Directors' Remuneration Report

Sherry Coutu CBE
Chair of Remuneration Committee

Key messages from the Remuneration Committee

- During the year, the Committee undertook a comprehensive review of the Directors' Remuneration Policy ("Policy"), which is due for its triennial renewal at the 2026 AGM. Following extensive consultation with shareholders which shaped the final proposals in a number of areas, we have proposed changes to the Policy to ensure Pearson can continue to secure the calibre of executive talent required to deliver the strategy and drive long-term value for all our stakeholders.
- The key changes are to reduce the CEO's fixed pay, increase the LTIP award (with increased stretch to the targets), and increase the shareholding guideline.
- The Committee considered performance outcomes for 2025. The formulaic annual incentive outcome for Executive Directors is 59.8% of maximum. However, informed by the CEO's approach to the wider management team, the Committee considered it appropriate to make a discretionary downward adjustment to reduce the final outcome to 50% of maximum. For the 2023 LTIP, the award will vest at 52% of maximum based on performance over the period.
- For 2026, we have updated the strategic performance metrics within the Annual Incentive Plan ('AIP') plan to include a strategic metric based on new business growth in Assessments & Verification. In the 2026 Long-Term Incentive Plan ('LTIP'), the metrics will be based on Adjusted Earnings, TSR and ROC, and we will no longer include any strategic metrics. To reflect the changes in the 2026 Directors' Remuneration Policy, the level of stretch on targets has also been materially increased.
- For 2026, there will be no increase to the Chief Executive's base salary to support a rebalancing towards variable pay.
- Remuneration arrangements in respect of the CFO transition in 2026 are in accordance with our Remuneration Policy.
- The Committee remains focused on ensuring that remuneration policies and practice for all Pearson's colleagues are consistent with our need to attract and retain extraordinary talent to drive Pearson's forward-looking strategy, aligned with our purpose, and values

Terms of reference

The Committee's terms of reference are in line with the UK Corporate Governance Code and are available on the Governance page of the Company website at pearsonplc.com. A summary of the Committee's responsibilities is on page 142.

Board Committee attendance

There were six scheduled meetings of the Remuneration Committee in 2025. Attendance by Directors was as follows:

Committee members	Meetings attended
Sherry Coutu CBE	6/6
Alison Dolan	6/6
Arden Hoffman[1]	3/3
Esther Lee[2]	4/6
Annette Thomas	6/6

1. Arden joined the Committee on 1 July 2025.
2. Esther Lee was unable to attend one standard meeting and one ad hoc additional committee meeting due to pre-existing commitments.

Dear Shareholder

On behalf of the Board, I am pleased to present Pearson's 2025 Directors' Remuneration Report.

Pearson has had another successful year, delivering despite significant external change and uncertainty. Pearson has delivered sales and earnings growth in line with our expectations, with underlying sales growth of 4% and adjusted operating profit of £614m, up 6% on an underlying basis compared to 2024. Free cash flow performance was strong at £527m, up 8% on a headline basis with a free cash flow conversion rate of 125%. These results reflect the continued momentum and execution of our strategy.

Reflecting the Board's continued confidence in the outlook for the business, we announced a further £350m buyback in January 2026 and are recommending a 5% increase in the final dividend, for a full-year dividend of 25.2p per share. Our strong balance sheet and cash flows also enable investment in opportunities to drive growth to create further value for our stakeholders.

The Board remains confident of the strategy execution and the ability to maintain momentum for sustained growth that will continue to produce attractive returns for shareholders in 2026 and beyond.

Incentive outcomes for 2025

2025 AIP

2025 was a year of robust financial and strategic progress, resulting in a formulaic AIP outcome for Executive Directors of 59.8% of maximum, with achievement between target and maximum for sales, adjusted operating profit and free cash flow, and achievement at target for the two new strategic measures. However, informed by the CEO's approach to the wider management team, the Committee considered it appropriate to make a discretionary downward adjustment to reduce the final outcome to 50% of maximum.

2023 LTIP

The LTIP granted in 2023 will vest in 2026 with a formulaic outcome of 52% of maximum, principally reflecting strong underlying performance in earnings per share ('EPS') and ROC, and achievement around threshold for Relative TSR vs. S&P500 and ESG measure over the three-year performance period.

However, Omar Abbosh was not a participant in the 2023 LTIP.

Further details of the performance outcome for both incentive awards are set out on page 136.

Exit Arrangements for Sally Johnson

As disclosed on 27 February 2026, Sally Johnson will step down from the Board and leave Pearson during 2026. Her exit arrangements have been determined in accordance with the Remuneration Policy. She will not be eligible for AIP in respect of 2025 or 2026 and all unvested LTIP awards will lapse.

Directors' Remuneration Policy review

In line with the normal three-year cycle in the UK, Pearson's Policy will be subject to a shareholder vote at the 2026 AGM. Throughout the year, the Committee spent significant time rigorously reviewing the Policy to ensure it continues to support Pearson's vision and strategy to deliver for our shareholders.

An important aspect of this review was to evolve our approach to benchmarking by developing the Talent Peer Group, to ensure our executive packages can remain sufficiently competitive in the markets in which Pearson increasingly competes for key talent.

Having considered the context of Pearson's operating environment and the delivery of our strategic priorities, we are proposing a number of changes for the 2026 Directors' Remuneration Policy. The key change is to re-balance the CEO's package by reducing fixed pay and increasing the LTIP award (from 450% to 850% of salary) to better compete in our talent markets. We will also be increasing the stretch on LTIP targets and the CEO's shareholding guidelines to align with new LTIP award levels.

In the section following this letter, we have provided extensive detail on the proposed Policy changes and the rationale for them is provided in the 2026 Directors' Remuneration Policy review section on page 120.

Shareholder engagement

The Committee values a constructive and positive relationship with all its shareholders and their advisers and remains committed to maintaining open and transparent dialogue.

In 2025, shareholder engagement primarily focused on the new Directors' Remuneration Policy. During the process of developing the new Directors' Remuneration Policy, we undertook extensive engagement with our shareholders, and their feedback shaped the final proposals in a number of areas. Detail of our engagement process and the impact it had is explained on page 125.

Looking forward to 2026

Remuneration for incoming Chief Financial Officer

The remuneration arrangements for the incoming Chief Financial Officer, Simon Robson, will be disclosed in the 2026 Directors' Remuneration Report, but are in line with the proposed 2026 Policy.

Salaries for 2026

The Executive Directors will not receive a salary increase. For the CEO, this is consistent with the re-balancing of the package, a core principle underpinning our proposed Policy changes (see page 129 for further detail). In the wider UK business, the average salary increase for 2026 will be 2%.

Performance framework

Each year, the Committee carefully reviews the performance measure framework to ensure it optimally aligns with key priorities from the forward-looking strategy which will drive long-term shareholder value. Having undertaken this review for 2026, including taking on board the input from investors during consultation, the Committee is proposing to update the strategic metrics within the AIP to directly align with our Strategic Framework outlined in detail on page 12. In particular, the strategic metrics focus on growing value in our core business (Assessment & Verification) and delivering on our strategic growth vectors.

In the AIP, we will update the strategic component to carry a 20% weighting (up from 10% in 2025) including 10% based on renewal rates and 5% based on new business growth within Assessments & Verification, and 5% based on growth in our enterprise customer base. These are core annual priorities for the Group as we execute on the strategic framework. In part to reflect the feedback we received in consultation, we have adjusted the LTIP performance metrics so that it will be based fully on financial and shareholder return metrics only, with 40% based on Adjusted Earnings (replacing Adjusted EPS as a more consistent and transparent method to evaluate performance both internally and externally), 40% based on Relative TSR and 20% based on Return on Capital ('ROC').

Overall, we believe that the performance framework, including re-prioritising the strategic metrics from the LTIP to the AIP provides the right balance and reflects the views of our shareholders. We will continue to keep the metrics and weightings under regular annual review. No other changes will be made to the AIP or LTIP metrics, which remain closely aligned to financial performance and shareholder value.

Award opportunities for the AIP and LTIP will be in line with the proposed 2026 Policy.

Target-setting for 2026

One of Pearson's key remuneration principles, which applies across the whole organisation, centres on pay for performance, and this is actively considered by the Committee when determining targets.

For 2026, in line with established practice, a robust target-setting process has been followed, considering Pearson's strategic plan as well as other relevant factors, such as analyst consensus and shareholder input, to reflect market expectations.

The Committee has a very strong focus on paying only when performance is delivered and setting truly stretching performance targets. This year is no different. In order to reflect the proposed uplift to the CEO's LTIP award level and the feedback from our shareholders, the stretch of the 2026 LTIP awards have been materially increased. Adjusted earnings growth required for maximum vesting requires annualised growth of c.14%, a material uplift over c.11% for the earnings metric in previous LTIP awards. It is significantly above current market estimates and aligned to upper quartile practice in the FTSE 100. The stretch on the Relative TSR metric is first increased by incorporating the Talent Peer Group as one of the benchmarks, and will now also require upper quintile performance for maximum vesting (from upper quartile previously). ROC stretch has also been increased for the third consecutive year, and has been materially uplifted to 12.3% for Threshold vesting and 16% for Maximum vesting (vs. 11.3% in 2025).

Remuneration across Pearson

Pearson's remuneration principles are consistent across the organisation and designed to support our culture and to attract and retain talent to execute our strategy. Many of the features of our Directors' Remuneration Policy apply more broadly; for example, over half of all Pearson employees (c.10,000 employees) participated in the AIP during 2025, which was funded based on similar performance measures as those used for Executive Directors. The Committee receives regular updates on talent matters and wider workforce considerations and rigorously considers the approach to reward throughout the organisation when determining executive remuneration.

Pearson is committed to a transparent and positive relationship with all its stakeholders and will continue to engage widely, as appropriate, going forward. I would like to thank shareholders for their continued support at the 2026 AGM in relation to our 2026 Directors' Remuneration Report and Directors' Remuneration Policy.

Sherry Coutu CBE
Chair of Remuneration Committee

2026 Directors' Remuneration Policy review

Market and Talent Context

To understand the decisions to make changes to our Directors' Remuneration Policy, it is important to consider the context for remuneration at Pearson and trends in which Pearson operates and the talent markets in which we compete for talent.

Over the last five years, Pearson has transformed in terms of global breadth, scope, scale and performance. This has led to Pearson's transformation:

- From a holding company into an operating company.
- From analogue to digital.
- From a content publisher to a learning & assessment company.
- From legacy to a modern, high-performance culture.

Our approach to executive reward is shaped by the characteristics of our business and the talent markets in which we operate. As the world's lifelong learning company, we are committed to delivering on our mission of helping individuals realise the life they imagine through learning.

Pearson is a global company with over two-thirds of our revenue coming from the US, which continues to be a key growth market. This gives us greater US exposure than almost all other UK-listed companies. Additionally, half of Pearson's employees and over 60% of the Pearson Executive Management team (PEM) are based in the US. A relatively small proportion of our employees and executive team are based in the UK (just 23% of the PEM as of 31 December 2025, down from over half six years prior to that).

