Conflict of Interest Policy](#) in addition to any pertinent HR hiring requirements.

## **G. Facilitation Payments**

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A facilitation payment is anything of value authorized, offered, promised, or provided to an individual for the purpose of expediting a service or circumventing a business process. Typically, facilitation payments can be in the form of "tips" or "gratuities" but they can also be disguised as additional administrative fees, service fees, licensing fees, fees for weight in the transport of goods, additional permit fees for occupancy and so forth. Facilitation Payments can be common in many countries and are often customarily allowed in those countries.

**Pearson employees and third parties working on our behalf are prohibited** from making, arranging, or authorizing any form of facilitation payment including to expedite services or to circumvent a business process if the payment is being made to an *individual* OR *to someone or something* other than the governmental entity charging the fee.

Pearson recognizes, however, that in exigent circumstances when employee health and safety are at risk, a facilitation payment may be unavoidable to protect against loss of life, limb or liberty. If a facilitation payment is made under such circumstances, that matter **must be promptly reported** to the Global Compliance Office or a Local Compliance Officer without delay. *Any payments under this provision must be documented and accurately recorded in Pearson's books and records.*

## Maintaining Accurate Books and Records & Proper Internal Controls

Complete, accurate, and timely internal controls and accurate books and records are vital to Pearson's overall performance. In addition, it is a violation of the FCPA to fail to (i) keep accurate books and records or (ii) maintain effective internal accounting controls. Violations of these accounting provisions are significant and may form the basis of an action against a company under the FCPA, separate and apart from the anti-bribery provisions. It can also lead to fines and misstatements of our financials which are reported in our annual report.

As a result, it is imperative that Pearson makes and keeps *accurate* books and records and has a proper system of internal controls in place. The following best practices and recommendations **must be followed by each business department and division** of Pearson to maintain compliance with the accounting provisions of the FCPA.



- All transactions must be transparent, fully documented, and coded to accounts that accurately reflect their nature.
- Pearson maintains a system of internal accounting controls to ensure its books and records have reasonable detail and accuracy. This includes the approval, representation, and documentation of all transactions in a fair and accurate manner. More information for our internal controls are listed here: <https://neo.pearson.com/docs/DOC-704427>. In addition, a listing of our ABC controls are listed here <https://neo.pearson.com/docs/DOC-787064>
- All transactions, assets and liabilities should be recorded on time and in chronological order.
- All books and records must be protected to prevent intentional or unintentional destruction, improper or unauthorized alterations, or disclosures.
- Never make false claims on an expense report or time sheet.
- Be as clear, concise, truthful and accurate as possible when recording any information. Avoid exaggeration, inappropriate language, guesswork, legal conclusions, and derogatory characterizations of people and their motives.
- Ensure that financial entries are clear and complete and do not hide or disguise the true nature or timing of any transaction.
- If you are a control owner, both for Sarbanes-Oxley controls and non-Sarbanes-Oxley controls, make sure you understand the purpose of the control and are providing the proper information to the Controls team to review and test the control properly.
- When engaging with external auditors, provide access to all information of which you are aware that is relevant to the preparation of financial statements such as records, documentation and other matters. If there are any questions, the Controls Center of Excellence should be contacted at [businesscoe@pearson.com](mailto:businesscoe@pearson.com).
- Where documents are created in response to an auditor's request, such as reconciliation spreadsheets, external auditors should be expressly informed that we have done so when provided.
- When reviewing or approving a transaction, give appropriate time and detail to ensure adherence to our policies and procedures.
- Only sign documents, including contracts, that you are authorized to sign and that you believe are accurate and truthful.
- Maintain all corporate records for legally required minimum periods and in accordance with the Company's document retention procedures and legal requirements.
- Documents should only be destroyed in accordance with our document retention policies and procedures, and never in response to or in anticipation of an investigation or audit. If you receive notice from Legal "ordering a hold" on document destruction, or if you are unsure as to whether documents are subject

to a legal hold, you should check with Legal or Compliance prior to destruction, to ensure that the records aren't needed for an ongoing or pending investigation or audit.

- Report any suspicions of fraud to the Pearson Ethics hotline immediately at [www.pearsonethics.com](http://www.pearsonethics.com) and the Global Compliance Office at [compliance@pearson.com](mailto:compliance@pearson.com) or [fraud@pearson.com](mailto:fraud@pearson.com).

For further information related to proper way of accounting, maintaining accurate books and records and proper internal controls, please refer to the [Pearson Global Policies Neo page](#) or the [One Pearson Financial Policies Neo page](#). For queries or concerns on internal controls, please reference the [Controls Center of Excellence Neo page](#).

## Risk Assessments

Bribery and corruption risks vary by region and may be dependent on factors including sales and distribution models, geographic markets, business customs, and local laws and regulations. To ensure that adequate procedures are implemented to address such risks, Pearson business units should periodically assess its ABC risks in conjunction with the Global Compliance Office.