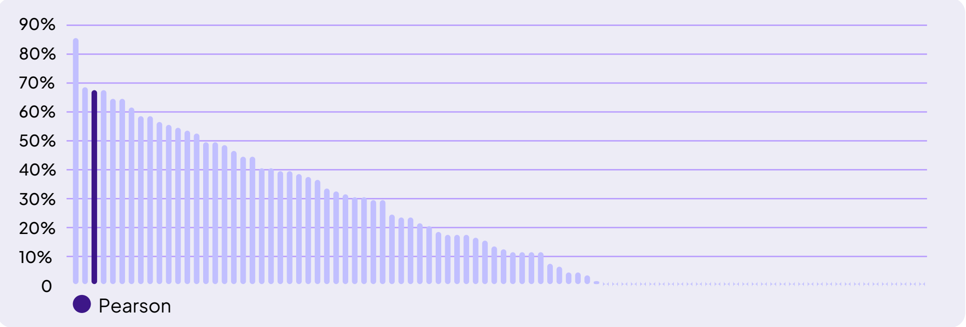
Additionally, we are seeing seismic shifts in the education and work landscape, driving demand for Pearson's trusted lifelong learning software and services powered by learning science and technology. We have an opportunity to capitalise on these trends and accelerate long-term shareholder value through executing a simple but powerful strategy built on three interconnected pillars: (i) driving performance in our core business, (ii) unlocking execution synergies, and (iii) capitalising on medium-term growth vectors. We have made strong progress to date on our strategic journey and have great conviction in our ability to continue delivering success and driving financial performance and shareholder value. However, to do so, it is critical that we secure the right executive talent.

To ensure we capitalise on this shifting landscape and opportunity, the necessary skills and experience of our leadership talent continues to evolve. It is critical that Pearson secures executive talent who can lead wholesale AI and digital transformation at pace, and acquires expertise and talent found in large technology companies that are particularly at the forefront of AI adoption. Therefore, we must compete for the globally scarce expertise and talent required to implement our strategy, which is predominantly found in large US-based technology companies. Our ability to recruit and retain this talent from this North American market is therefore a critical ingredient if we are to continue to successfully deliver our strategy.

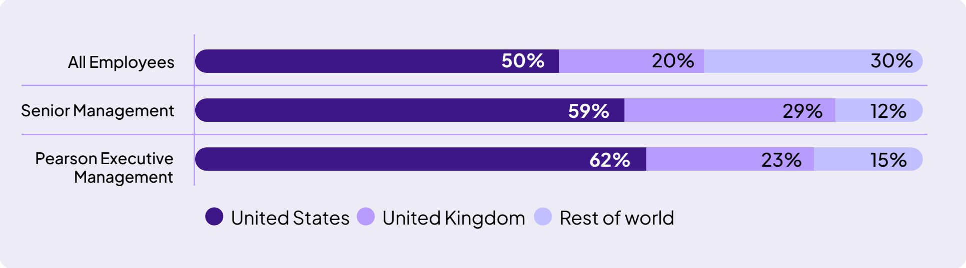
Since 2020, we have refreshed and strengthened our senior management team, with almost all of the senior hires in that period coming from US companies or global companies that offer 'US style' packages. For example, in this period we have recruited PEM talent from companies such as Accenture, Hologic Inc, SEMA4, The Trade Desk and Warner Media. Our Chief Executive Omar Abbosh was recruited from Microsoft, one of the world's largest multinational technology companies. Our previous Chief Executive had led the transformation of Walt Disney's international business into a digital-first business, and was based in the US.

In addition to talent market considerations, the composition of our shareholder base continued to evolve in 2025, with further growth in North American investors on our share register during the year, who now represent approximately 30% of ownership.

Proportion of Revenue from US geographic segment (FTSE 100)*



Pearson employee location (data as of 31 December 2025)



* Based on the publicly disclosed geographic revenue segment which covers the US or Americas as a proportion of disclosed Group revenue. Data for Pearson is based on the year ending 31 December 2025. Data is shown for the FTSE 100 excluding investment trusts, and has been sourced from Datastream and published annual reports as at January 2026.

Pearson's Talent Peer Group

The development of our proposed changes to the current Remuneration Policy was informed by the recognition of the talent and expertise we require. We therefore identified and constructed a Talent Peer Group, which we believe accurately reflects the market where Pearson needs to successfully compete for executive talent.

The Talent Peer Group comprises companies that are closely aligned with our key talent markets and strategic ambitions, and with which we must compete successfully for executive talent as our business and the external landscape continue to evolve. These are predominantly US-based technology companies at the forefront of AI adoption, as well as B2B services companies.

A summary of the current positioning of the Pearson CEO's remuneration against this group is set out below. Based on this, the Committee proposes to re-balance the package as described on the following page. It should be noted that we have purposely presented Target Total Remuneration as it more closely and consistently aligns with the Talent Peer Group's practice, where awards of Restricted Shares are a prevalent practice.

The group comprises the following companies

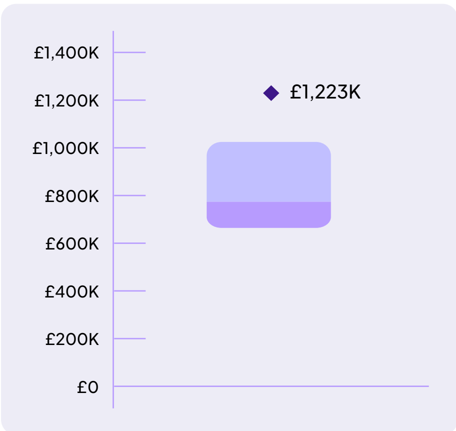
Accenture*, ADP*, Alphabet Inc*, Amazon.com Inc*, Capgemini SE, Cognizant Technology Solutions Corp, EPAM Systems Inc, FactSet Research Systems Inc, Gartner Inc, IBM Corp*, Informa plc, Meta Platforms Inc*, Microsoft Corp*, Moody's Corp*, Oracle Corp*, RELX plc, S&P Global Inc*, Salesforce Inc*, SAP SE*, Thomson Reuters Corp*, and Wolters Kluwer N.V.

We recognise that a number of these companies are significantly larger than Pearson and have therefore adopted a sensible and robust methodology when assessing Pearson's CEO remuneration positioning against this Talent Peer Group. For larger companies in the group (those denoted with * above), we have compared Pearson's CEO to senior executives reporting into the company's CEO (and not the CEO role itself). Although this methodology addresses the size differential, it does risk underplaying the complexity of the Pearson Group CEO role (compared to divisional heads).

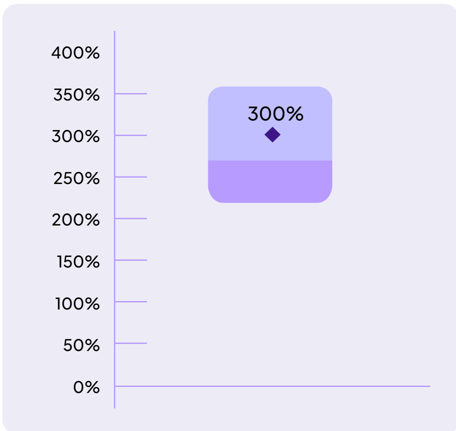
Pearson CEO 2025 remuneration positioning compared against the Talent Peer Group

The following charts show the positioning of each element of remuneration, based on our previous Policy, against the Talent Peer Group. This data illustrates the challenge the Committee was facing, and which we are seeking to address through a re-balancing of the package described on the following page.

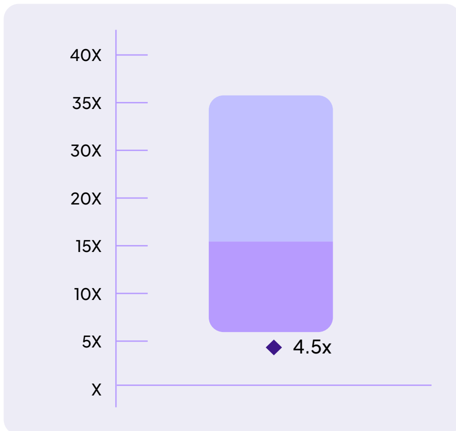
Fixed pay (salary + pension + benefits) is positioned above typical practice



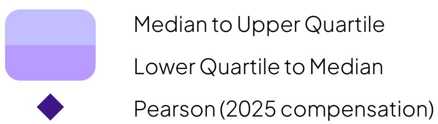
The **AIP opportunity** is positioned close to the median of a relatively narrow market range



Against a very wide range of market practice, **LTIP awards** are unsustainably below lower quartile



When combined, this positions **Target Total Compensation** around lower quartile of the group



Directors' Remuneration Committee report *continued*

Rebalancing the Chief Executive's total remuneration towards LTIP

Fixed Pay

As shown in the chart to the right, the CEO's fixed pay is currently positioned towards the upper end of the Talent Peer Group, therefore we have proposed that we more closely align with the Talent Peer Group by reducing the pension element.

The legacy UK approach (16% of salary) will be replaced with a pension entitlement of c.2% of salary (£18,000) allowance which more closely mirrors the quantum of 401k provisions in the Talent Peer Group.

This c.90% reduction in the pension will reduce overall fixed pay by 12% and move the package positioning closer to typical practice in our Talent Peer Group. It also represents a reduction of >30% from the proportion relating to total fixed pay for the previous incumbent in his last year as CEO (FY23). Consistent with the principle of re-balancing, there will also be no increase to the CEO's base salary for 2026.

AIP

Practice in the Talent Peer Group showed a relatively narrow range of market practice, with almost all companies setting maximum bonus between 200% and 400% of salary (see chart on previous page). In this context, we are comfortable with our current positioning (300% of salary) and therefore no changes to AIP opportunity have been proposed.

LTIP

As clearly illustrated in the chart on the right, there is a very wide range of practice within the Talent Peer Group. Around half the market tend to grant awards of around 4-12x salary. In the upper half of the Talent Peer Group practice, award levels are significantly higher (c.20x to >40x salary).

Pearson's current award level is positioned close to the lowest in the Talent Peer Group, which we believe is an unsustainable position when seeking to credibly compete for globally scarce talent in this market. We have therefore proposed an increase to the CEO's maximum opportunity level from 450% to 850%, making our position and award level more competitive.

It should be emphasised that we are not seeking to match levels seen in the upper half of the Talent Peer Group, but to establish a more credible and sustainable position in the lower half of group practice.

Target Total Compensation

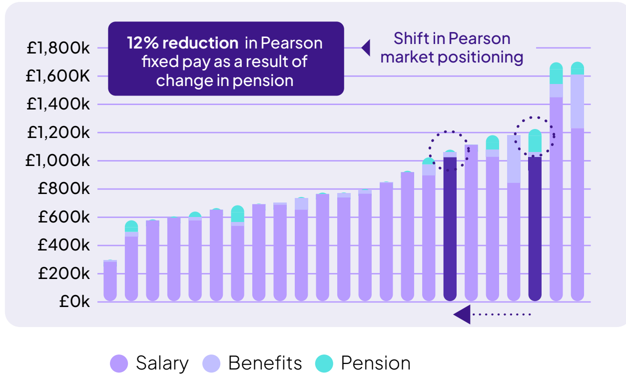
The CEO's total compensation package is currently positioned towards the lower end of the Talent Peer Group. Note that total compensation is shown at target (not maximum) in order to allow a consistent comparison with practice in the Talent Peer Group where restricted share awards are prevalent practice.

The combination of changes to fixed pay and LTIP will position Pearson more competitively in the Talent Peer Group. This creates a more credible and sustainable position as we seek to effectively compete in this talent market.

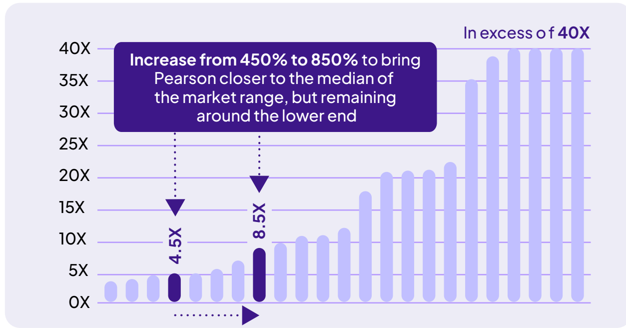
Proposal reflects our ongoing commitment to performance alignment

- **Increased weighting of package towards performance.** This will align more closely with the Talent Peer Group and would be the package with the highest weighting of performance-related pay in the FTSE 100, creating clear alignment between reward outcomes and performance for shareholders (this is illustrated in the charts on the following page).
- **Increases via LTIP (not AIP).** Being long-term, share-based and performance-linked, delivering increases via the LTIP maximises alignment with shareholders.
- **LTIP remaining fully performance-related.** Unlike many companies in the Talent Group and a number in the FTSE 100, we are not moving to Restricted Share awards or a 'hybrid'.
- **Continue to align AIP and LTIP metrics to strategy / KPIs.** This includes some minor changes for 2026 to ensure optimal ongoing alignment. This is illustrated on page 128.
- **Commitment to stretching performance targets.** We have a track record of setting stretching performance targets, requiring significant outperformance for maximum pay-out. Our pay-outs (as % of maximum) have rarely exceeded median practice across the FTSE 100, even during periods of strong performance. This is further reinforced for 2026 with the following stretch in targets demonstrated:
  - The earnings growth required for maximum vesting (14% p.a.) and threshold vesting (5% p.a.) is respectively over 300bps and 200bps higher than the growth in the earnings metric implied by the maximum and threshold target for the 2025 LTIP award.
  - Compared to the market, a maximum earnings growth of 14% p.a. will position Pearson in the upper quartile for LTIP target ranges in both the FTSE 100 and the Talent Peer Group.

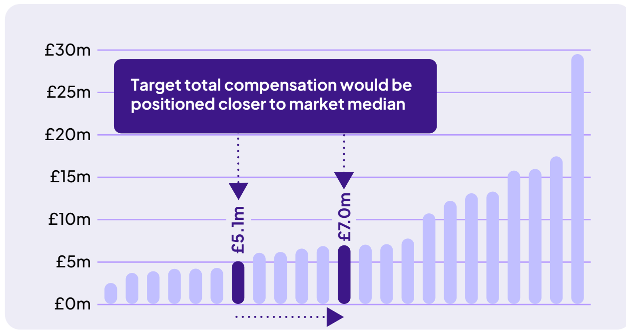
Talent peer group – total fixed pay (CEO)



Talent peer group – LTIP award level (CEO, multiple of salary)



Talent peer group – target total compensation CEO



- Earnings growth of 14% p.a. is also materially in excess of market expectations for long-term growth implied by current consensus estimates.
- The stretch of the TSR metric is first increased by incorporating the Talent Peer Group as one of the benchmarks – a group which comprises largely global technology companies at the forefront of AI adoption with a strong track record of performance. Pearson's outperformance of this group would represent an exceptional level of delivery for our shareholders.
- In addition, by requiring upper quintile performance for maximum vesting (from upper quartile previously), the stretch of the TSR calibration is further enhanced. It is also noted that our approach to TSR is already more stretching than most of our peers in the Talent Peer Group as a result of not allowing any vesting below median – an important performance principle which we remain committed to.
- Finally, the stretch of the Return on Capital target range is being increased for the third consecutive year, and requires a material uplift from current ROC levels (ROC was 11.3% in FY25).

Evolution of CEO Pay Mix

The revisions to the Policy will address the Committee's desire to reinforce Pearson's pay-for-performance philosophy, by rebalancing the package to favour 'at risk' performance based pay.

The Committee considers this to create better alignment with the interests of Pearson's shareholders:

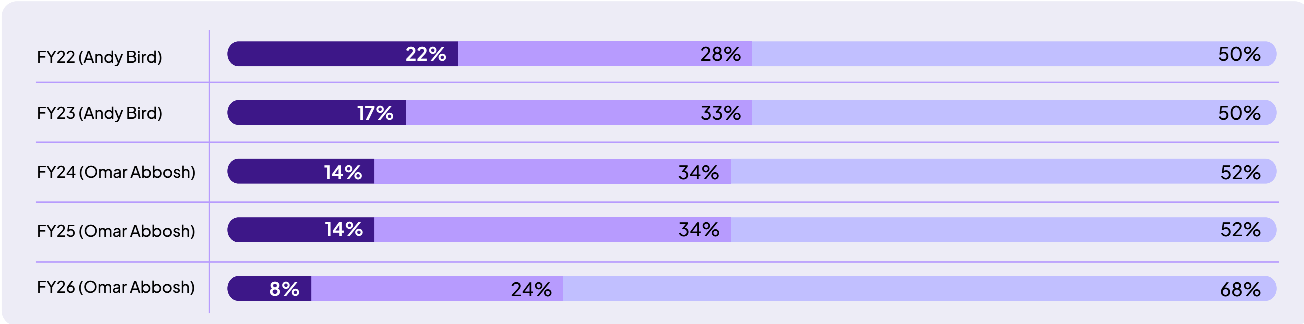
- The CEO's fixed pay reduced from 14% to 8% of the overall pay mix. This represents the low end of FTSE100 as presented to the right.
- Variable pay increased from 86% to 92% of the overall pay mix and is earned only for delivering against stretching performance targets. This represents the highest proportion of variable pay in the FTSE100 as presented to the right.
- 68% of the package is delivered through share based pay, with a five year time horizon (three year performance period and two year holding period).

Notes:

Target performance assumes 50% payout for AIP and LTIP under both the 2023 and 2026 Policies.

No share price growth assumptions are included in any scenarios.

5-year evolution of maximum CEO pay mix at Pearson

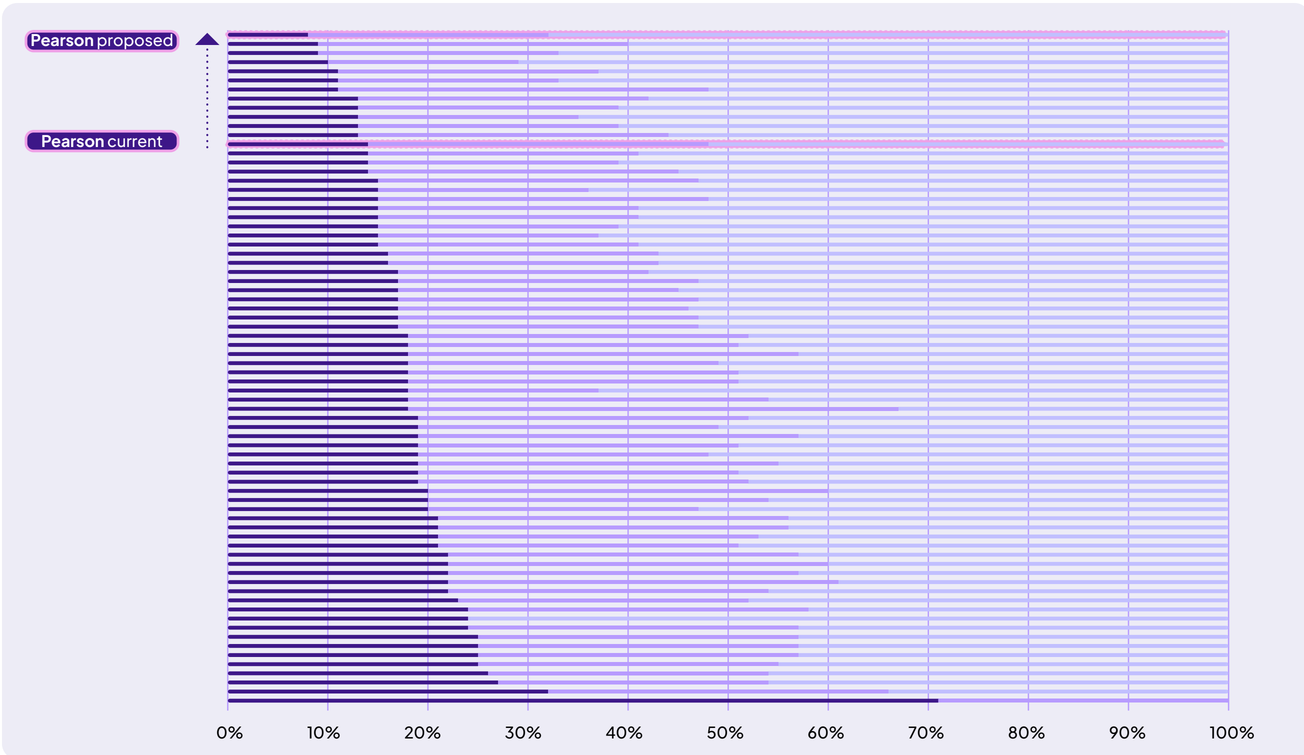


Excludes Co-Investment Award granted to Andy Bird in 2020

Fixed pay % AIP% Equity

FTSE 100 (excluding financial services) – mix of package (CEO, at maximum)

The table below outlines the pay mix percentage between fixed pay and variable pay (annual bonus and equity) for FTSE100 CEOs.



Q&A with Committee Chair

During our extensive consultation, our shareholders actively engaged and provided important input. Set out below are some of the key questions we received, along with answers from the Committee Chair.

Q. Some of the companies in the Talent Peer Group are significantly larger than Pearson. How can it be right to benchmark the CEO's pay against these companies?

During this Policy review, the Committee carefully constructed the Talent Peer Group in order to most accurately represent the market in which we compete for executive talent. As with any benchmarking exercise, a degree of judgment is required but we firmly believe that these companies, being predominantly US-based technology companies at the forefront of AI adoption, as well as B2B services companies, most accurately reflect the market in which Pearson must be able to compete for the skills and experience we need to successfully deliver the strategy. It is consistent with the market we have hired senior executive talent from, including Omar.

Although the companies in the Talent Peer Group optimally represent our talent market, we fully acknowledge that some are substantially larger than Pearson and we have directly addressed this in our methodology. For the majority of companies in the group, we benchmark our CEO against a senior executive reporting into the CEO (which we call a "CEO-1" role) and not against the CEO role itself. The resulting CEO role 'matches' genuinely reflect the roles where we might seek to recruit from (or may lose our talent to). One downside of this CEO-1 methodology is that it risks undervaluing the Pearson Group CEO role which is likely to be more complex than some CEO-1 roles in larger companies. However, overall, the methodology allows us to most effectively benchmark against the specific companies which we know best reflect our talent market, whilst accounting for size differences in a responsible and robust way.

As a final observation, the Committee did consider a more 'conventional' approach of looking at CEO data in US-listed technology/digital companies of much closer financial size to Pearson, but which unlike the Talent Peer Group did not specifically include the companies which we see as our direct talent peers. The data for this group showed that in order to align with market median, we would need to increase the CEO's target total compensation to a higher amount (e.g. c.£10m).

This exercise gave the Committee additional assurance of the integrity of our Talent Peer Group approach: We are not simply seeking to 'match US practice' but have thought carefully about how best to ensure our package is competitive in Pearson's specific talent environment.

Q. How does an LTIP award of 850% compare against other FTSE 100 companies?

We recognise that the CEO's LTIP award of 850% of salary will sit towards the upper end of practice in the FTSE. This is simply a consequence of the commercial reality of positioning the package to be competitive in our talent market. Although Pearson is a UK-listed company within the FTSE 100, a significant portion of our business and our senior executive team is based in the US (see page 120). Our talent market is represented by companies in the Talent Peer Group, and not by companies in the FTSE 100. Provided that we position the CEO's package responsibly against that Talent Peer Group, the Committee is comfortable with the relativity to the FTSE data.