## Audit

All local systems, processes, policies, and controls implemented to ensure compliance with and enforcement of this ABC Policy are subject to periodic audits. Such audits may include general assessment and evaluation, including their adequacy of local systems, processes, policies, guidelines, and practices. All employees must be honest and transparent with Pearson Internal Audit as well as the external auditors *at all times*.

## Compliance with the Policy

Compliance with this Policy is the responsibility of everyone at Pearson; however, there are certain roles and responsibilities which are even more well-defined.

### **Global Compliance Office**

The Global Compliance Office is responsible for developing and implementing the program that supports compliance with this ABC Policy.

### **Pearson Executive Member**

Pearson Executive Members (PEM), or their designees, of each Geography, Line of Business, and Enabling Function are responsible for implementing and ensuring adherence to this Policy within their respective organisations.

### **Local Compliance Officers**

Local Compliance Officers are members of the Compliance or Legal Department, assigned to each Pearson vertical line of business and, in some cases, a smaller Pearson business unit, whose roles and responsibilities with respect to this ABC Policy include:

- Communication and training of this ABC Policy and its requirements;
- Responding to inquiries, issues, and providing guidance and counsel;
- Reviewing, approving, and logging requests for Gifts, Hospitality, Charitable Donations, Sponsorship, and Third-Party Travel Expenses;
- Providing counsel and guidance on Third Party Due Diligence and ABC Risk Assessment policies and procedures; and
- Participating in investigations related to reports and allegations of violations as necessary.

## Training

All employees, officers, board members, directors, executive and senior leaders, and third parties working with the Company must be aware of and compliant with the principles set forth in this ABC Policy.

Pearson shall ensure that all employees receive periodic training and communications on this ABC Policy based on specific roles and responsibilities. Specifically:

- Employees engaged in the following activities on behalf of Pearson shall receive anti-bribery and corruption compliance training no less than annually:
  - Employees working with third parties, government officials, or business development activities,
  - Employees engaged in the provision of gifts, hospitalities, sponsorships, charitable donations,
  - Employees working in marketing products and services to external customers and partners, and
  - Employees dealing with financial transactions or procurement decisions.
- All employees other than the above category shall have ABC training every two years.
- ABC training shall be provided in-person where practical, or otherwise virtually and will be considered a mandatory obligation to complete.
- All Pearson employees shall acknowledge their understanding of this ABC Policy as part of our annual Code of Conduct certification.
- Training in local markets will be provided by the Local Compliance Officer independently or in coordination with the Global Compliance Office. Training for contractors and contingent workers will be required based on the bribery and corruption risks presented by the nature of responsibility scope and geographic market.

## Consequences of violations

Companies that violate ABC laws can face serious criminal and civil penalties as well as face reputational damage for their association with corrupt activities. Companies can also incur significant costs associated with investigations of allegations of corrupt activities, be debarred from government contracting, as well as be subject to civil suits by shareholders, customers, and competitors.

Pearson employees who violate this ABC Policy will be subject to disciplinary action up to and including termination of employment. In addition, Pearson employees may be held personally liable for engaging in bribery or for violating the ABC laws. Pearson may refer suspected violations to the appropriate law enforcement or regulatory authorities, which could lead to penalties, fines, and/or imprisonment for Pearson employees found liable for violating the law.

If Pearson determines that a Business Partner has not complied with the provisions of this ABC Policy, the Company will take appropriate action, which may include termination of the Business Partner's contract, initiating proper legal action, and/or notifying the proper authorities regarding the violation.

## How do I raise concerns and seek out help or guidance?

We encourage our employees to raise concerns related to conflicts with the law, regulations, the Code of Conduct, or Company policies, including this Policy. Employees must do so as soon as a possible after an issue arises. Methods of issuing a report are noted below:

- Human Resources representative or Employee Relations Director.
- Legal representative or [Local Compliance Officer](#).
- Global Compliance Office at [compliance@pearson.com](mailto:compliance@pearson.com).
- Contact the ethics hotline by asking a question or submitting a report through [www.PearsonEthics.com](http://www.PearsonEthics.com) or by calling the applicable hotline number for your country as indicated on [www.PearsonEthics.com](http://www.PearsonEthics.com).

**Note:** Refer to the [Raising Concerns and Anti-Retaliation Policy](#) for more details.

## Ownership and Review of the Policy

The Global Compliance Office is the owner of this ABC Policy and will review and revise this Policy on a regular basis. The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the employees unless the updated policy is posted online.

## Related Policies and Resources

You may visit the Pearson Global Policies page on Neo [here](#), for a listing of applicable global policies including the following:

1. Business Partners' Code of Conduct
2. Charitable Donations Policy
3. Pearson Code of Conduct
4. Gifts & Hospitality Policy
5. Sponsorship Policy
6. Third Party ABC Policy, Including ABC Due Diligence
7. Nominal Values
8. Pearson Travel and Expense Policy
9. Raising Concerns and Anti-Retaliation Policy
10. [One Pearson Financial Policies](#)
11. [Compliance Terms Glossary](#)
12. [ABC Compliance Frequently Asked Questions](#)
13. [Requesting ABC pre-approval](#)
14. [myLegal/ONIT](#) (ABC pre-approval)

## Policy Governance

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