There are two other ways in which to compare our package with the FTSE 100. First, as shown on page 123, the new Policy will result in a higher weighting towards performance than any other company in the market. In addition, various changes to increase the stretch in targets described on page 122 means we will have some of the most challenging LTIP targets across the FTSE 100.

Q. Should an increase in LTIP quantum be accompanied by an increase in stretch of targets?

This was an issue which the Committee carefully considered during the review. From one perspective, given that the reason for the increase in quantum is to ensure the package is sufficiently market competitive, if targets are stretched too far and become unfeasible, this objective will not be met. It is also the case that the Committee has a strong track record in setting highly stretching LTIP targets at Pearson.

On the other hand, given the uplift to the CEO's LTIP award level, the Committee determined that it would be appropriate to also increase the stretch of the targets, and we have done so in a number of ways. For example, we have materially increased the growth rate implied by our earnings target to levels aligned to upper quartile practice in the FTSE 100. Introducing the Talent Peer Group and requiring upper quintile performance for maximum vesting has increased the stretch on TSR. Our ROC range has increased for the third consecutive year and would drive material value creation above our cost of capital.

Q. How will the Remuneration Committee guard against incentive outcomes that are misaligned with shareholder experience, in view of significant quantum at stake?

The Committee maintains a robust discretion framework that is considered before any payout outcomes for Executive Directors' are determined. Specifically, the framework ensures the Committee is satisfied and agree that the incentive outcomes are appropriate and truly reflective of company performance and among other factors, are consistent with the wider stakeholder experience. Further information on our Discretion framework is provided on page 132.

Q. Why did you not propose a 'hybrid' long-term structure, given that these are common in your US peers and increasingly seen in the UK market?

As you would expect, during the Policy review we carefully considered a range of options for how the LTIP is structured. It is correct that hybrids are common practice in the US-based contingent of the Talent Peer Group. Ultimately, however, we concluded that at this stage it was appropriate for our incentives to remain fully performance-related, consistent with the Board's ambitions for growth and in recognition of the increase to award levels. It is an issue that the Committee will keep under review and a hybrid could become an option for Pearson in the future.

Q. How did the shareholder feedback you received influence the final proposals?

For this Policy review, we have continued our long-standing commitment to an ongoing and constructive dialogue with shareholders. As explained on page 125, we conducted a comprehensive multi-phased consultation programme, which ultimately covered our largest 100 shareholders (c.85% of the register) as well as the main proxy voting agencies. Initial feedback from the first phase with our largest holders was positive, with changes to the proposed LTIP metrics being the key response to feedback. As the consultation broadened, the main focus was on the stretch of the LTIP targets, which directly influenced the range of changes we have made to increase stretch in the final proposals. As would be expected, we continue to face into a wide range of different perspectives in our shareholder base. Despite widespread recognition of the issues we face and how we are seeking to address them, including the changes we have made to reflect shareholder input, we acknowledge that a minority of those who engaged in the consultation are unlikely to be able to support the proposed Policy. I would like to thank all those who participated in the engagement process, and to re-affirm our commitment to an ongoing dialogue in the future.

Shareholder engagement

We have a well-established commitment to ongoing dialogue with our shareholders on executive compensation. The following table summarises the extensive engagement we undertook in support of the development of our 2026 Directors' Remuneration Policy:

Pre-2026 Remuneration Policy consultation			
October 2025 Initial soundings taken from top six shareholders (c.50% of share register) to inform thinking and refine Policy proposals.	**November 2025 – January 2026** Wider consultation with remaining top 15 shareholders (c.14% of share register) and outreach to major proxy agencies (ISS, IA, Glass Lewis).	**January 2026** Engagement with the remaining top 100 shareholders (c.21% of share register) to provide detail on our 2026 Directors' Remuneration Policy and context for the changes.	**February 2026** Re-engaged the Top 15 shareholders to provide more in-depth detail on our target setting principles and approach

Impact on Policy development

The extensive feedback from shareholders directly impacted a number of key aspects of the final Policy. The following were changes we made throughout the process to directly reflect feedback received.

- Removed the strategic metrics from the LTIP. The strategic metric that was removed from LTIP was introduced to the AIP.
- Increased the percentage of the LTIP based on financial metrics.
- Introduced a third Relative TSR peer group in the LTIP against the Talent Peer Group.
- Increased maximum vesting for TSR from upper quartile to upper quintile ranking.
- No base salary increases for 2026 to support the rebalancing of remuneration in favour of variable pay.
- Increased the stretch of the Earnings metric in the LTIP, with maximum vesting requiring c.14% p.a. growth, compared to c.10.9% average in previous awards, and consistent with upper quartile FTSE 100 practice.
- Increased the stretch of the ROC range for the third consecutive year.
- For all LTIP metrics, increases to stretch were made during both the January and February engagement phases.

Key themes from engagement

- In total, approximately 30 separate meetings or online discussions were conducted on the proposals. Overall, we engaged with or received feedback from approximately 85% of the share register.
- As shown above, we have continued to broaden our engagement in each subsequent outreach to help ensure we can capture as much feedback as possible, while also extending the opportunity for shareholders to provide any new or further feedback on Pearson's approach.
- There remains a diverse range of views in our shareholder base. However, of those we have had engagement with, the general sentiment, including almost all of our largest shareholders, has been supportive of our overall approach and changes to the Policy.
- In the initial phase of the shareholder engagement, we had the opportunity to discuss our changes and feedback was broadly positive. Those we engaged with recognised and acknowledged Pearson's talent markets and the rationale for pay mix and quantum, expressed support for our incentives remaining fully performance-related and were supportive of the proportional increase to shareholder guidelines reflecting the increase in quantum. There was however, concern around the strategic metrics in the LTIP and the proportionately greater payout on this metric given the quantum increase. In response to these concerns the Committee determined it was appropriate to remove strategic metrics from the LTIP, with payout determined solely on financial performance.
- The revised Policy proposal was shared with shareholders and proxy agencies in the second phase of shareholder engagement. There were a range of views, some shareholders were uncomfortable in principle with the material increase to quantum, whilst acknowledging the logic behind the proposals and the level of compensation in our identified talent market. Others were highly supportive, with some even encouraging Pearson to consider adopting a hybrid incentive with a material restricted stock component at the same overall quantum (i.e. without applying a discount), citing the typical compensation mix in the talent set we are competing with.
- We also acknowledge that some shareholders queried how discretion would apply and specifically, how the Committee would guard against payouts that do not feel reflective of the shareholder experience. We maintain a strong and robust discretion framework that is considered when determining any payouts to Executive Directors. One key element of this framework is whether the payout would be consistent with the wider stakeholder experience. In cases where we determine this is not the case, we have the ability to apply discretion and adjust payouts and outcomes to ensure Executive Directors outcomes are appropriate. Further information on our discretion framework is provided on page 132.
- During the most recent round of engagement on the proposed level of stretch on LTIP targets, the proposals were recognised as being appropriately stretching by the majority of those that responded, particularly with regard to the maximum targets. However, following feedback, the Committee also made further increases in the level of stretch for the threshold targets.
- The Committee also considered that it would be appropriate to freeze the CEO's base salary for 2026 as part of the overall rebalancing of remuneration in favour of variable pay.

The Committee would like to thank all those shareholders that have engaged with us during this period. We are committed to an open and ongoing dialogue.

Annual Report on Remuneration – 'At A Glance'

Revenue	Adj. operating profit	Free cash flow	Adjusted EPS	Return on capital	Dividend per share	3 year Total shareholder return
£3,577m	£614m	£527m	64.5p	11.3%	25.2p	+18.9%
4% underlying growth on prior year	6% underlying growth on prior year	8% headline growth on prior year	4% headline growth on prior year	+8% on prior year	5% increase on prior year	-85% on a 3m average basis to 31 Dec 2025

Strategic highlights

- Improved Group adjusted operating profit margin to 17.2%.
- Strong cash performance, with free cash flow of £527m, completed a £350m share buyback and announcement of new £350m share buyback.
- Continued to lead with the application of innovative technologies, deepening and scaling AI across our offering.
- Continued enterprise momentum through strategic partnerships to help employees and organisations prepare for the future of work.

AIP outcome

	Weighting	Threshold	Target	Max	% of total
Adjusted operating profit	40%	£585m	£594m £614m	£683m	24.5%
Sales	30%	£3,541m	£3,566m £3,577m	£3,757m	15.9%
Fresh cash flow	20%	£477m	£487m £527m	£578m	14.4%
Assessments & Verification – rates of renewal	5%	94%	96% 96%	100%	2.5%
Enterprise Skilling – number of key enterprise customers	5%	46	49 49	55	2.5%
	100%		Formulaic outcome		59.8%
			Committee discretionary adjustment		-9.8%
			Final Outcome		50.0%

LTIP outcome

	Weighting	Threshold	Stretch	Max	% of total award
Adjusted EPS*	30%	55.0p	65.4p 64.5p	70.6p	18.3%
ROC	30%	8.5%	10%	11.5% 11.3%	28.5%
Relative TSR vs. FTSE 100	15%	Median 36 out of 56		Upper Quartile	0%
Relative TSR vs. S&P500	15%	Median 147 out of 295		Upper Quartile	3.2%
ESG	10%	Improve gender representation at leadership levels overall vs 2022 (VP and above)	Achieve gender parity at leadership levels in aggregate (VP and above)	Achieve gender parity at all leadership levels (VP and above)	2.0%
	100%			Final outcome	52.0%

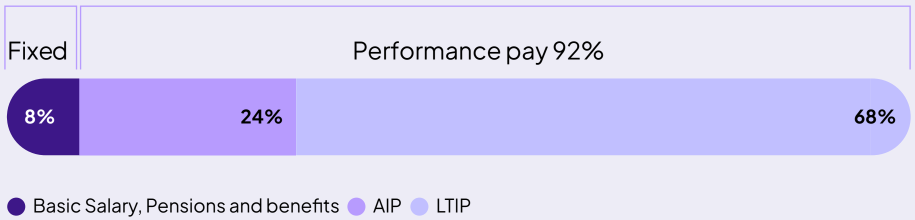
* The Adjusted EPS target range was adjusted to reflect the impact on the vesting outcome of share buybacks over the performance period.

Looking ahead

Chief Executive's remuneration for 2026

Fixed remuneration	Annual Bonus	Long-term Incentives
Base Salary: £1,022,000 Benefits and Allowances Pension: £18,000	Max: 300% of Salary Target: 150% of Salary Deferral: 1/3 for 2 years if shareholding guidelines have not been met	Max: 850% of Salary Performance Period: 3-years Holding period: 2-years

CEO fixed vs performance pay



Increase in stretch of 2026 LTIP targets

The 2026 LTIP will increase the stretch of targets in a number of ways, directly reflecting the feedback form our shareholders in consultation:

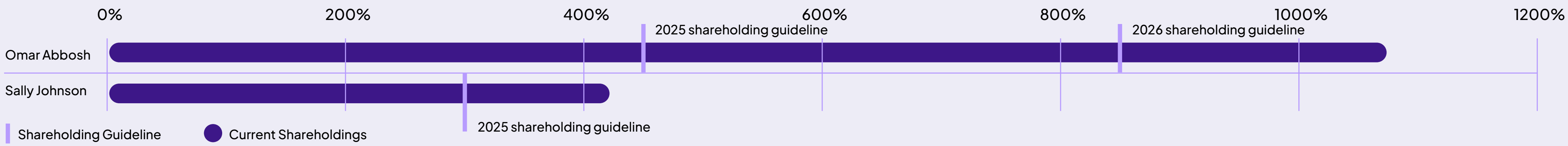
Earnings (40%)
- Maximum requires c.14% p.a. growth*, aligned to FTSE 100 upper quartile, materially exceeding consensus, and above c.11% in 2025 award
- Threshold requires c.5% p.a. growth, above c.2% in 2025 award

TSR (40%)
- Introduction of Talent Peer Group increases stretch of TSR benchmarks
- Maximum vesting now also requires upper quintile performance (vs. upper quartile previously)

ROC (20%)
- Target range 12.3% - 16.0% (vs. 11.3% in 2025)
- Range increased for third consecutive year

* Note – targets are expressed in £m as shown on page 131 and are converted here into annualised growth rates to allow comparison

Executive Director shareholding as at 31 December 2025



Directors' Remuneration Committee report *continued*

Alignment of performance framework to Pearson's strategy

Financial objectives

Objective	#	Measure	2026 AIP	2026 LTIP
Sustainable profitable growth	1	**Total shareholder return (TSR)**		40%
Sales	2	**Group Sales**	30%	
Adjusted operating profit	3	**Adjusted Earnings**		40%
	4	**Group Adjusted Operating Profit**	30%	
Free cash flow conversion	5	**Free cash flow**	20%	
Return on capital	6	**Return on capital**		20%

Strategic objectives

Objective	#	Measure	2026 AIP	2026 LTIP
Assessments & Verification: Driving performance in the core business	1	**Businesses rate of renewal and new business growth**	15%	
Enterprise Skilling: targeted market expansion and medium-term growth vectors	2	**Number of key enterprise customers**	5%	

Summary of our Directors' Remuneration Policy

The 2026 Directors' Remuneration Policy will be subject to shareholder approval at the AGM to be held on 1 May 2026. The table below outlines key features of the 2026 Directors' Remuneration Policy following the Remuneration Committee's extensive review over the last year. The 2026 Directors' Remuneration Policy is set out in full on pages 144-152.

	Key features of the 2026 Directors' Remuneration Policy	Outline of proposed changes for 2026
Base salary	• Base salaries reflect level, role, skills, experience, the competitive market and individual contribution. • Base salaries are normally reviewed annually, consistent with the framework used to take into account performance and market relativity for salary reviews in the wider business, with any increases normally in line with typical increases awarded to other Group employees.	No changes to policy.
Allowances and benefits	• Reflects the local competitive market and may include travel-related, health-related and risk-related benefits as well as any other benefits provided to the majority of employees. • The Committee may introduce other benefits if it is considered appropriate to do so.	No changes to policy.
Retirement benefits	• Employees in the UK, including Executive Directors, are eligible to join the Money Purchase 2003 Section of the Pearson Pension Plan. • The Committee has discretion to put in place retirement benefit arrangements in line with local market practice. • Executive Directors, who opt out of the pension, can receive a cash allowance of up to 16% of base salary, in line with the maximum company contribution as a percentage of salary that UK employees of a similar age are eligible to receive.	Reduction in Chief Executive pension amount from 16% of salary to align with US 401k pension contributions and limits set by the IRS. For 2026, the pension value will be £18,000 (c.2% of salary). No changes for the Chief Financial Officer.
Annual incentive plan	• Maximum opportunity of 300% of salary. • Based on the achievement of annual business goals and strategic objectives, with financial metrics accounting for at least 75% of total opportunity. • Payout of 25% of maximum for threshold performance with 50% payable for on-target performance. • Discretion to adjust formulaic outcome where this does not reflect underlying performance. • Awards paid fully in cash except where shareholding guidelines have not been met where a bonus deferral applies. • Malus and clawback provisions apply.	No changes to policy.
Long-term incentive plan	• Policy maximum opportunity of 850% of base salary. • Based on the achievement of financial targets (e.g. adjusted earnings and a return measure), shareholder returns (e.g. relative total shareholder return). • Payout of 20% of maximum for threshold performance. • Discretion to adjust formulaic outcome where this does not reflect underlying performance. • Awards are subject to a post-vesting holding period of two years. • Malus and clawback provisions apply.	Increase in Chief Executive maximum opportunity to 850%, in line with the maximum policy opportunity. For the 2026 LTIP the maximum opportunities are: • 850% of base salary for the Chief Executive • 300% for the Chief Financial Officer[1] Removed the performance metrics based on strategic metrics. For 2026, the LTIP metrics will be Relative TSR (40%), Adjusted Earnings (40%), and Return on Capital (20%).

1. As outlined on page 118, Sally Johnson will not be eligible for the 2026 LTIP.

	Key features of the 2026 Directors' Remuneration Policy	Outline of proposed changes for 2026

Shareholding guidelines	• Shareholding guidelines will be aligned with the prevailing level of LTIP award for the relevant Executive Director.
	• For 2026, the shareholding in-employment guidelines are:
	  • 850% for the Chief Executive
	  • 300% for the Chief Financial Officer
	• Post-employment shareholding guidelines apply.
		Increase in current in-employment guidelines for the Chief Executive (850% from 450%). No change for the Chief Financial Officer (300%).
		Introduce shareholding guidelines that will be aligned with the prevailing level of LTIP award for the relevant Executive Director.

Chair and NED fees	• To attract and retain high-calibre individuals, with appropriate or industry-relevant skills, by offering market-competitive fee levels. • The Chair and Deputy Chair are paid a single fee for all responsibilities. • The Non-Executive Directors are paid a basic fee, with Committee Chairs, members of the main Board Committees, and, if relevant, the Senior Independent Director paid an additional fee to reflect their extra responsibilities. • The Chair, Deputy Chair and Non-Executive Directors receive no other pay or benefits, except for reimbursement of expenses, and do not participate in incentive plans.	No longer require a minimum of 25% of the Chair, Deputy Chair and Non-Executive Directors' basic fee to be paid in shares.
NED shareholding guidelines	• Non-Executive Directors are encouraged to build and retain Pearson shares equivalent to 100% of their basic fee (i.e., single fee for the Chair and Deputy Chair) and to reach the guideline within five years from the later of the date this policy is effective or the date of their appointment,	Introduced a shareholding guideline of 100% of the non-executive directors' basic fee which they are given five years (from the later the date of this policy is effective or the date of their appointment).

Implementation in 2026

Base salary

Salaries with effect from 1 April 2026:

- Omar Abbosh – £1,022,000 (no increase)
- Sally Johnson – £620,000 (no increase)

Benefits

Travel, health and risk-related benefits in line with Policy

Pension:

- Omar Abbosh –receives a payment in lieu of pension in line with US 401k pension contributions and limits set by the IRS (£18,000 for 2026)
- Sally Johnson – receives a payment in lieu of pension at 16% of base salary

Annual Incentive Plan

Maximum opportunities of:

- 300% of base salary for the Chief Executive
- 200% of base salary for the Chief Financial Officer[1]

For 2026, the following balanced mix of financial and strategic measures will be used to determine any payout. As in previous years, we will apply a financial underpin to the strategic measures. The performance targets are considered commercially sensitive and will be disclosed in full retrospectively in next year's report.

Adjusted operating profit	Sales	Free cash flow	Strategic measures*
30%	30%	20%	20%

* Split 10% on 'Assessments & Verification – rates of renewal', 5% on 'Assessments & Verification – new business growth' and 5% on 'Enterprise Skilling – number of key enterprise customers'.

In line with the Policy, a third of any bonus paid will be deferred into shares for two years if an Executive Director has not met their shareholding guideline.

Long-term incentive Plan

Awards will be made as follows:

- 850% of base salary for the Chief Executive
- 300% of base salary for the Chief Financial Officer[1]

Performance will be measured over the three-year period to 31 December 2028, with any shares vesting subject to an additional two-year holding period. Performance measures and targets for the 2026 award are as follows:

	% of total	Threshold (20% payout)	Stretch (75% payout)	Maximum (100% payout)
Adjusted Earnings (in FY28)	40%	£485m	£537m	£623m
Relative TSR	40%	Median	–	Upper Quintile
Return on Capital (in FY28)	20%	12.3%	14.2%	16.0%

Note 1: For Adjusted Earnings and Return on Capital, vesting is on a straight-line basis between Threshold to Stretch and between Stretch and Maximum. For Relative TSR, vesting is on a straight line basis between Threshold and Maximum.

Note 2: 2026 LTIP targets have been set at a USD:GBP exchange rate of 1.35.

Note 3: Relative TSR will be assessed one third against the Talent Peer Group (further information provided on page 121), a third against the FTSE 100 and a third against the S&P 500. Companies within financial services, energy, basic materials, utilities and healthcare sectors will be excluded from the TSR groups.

Chair and NED fees

Fees remain relatively unchanged with the only increase in fees related to the Reputation & Responsibility Committee where the Committee Chair and member fee was increased to £20,000 (from £15,000) and £10,000 (from £8,000), respectively. The 2026 fees are as follows:

- £500,000 for the Chair
- £175,000 for the Deputy Chair and Senior Independent Director
- £70,000 as the base fee for Non-Executive Directors

	Audit Committee	Remuneration Committee	Nomination & Governance Committee	Reputation & Responsibility Committee
Committee Chair	£27,500	£27,500	£15,000	£20,000
Committee member	£15,000	£10,000	£8,000	£10,000

1. As outlined on p118, Sally Johnson will not be eligible for the 2026 AIP and 2026 LTIP award.

Directors' Remuneration Committee report *continued*

Remuneration principles

Pearson's remuneration principles govern pay for the whole organisation. We have developed remuneration arrangements for our Executive Directors with these principles in mind.

1
Aligned to longer-term strategy
Reward is linked to achieving Pearson's longer-term strategy, growth and sustainability

2
Pay for performance
Remuneration framework and outcomes are aligned with performance

3
Market competitive
Pay levels are market competitive, based on role, grade and contribution, and ensure individuals are fairly rewarded in line with the market

4
Targeted differentiation
We operate targeted differentiation of reward across our employees, linked to talent and performance management

5
Tailored
Our approach to reward is tailored in certain circumstances to address a specific market/business need, and is consistent with our underlying reward philosophy

6
One part of the employee value proposition
Remuneration is one part of our broader employee value proposition – and is not the only reason to work for Pearson

Our Directors' Remuneration Policy and its implementation supports our company purpose of 'helping people realise the life they imagine through learning', our strategy and ultimately the delivery of long-term sustainable value for all stakeholders, including our shareholders.

Discretion framework

When determining performance outcomes, the Remuneration Committee has the ability to adjust payments up or down if it believes that the outcome does not reflect underlying financial or non-financial performance or if such other exceptional factors warrant doing so. In making this determination the Remuneration Committee applies the following framework:

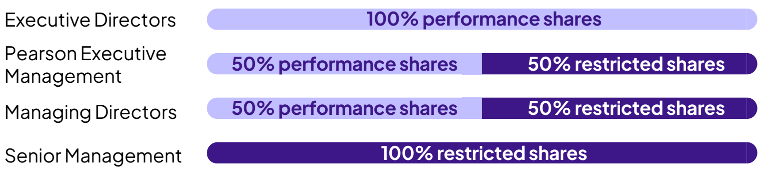
What is the formulaic outcome considering performance versus existing targets and underpins	Is this consistent with overall company performance?	Is this consistent with the wider stakeholder experience?	Are there any significant culture, ESG or operational issues to be considered?	Are there any one-off or exceptional events to be taken into consideration?	Are outcomes appropriate or should an adjustment be considered?

Workforce remuneration at Pearson

The Committee takes seriously its responsibilities concerning the oversight of remuneration policies and practices for the wider organisation. Our remuneration principles as set out on page 132 are consistent for all our colleagues, and applied depending on business need, level and geography.

The key difference in our executive remuneration, compared to the approach to remuneration across our workforce, is that remuneration for our Executive Directors is more heavily weighted towards variable pay and linked to delivering strategic objectives.

Approach to remuneration across Pearson

Base salary	Set considering economic factors, competitive market rates, roles, skills, experience and individual performance.
Allowances and benefits	Reflect the local labour market in which colleagues are based and may include healthcare and well-being benefits.
Retirement benefits	Reflect local market practice. Pearson colleagues in the UK may participate in the same underlying pension arrangements as the Executive Directors, subject to certain age bands and legacy arrangements. The main contribution plan (Money Purchase 2003) allows employees to pay in between 3% and 8% of their basic salary, depending on their age. Pearson then contributes double that amount, paying in between 6% and 16% of salary.
Annual incentives	Over half of all Pearson employees, around 10,000 colleagues, participate in an Annual Incentive Plan, which is funded based on similar performance measures to the Executive Directors. Several other colleagues (c. 1,500) participate in alternative cash-based annual bonuses, such as sales incentive and commission plans, based on performance targets and profit-shares where required for legislative reasons.
Share incentives	We believe in the importance of aligning the interests of management and our shareholders by delivering a significant proportion of total remuneration in the form of share incentives. Approximately 600 colleagues (4% of all employees) participate in the annual Long-Term Incentive Plan grant, selected based on their role, performance and potential; with other awards being made from time to time on an ad hoc basis to certain roles based on market need. Awards for our Executive Directors are made solely in the form of performance shares. However, our Managing Directors and Executive Management team have an equal mix of both performance shares (subject to broadly the same performance conditions as the Executive Directors) and restricted shares, recognising prevailing practice in the markets in which we compete for talent. At other levels, awards are typically made in restricted shares only.  In addition to our Long-Term Incentive Plan, all colleagues have the opportunity to become shareholders and owners of the Company and share in the value they help to create through participation in savings-related share acquisition programmes. Under our 'Save For Shares' plan and 'Employee Stock Purchase Plan', employees can buy Pearson shares at a discount (20% discount for 'Save For Shares' and a 15% discount for the 'Employee Stock Purchase Plan', in line with the maximum discounts permitted by HMRC and the IRS respectively). Around a quarter of eligible employees currently save to purchase Pearson shares via our employee share plans, contributing to a strong culture of share ownership.

During the year, the Committee received reports from the Chief Executive and Chief Human Resources Officer on pay and conditions across Pearson, and on the recruitment and retention experience. We took these into account when determining executive remuneration. We have established channels in place to inform our colleagues and help them understand how executive remuneration and wider pay policies are aligned. Views and sentiment expressed by colleagues around matters relating to reward and culture are taken into consideration by the Remuneration Committee when determining pay for senior management. During the year, the Board's approach to employee engagement included in-person, structured sessions, which complemented existing executive employee engagement and provided opportunities for direct engagement by Non-Executive Directors. The Board held three in-person sessions with employees in London and in the US in Hoboken, New Jersey and Boston, Massachusetts, facilitating meaningful interactions between Board members and various groups of employees to hear their thoughts, feedback and questions.

Board members engaged on a variety of topics, including the strategic review process and the clarity of our strategic priorities, the plans for execution and the pace of transformation required, and the importance of company culture. See pages 84 for more on how the Board engages with employees.

The Committee also considers Pearson's gender pay gap and ethnicity pay gap in Great Britain in light of our reporting requirements, as well as Pearson's CEO pay ratio. Pearson continues to review and update its policies and practices relating to the hiring, retention, and development of women, in line with market practices and applicable UK rules.

Sharing in success

Pearson's remuneration principles are consistent across the organisation and are designed to support our culture, and to make Pearson an employer of choice, able to attract and retain talent to execute our digital-first strategy. Many of the features of our Directors' Remuneration Policy apply more broadly, and we believe that all our people should have the opportunity to benefit when the Company does well. In particular:

- 2025 was another year of solid performance for the business and this was reflected in the level of funding under the AIP. As noted on page 133, over half of all Pearson employees (c.10,000 employees) benefitted from participating in an AIP during 2025.
- Similarly, all eligible colleagues, including Executive Directors, can participate in savings-related share acquisition programmes that are not subject to any performance conditions. Around a quarter of eligible employees save to purchase discounted Pearson shares via our employee share plans. At the most recent maturity of our 'Save For Shares' plan in 2025, the average gain for a participant was c.£7,300 – allowing those who participated to benefit from the shareholder value they have helped to create over the previous three years.

Remuneration Report for 2025

Certain parts of this report have been audited, as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended. The tables subject to audit are marked with an asterisk.

Executive Director 'single-figure' remuneration*

The remuneration received by Executive Directors for the financial years ended 31 December 2025 and 31 December 2024 is set out below. The Committee considers that the Directors' Remuneration Policy operated as intended during 2025.

	Omar Abbosh[1] £000s		Sally Johnson £000s	
	2025	2024	2025	2024
Base salary	1,017	982	609	570
Allowances and benefits	86	77	24	16
Retirement benefits	163	157	97	91
Total fixed pay	**1,265**	**1,216**	**730**	**677**
Annual incentives	1,533	1,878	–	735
Long-term incentives	–	–	–	1,576
Buy-out award[2]	–	13,276	–	–
Total variable pay	**1,533**	**15,154**	**–**	**2,311**
Total remuneration	**2,798**	**16,370**	**730**	**2,988**

1. Omar Abbosh was appointed Chief Executive on 8 January 2024.
2. The full value of Omar Abbosh's buy-out award is included in the single-figure of remuneration for 2024 as required by the disclosure regulations. However, it comprises elements that would not be received until 2025 and 2026. The full details of this were disclosed in the previous year's report.
3. As explained on page 118 and 137, Sally Johnson's exit arrangements have been determined in accordance with the Remuneration Policy and therefore she is not eligible for the 2025 AIP and vesting under the 2023 LTIP award.

Notes to single-figure table*

Allowances and benefits

Travel benefits comprise car allowance and reimbursements of a taxable nature resulting from business travel and engagements. Health benefits comprise healthcare, health assessment and dental care. Risk-related benefits comprise life and other insurance policies. In addition to these allowances and benefits, Executive Directors may also participate in company benefit or policy arrangements that have no taxable value and/or are available to all other colleagues in the same location. Sally Johnson's life cover is arranged under an excepted policy on a similar basis to other employees who were affected by the lifetime allowance and have opted out of the Pearson Pension Plan. 2024 for Omar Abbosh has been restated to include tax paid by the company.

Retirement benefits and entitlements*

Omar Abbosh received a payment in lieu of pension at 16% of their base salary, in line with the pension provision for UK employees of a similar age.

From 1 October 2022, Sally Johnson began receiving payments in lieu of pension at 16% of her base salary, in line with the pension provision for UK employees of a similar age. Prior to October 2022, Sally Johnson was a member of the Final Pay section of the Pearson Pension Plan, where the pension accrual rate was 1/60th of pensionable salary per annum, restricted to the Plan's earnings cap. No further accrual will apply.

Details of the Executive Directors' pension-related benefits in 2025 are as follows:

	Omar Abbosh £000s	Sally Johnson £000s
Other allowances in lieu of pension	163	97
Accrued pension at 31 December 2025	–	71

Note 1: Other allowances in lieu of pension represent the cash allowances paid.

Note 2: The accrued pension at 31 December 2025 is the deferred pension at 30 September 2022 (date the accrual for the pension ceased) revalued to 31 December 2025 in line with the Plan rules. It relates to the pension payable from the UK Plan. Normal retirement age is 62.

Annual Incentive Plan (AIP) – outcome for 2025*

The 2025 AIP was based on a mix of financial (90% weighting) and strategic measures (10% weighting). The following table summarises the performance targets (presented on a consistent basis to the actual results, considering portfolio and currency movements) and performance against these targets, which results in a formulaic outcome of 59.8% of maximum payout.

		Performance range				Payout
	% of total	Threshold (25%)	Target (50%)	Maximum (100%)	Actual results	% of max bonus opportunity
Adjusted operating profit	40%	£585m	£594m	£683m	£614m	24.5%
Sales	30%	£3,541m	£3,566m	£3,757m	£3,577m	15.9%
Free cash flow	20%	£477m	£487m	£578m	£527m	14.4%
Assessments & Verification – rates of renewal[1]	5%	94%	96%	100%	96%	2.5%
Enterprise Skilling – number of key enterprise customers[1]	5%	46	49	55	49	2.5%
	100%				**Formulaic outcome**	**59.8%**
					Adjustment	-9.8%
					Final outcome	**50.0%**

Note 1: Internal Audit provided an independent assessment of the result for the Committee.

Informed by the CEO's approach to the wider management team, the Committee considered it appropriate to make a discretionary downward adjustment to reduce the final outcome to 50% of maximum. No malus or clawback provisions were used in relation to the 2025 AIP. In accordance with the Policy, Omar Abbosh has satisfied his minimum shareholding requirement and therefore no deferral is required.

Long-term Incentive Plan (LTIP) – vesting outcome for 2025*

The 2023 LTIP award was subject to performance conditions assessed to 31 December 2025. Performance targets were partially met, resulting in the award vesting at 52% of maximum. Vested shares are subject to an additional two-year holding period. In accordance with Sally Johnson's exit arrangements (as outlined on page 118), her 2025 LTIP award will lapse due to cessation of employment.

The targets and performance against these targets are as follows:

					Performance range					Vesting
	% of total	Threshold	Stretch	Maximum	Payout at threshold	Payout at stretch	Payout at maximum	Actual	% achieved	% of total award
Adjusted EPS	30%	55.0p	65.4p	70.6p	20%	65%	100%	64.5p	61.1%	18.3%
ROC	30%	8.5%	10%	11.5%	20%	65%	100%	11.3%	95.1%	28.5%
Relative TSR vs FTSE100 (excl. certain sectors	15%	Median	–	Upper quartile	20%	–	100%	Ranked 36 out of 56	0.0%	0.0%
Relative TSR vs S&P 500 (excl. certain sectors)	15%	Median	–	Upper quartile	20%	–	100%	Ranked 147 out of 295	21.1%	3.2%
ESG	10%	Improve gender representation at leadership levels overall vs 2022 (VP and above)	Achieve gender parity at leadership levels in aggregate (VP and above)	Achieve gender parity at all leadership levels (VP and above)	20%	65%	100%	Improve gender representation at leadership levels overall vs 2022 (VP and above)	20.0%	2.0%
	100%								**Total**	**52.0%**

The Adjusted EPS target range was adjusted to reflect the impact on the vesting outcome of share buybacks over the performance period. Relative TSR was measured against the constituents of the FTSE 100 and the S&P500 at the start of the performance period.

Omar Abbosh did not participate in the 2023 LTIP and Sally Johnson's 2023 LTIP award will lapse due to her cessation of employment.

The value of the 2022 LTIP reported in last year's report for Sally Johnson (£1,565k) was an estimate based on the three-month average share price to 31 December 2024 (1166.0p). The actual values of the 2022 LTIP on the 1 May 2025 vesting date was £1,576k based on a closing share price of 1174.5p.

Long-term incentives awarded in 2025*

The following LTIP awards were granted during the year:

Director	Date of award	Vesting date	Number of shares	Face value	Face value (% of base salary)	Value for threshold performance (% of maximum)1	Performance period
Omar Abbosh	1 May 2025	1 May 2028	394,155	£4,599,001	450%	20%	1 Jan 25 – 31 Dec 27
Sally Johnson	1 May 2025	1 May 2028	159,411	£1,860,008	300%	20%	1 Jan 25 – 31 Dec 27

The face value was determined using a share price of 1166.8p, representing the five-day average up to and including 30 April 2025, which is the same as the approach used for the wider employee population. In accordance with Sally Johnson's exit arrangements (as outlined on page 118), her 2025 LTIP award will lapse on cessation of employment.

The performance measures and targets for this award are as follows:

	% of total	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS (in FY27)	30%	67.0p	85.0p
Return on Capital (in FY27)	30%	10.5%	14.0%
Relative TSR	30%	Median	Upper quartile
Strategic Measure – Assessment & Verification: New Business Growth	10%	£90m	£105m

Note 1: Vesting is on a straight-line basis between Threshold and Maximum.

Note 2: 2025 LTIP targets have been set at an USD:GBP exchange rate of 1.25.

Note 3: Relative TSR will be assessed half against the FTSE 100 and half against the S&P 500. Companies within financial services, energy, basic materials, utilities and healthcare sectors will be excluded from both TSR groups.

The Committee reserves the right to adjust pay-outs up or down before they are released, if it believes the vesting outcome does not reflect underlying financial or non-financial performance, or for other exceptional factors. In making any adjustments, the Committee are guided by the principle of aligning shareholder and management interests.

Any shares vesting based on performance to 31 December 2027 will be subject to an additional two-year holding period.

Directors' interests in shares and value of shareholdings*

Shareholding guidelines

Executive Directors are expected to build up a substantial shareholding in Pearson, in line with our policy of encouraging widespread employee share ownership, and to align the interests of Executive Directors and shareholders.

Under the 2023 Directors' Remuneration Policy, the shareholding guideline is 450% of base salary for the Chief Executive and 300% of base salary for the Chief Financial Officer. Under the proposed 2026 Policy, the shareholding guideline will be set in line with the prevailing level of LTIP award. For 2026, these will be 850% of salary for the Chief Executive and 300% of base salary for the Chief Financial Officer.

Shares that count towards these guidelines include any shares held unencumbered by an Executive Director, their spouse and/or dependent children, plus any shares vested but held pending release under a share plan, and any shares unvested but not subject to future performance conditions (on a net of tax basis). Executive Directors have five years from their date of appointment to the Board to reach the guideline. Once the guideline is met, it is not re-tested, other than when shares are sold.

As part of the year-end process, the Committee assessed the level of shareholding against the guideline in accordance with our shareholding policy and confirmed that the guideline was met for both Omar Abbosh and Sally Johnson.

Executive Directors are expected to retain their current shareholding guideline (or actual shareholding if lower) for two years following stepping down as an Executive Director. This guideline does not apply to shares purchased by the Executive Director.

In 2025, shareholding guidelines did not apply to the Chair, Deputy Chair and Senior Independent Director and Non-Executive Directors. However, a minimum of 25% of the Chair, Deputy Chair and Senior Independent Director and Non-Executive Directors' basic fee was paid in Pearson shares, which the Chair, Deputy Chair and Senior Independent Director and Non-Executive Directors have committed to retain for the period of their directorships. For 2026, under the proposed 2026 Policy, a shareholding guideline of 100% of the non-executive directors' basic fee will apply.

Directors' Remuneration Committee report *continued*

Directors' interests

The share interests of the Directors and their connected persons are:

Director	Current shareholding (ordinary shares[2])	Conditional shares subject to performance[3]	Conditional shares subject to employment only[4]	Total number of ordinary and conditional shares	Shareholding as % of salary[5]	Shareholding requirement met?
Executive Directors						
Omar Abbosh	805,779	865,911	472,952	2,144,642	1,077%	Yes
Sally Johnson	250,602	544,858	-	795,460	421%	Yes
Non-Executive Directors						
Omid Kordestani	98,603	–	–	–	–	n/a
Sherry Coutu CBE	20,672	–	–	–	–	n/a
Alison Dolan	3,879	–	–	–	–	n/a
Alex Hardiman	3,434	–	–	–	–	n/a
Arden Hoffman	875	–	–	–	–	n/a
Esther Lee	6,763	–	–	–	–	n/a
Costis Maglaras	0	–	–	–	–	n/a
Graeme Pitkethly	21,368	–	–	–	–	n/a
Annette Thomas	6,614	–	–	–	–	n/a
Lincoln Wallen	22,740	–	–	–	–	n/a

Note 1: Share interests are shown as at 31 December 2025 or where marked with an asterisk at the date of stepping down from the Board.

Note 2: Ordinary shares include both ordinary shares listed on the London Stock Exchange and American Depositary Receipts (ADRs) listed on the New York Stock Exchange.

Note 3: Conditional shares subject to performance means unvested shares, which are subject to performance conditions and continuing employment for a pre-defined period. This includes the LTIP awards granted in 2023, 2024 and 2025. In accordance with Sally Johnson's exit arrangements, her conditional shares subject to performance will lapse on cessation of employment .

Note 4: Conditional shares subject to employment only means unvested shares, which are subject to a holding period and / or continued employment only.

Note 5: Shareholding as a % of salary is based on current shareholding and conditional shares subject to employment only. It has been calculated using a three-month average share price to 31 December 2025 of 1041.6p.

Note 6: There have been no other changes in the interests of any Director between 31 December 2025 and 7 March 2026, being the latest practicable date prior to the publication of this report.

Chair, Deputy Chair and Senior Independent Director and Non-Executive Director remuneration in 2025*

The remuneration paid to the Chair, Deputy Chair and Senior Independent Director and Non-Executive Directors for the financial years ended 31 December 2025 and 31 December 2024 is set out below.

Director £000s	2025 Total fees	2025 Taxable benefits	2025 Total	2024 Total Fees	2024 Taxable benefits	2024 Total
Omid Kordestani	**500**	**17**	**517**	500	45	545
Sherry Coutu CBE	**106**	**14**	**119**	106	17	123
Alison Dolan	**95**	**1**	**96**	92	2	94
Alex Hardiman	**94**	**54**	**148**	93	18	111
Arden Hoffman	**50**	**10**	**61**	–	–	–
Esther Lee	**92**	**20**	**112**	88	15	103
Costis Maglaras	**12**	**0**	**12**	–	–	–
Graeme Pitkethly	**175**	**23**	**198**	152	12	165
Annette Thomas	**105**	**23**	**127**	103	12	115
Lincoln Wallen	**94**	**27**	**121**	93	13	106

Note 1: In 2025, a minimum of 25% of the Chair, Deputy Chair and Senior Independent Director and Non-Executive Directors' basic fee was paid in shares. For 2026, under the proposed 2026 Policy, a shareholding guideline of 100% of the non-executive directors' basic fee will apply.

Note 2: Taxable benefits refer to travel, accommodation and subsistence expenses incurred while attending Board meetings during the period that were paid or reimbursed by the company, and which HMRC deems taxable in the UK. 2024 has been restated to include tax paid by the company.

Note 3: Arden Hoffman and Costis Maglaras joined the Board on 1 June 2025 and 1 November 2025 respectively.

Payments to former Directors*

There were no other payments to former Directors in 2025, other than those disclosed in previous Directors' Remuneration Report.

Payments for loss of office*

There were no payments for loss of office made to or agreed for Directors in 2025.

Service contracts

Terms and conditions of our Directors' appointments are available for inspection at our registered office during normal business hours and at the AGM. So that appropriate arrangements can be made for shareholders wishing to inspect documents, we request that shareholders contact the Company Secretary by email at companysecretary@pearson.com in advance of any visit to ensure that access can be arranged.

The Executive Directors have notice periods in their service contracts of 12 months from the company and six months from the Executives.

The Deputy Chair and Senior Independent Director and Non-Executive Directors serve Pearson under letters of appointment, which are renewed annually and do not have service contracts. The Deputy Chair and Senior Independent Director and Non-Executive Directors' letters of appointment do not contain provision for notice periods or for compensation if their appointments are terminated. The Chair's appointment may be terminated on 12 months' notice.

Executive Directors' Non-Executive directorships

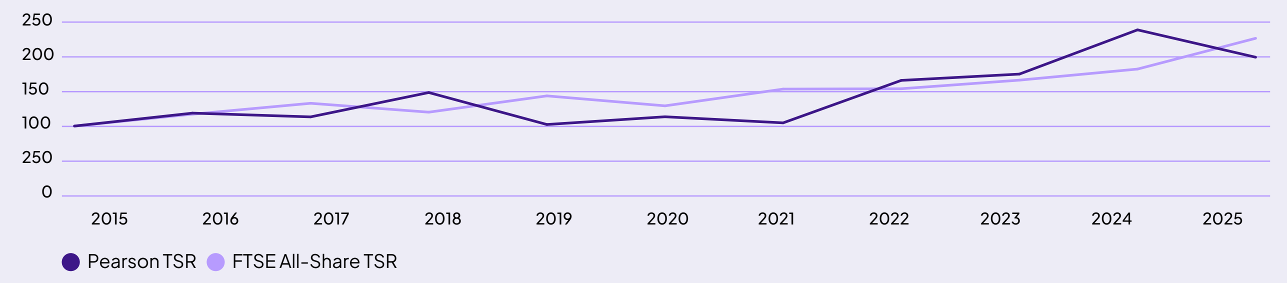
Our current Executive Directors hold the following external commitments: Sally Johnson is a Non-Executive Director of Rentokil Initial plc and Chair of its Audit Committee.

Historical performance and remuneration

Total shareholder return performance

Set out on the right is Pearson's total shareholder return (TSR) performance, relative to the FTSE All-Share index, on an annual basis over the 10-year period 1 January 2016 to 31 December 2025. We chose this comparison because the FTSE All-Share represents the broad market index within which Pearson shares are traded. TSR is a measure of returns a company provides for shareholders, reflecting share price movements and assuming reinvestment of dividends. Opposite this is a summary of the single figure of total remuneration, and variable pay outcomes, for the Chief Executive over the same 10-year period.

Total Shareholder Return since 2016*



* Source: Eikon from Refinitiv. This graph shows the value, by 31 December 2025, of £100 invested in Pearson on 31 December 2015, compared with the value of £100 invested in the FTSE All-Share on the same date

	John Fallon					Andy Bird					Omar Abbosh	
	2016	2017	2018	2019	2020	2020	2021	2022	2023	**2024**	**2024**	**2025**
Total remuneration (single figure, £000s)	1,518	1,758	3,094	1,616	855	334	5,167	6,856	11,419	2,588	16,370	**2,798**
Annual incentive (% of maximum)	24%	44%	45%	Nil	Nil	N/A	63%	76%	85%	64%	64%	**50%**
Long-term incentive (% of maximum)	Nil	Nil	42%	33%	Nil	N/A	N/A	N/A	85%	75%	N/A	**N/A**

Note 1: Total remuneration is as reflected in the single-total figure of remuneration table.

Note 2: Annual incentive is the actual annual incentive received by the incumbent as a percentage of maximum opportunity.

Note 3: Long-term incentive is the payout of performance-related share awards where the year shown is the final year of the performance period for the purposes of calculating the single total figure of remuneration.

Note 4: The single-figure remuneration for Andy Bird has been converted using the average USD:GBP exchange rate for the relevant period.

Dilution and use of equity

Awards under Pearson's various share plans can be satisfied using existing shares bought in the market, treasury shares or newly issued shares. For restricted stock awards under the LTIP, we would expect to use market-purchased shares. There are limits on the amount of new-issue equity that can be used: In any rolling 10-year period, no more than 10% of Pearson equity will be issued, or be capable of being issued, under all Pearson's share plans, and no more than 5% of Pearson equity will be issued, or be capable of being issued, under executive or discretionary plans.

The current dilution from all Pearson plans, executive or discretionary, and shares held in trust is as follows:

Dilution	2025
All Pearson plans	**2.5%**
Executive or discretionary plans	**0.4%**
Shares held in trust	**0.1%**

Comparative information

The following information provides additional context regarding Directors' total remuneration.

Relative percentage change in remuneration of Directors and employees

The following table sets out the year-on-year percentage change in base salary/fees, allowances and benefits and annual incentives in respect of all Directors during the year, compared to the average percentage change for all employees of Pearson. The figures for all Directors are calculated based on remuneration received in the relevant year as set out in the table on page 135.

While the Committee reviews base pay for the Executive Directors relative to Pearson's broader employee population, local practices drive our approach to benefits, and we determine eligibility depending on level and individual circumstances, which do not lend themselves to comparison.

	2025			2024			2023			2022			2021		
	Base salary/fees	**Allowances and benefits**	**Annual Incentives**	Base salary/fees	Allowances and benefits	Annual Incentives	Base salary/fees	Allowances and benefits	Annual Incentives	Base salary/fees	Allowances and benefits	Annual Incentives	Base salary/fees	Allowances and benefits	Annual Incentives
Average employee[1]	**3%**	**4%**	**8%**	5%	12%	-5%	2%	6%	22%	4%	8%	16%	4%	17%	38%
Executive Directors															
Omar Abbosh[2]	**4%**	**11%**	**-18%**	–	–	–	–	–	–	–	–	–	–	–	–
Sally Johnson	**7%**	**48%**	**-100%**	3%	0%	-22%	4%	1%	37%	2.5%	0%	24%	1%	–	–
Chair and Non-Executive Directors[3]															
Omid Kordestani	**0%**	**-62%**	**–**	0%	-35%	–	0%	78%	–	–	–	–	–	–	–
Sherry Coutu CBE	**0%**	**-20%**	**–**	0%	-24%	–	6%	119%	–	9%	–	–	5%	–	–
Alison Dolan	**3%**	**-63%**	**–**	14%	–	–	–	–	–	–	–	–	–	–	–
Alex Hardiman	**1%**	**199%**	**–**	19%	-39%	–	–	–	–	–	–	–	–	–	–
Arden Hoffman	**–**	**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–
Esther Lee	**5%**	**30%**	**–**	0%	-52%	–	3%	122%	–	–	–	–	–	–	–
Costis Maglaras	**–**	**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–
Graeme Pitkethly	**15%**	**84%**	**–**	44%	22%	–	8%	23%	–	5%	–	–	1%	–	–
Annette Thomas	**2%**	**85%**	**–**	2%	-51%	–	12%	102%	–	7%	–	–	–	–	–
Lincoln Wallen	**1%**	**115%**	**–**	0%	-60%	–	0%	154%	–	0%	–	–	1%	–	–

Note 1: The average employee pay figure is impacted by changes in headcount year-on-year. Actual merit increase budgets for 2025 were 2% in the UK and 2% in the US.

Note 2: Omar Abbosh's base salary change compares his 2024 part-year base salary with his full year 2025 base salary.

Note 3: Changes in Non-Executive Director fees during the year are a result of changes in Committee Chairs and membership. Allowances and benefits for the Chair and Non-Executive Directors refer to travel, accommodation and subsistence expenses incurred while attending Board meetings that were paid or reimbursed by the company, and which HMRC deems taxable in the UK. In 2021, the impact of the coronavirus pandemic meant that there were very few in-person Board meetings, and as such the benefits figures for these years were negligible. This also meant that for 2022 there is no comparative percentage, as the value in the prior year was zero.

Chief Executive to employee pay ratio

The table below illustrates the ratio of Chief Executive to employee pay for 2025. We use the single total figure of remuneration, compared to the full-time equivalent total reward of employees whose pay is ranked at the 25th, 50th and 75th percentiles (as identified by the gender pay gap methodology) in Great Britain's (GB) workforce.

		Chief Executive pay ratio		
Year	Method	25th percentile	50th percentile	75th percentile
2025	**B: Gender pay gap methodology**	**70.3**	**51.6**	**36.2**
2024	B: Gender pay gap methodology	534.3	354.9	228.4
2024	B. Gender pay gap methodology (Omar Abbosh 2024 remuneration)	289.0	192.0	123.5
2023	B: Gender pay gap methodology	304.0	209.9	148.5
2022	B: Gender pay gap methodology	214.3	181.3	117.2
2021	B: Gender pay gap methodology	150.1	145.0	88.4
2020	B: Gender pay gap methodology	42.5	31.9	19.5
2019	B: Gender pay gap methodology	65.9	47.2	36.0

- We used GB gender pay gap data from April 2025 to identify employees at the 25th, 50th and 75th percentiles, and analysed data for employees around each quartile figure to ensure there were no anomalies.
- Using the gender pay gap data to identify the employees at each pay quartile gives a general representation of the relevant employee population at the year end, and is the most practicable methodology given the timing of the disclosure and determination of remuneration outcomes for the wider workforce.
- For the employees at each pay quartile, we calculated total remuneration on a similar basis to the Chief Executive's single figure. We based base salary, pension and benefits on full-year figures taken from payroll. Annual bonus figures are based on the relevant manager recommendations and relate to performance in 2024. None of the employees at the 25th, 50th or 75th percentile had share awards vesting in 2025.
- Total remuneration figures for the 25th, 50th and 75th percentile employees are: £39,820, £54,182 and £77,820. The respective base salaries are: £36,500, £44,457 and £63,908.
- We compared total remuneration for each of the identified employees, calculated with reference to 31 December 2025, compared to Omar Abbosh' remuneration as per the single-figure table on page 135.
- Omar Abbosh's was not eligible for the 2023 LTIP and therefore did not receive an LTIP payment in 2025.
- For 2024, in order to maximise the comparability of the figures, we have also provided the single-figure for Omar Abbosh, with only the value of the buy-out award released to him in 2024 included. As the full value of the buy-out award is required to be included in the single-figure for 2024 (despite awards only being released to Omar Abbosh over the three-year period from 2024 to 2026), using the headline single-figure numbers necessarily results in a higher pay ratio than if calculated by reference to the remuneration actually received by the CEO in respect of 2024. In addition, the statutory basis for the 2024 pay ratio requires the figure for CEO remuneration to be the sum of Omar Abbosh and Andy Bird's 2024 remuneration, which is not representative of the pay received by any single individual.
- A significant proportion of the Chief Executive's pay is linked to performance and, in respect of any LTIP award, share price performance.
- The median pay ratio is consistent with our wider policies on employee pay, reward and progression. The Committee is focused on ensuring that remuneration for all Pearson colleagues reflects our need to attract and retain the right talent for our digital future.

Relative importance of pay spend

The Committee considers Directors' remuneration in the context of the company's allocation and disbursement of resources to different stakeholders. Adjusted operating profit measures Pearson's ability to reinvest, and dividends are an important element of our return to shareholders.

			Headline change	
All figures in £	2025	2024	£m	%
Adjusted operating profit	**614**	600	14	2%
Dividends	**160**	156	4	3%
Dividend per share	**25.2p**	24.0p	1.2p	5%
Share buybacks[1]	**352**	318	34	11%
Total wages and salaries[2]	**1,203**	1,188	15	1%

Note 1: The Board approved a £350m share buyback programme in February 2025.

Note 2: Wages and salaries include continuing operations only and include Directors. Average employee numbers for continuing operations for 2025 were 17,062 (2024:17,024). Further details are set out in Note 5 to the financial statements on page 190.

The Remuneration Committee in 2025

Role	Name	Title
Chair	Sherry Coutu CBE	Independent Non-Executive Director
Members	Alison Dolan	Independent Non-Executive Director
	Arden Hoffman	Independent Non-Executive Director
	Esther Lee	Independent Non-Executive Director
	Annette Thomas	Independent Non-Executive Director
Internal attendees	Omid Kordestani	Chair
	Omar Abbosh	Chief Executive
	Sally Johnson	Chief Financial Officer
	Ali Bebo	Chief Human Resources Officer
	Graeme Baldwin	Company Secretary
External advisers	Alvarez & Marsal	

No individual is present when their own remuneration is discussed.

Advisers to the Remuneration Committee

During 2025, the Remuneration Committee received advice from Alvarez & Marsal ("A&M"), our independent Remuneration Committee advisers. A&M were appointed by the Committee in 2023, following a formal tender process. A&M advises the Committee on market trends and developments, incentive plan design and target setting, investor engagement and other general executive remuneration matters. For provision of these services in 2025, A&M were paid fees of £183,250 (excluding VAT), based on time spent. A&M also provide Pearson management with other remuneration related advice. A&M is a member of the Remuneration Consultants' Group and adheres to its Code of Conduct. The Committee is satisfied that A&M's advice was objective and independent. The Committee believes that the A&M engagement partner and team do not have any connections with Pearson or its Directors that may impair its independence.

Terms of reference

The Committee's full charter and terms of reference are available on the Governance page of our website. A summary of the Committee's responsibilities is set out on the right of this page. The terms of reference reflect the provisions of the UK Corporate Governance Code.

Committee responsibilities

Determine and review policy
Determine and regularly review the remuneration policies for the Executive Directors, Presidents and other members of Pearson's Executive Management team who report directly to the Chief Executive. These policies include base salary, annual and long-term incentives, pension arrangements, any other benefits and termination of employment. When setting the Remuneration Policy, the Committee considers remuneration practices and related policies for all employees.

Shareholder engagement
Ensure Pearson engages with its shareholders and shareholder representative bodies on the Remuneration Policy and its implementation.

Review and approve implementation
Regularly review the implementation and operation of the Remuneration Policy, and approve the individual remuneration and benefits packages of Pearson's Executive Management team, including Executive Directors.

Approve performance-related plans
Approve the design of, and determine targets for, any performance-related pay plans operated by the Group for Pearson's Executive Management team, and approve total payments to be made under such plans.

Set termination arrangements
Advise and decide on general and specific remuneration arrangements in connection with the termination of employment of Pearson's Executive Management team, including Executive Directors.

Determine Chair's remuneration
Delegated responsibility for determining the Chair's remuneration and benefits package.

Appoint remuneration consultants
Appoint and set the terms of engagement for any remuneration consultants who advise the Committee, and monitor the cost of such advice.

Talent, retention and gender pay gap
Review updates from management on talent, retention and gender pay gap.

Workforce remuneration
Have oversight of workforce remuneration, policies and practice for the wider organisation.

Remuneration Committee meeting focus during 2025

During the year, the Committee undertook the following activities:

- Reviewed and approved annual and long-term performance and payouts to Executive Directors and senior management for 2024.
- Reviewed and approved incentive arrangements for Pearson, and how these will apply to Executive Directors and senior management in 2025.
- Approved the 2024 Directors' Remuneration Report.
- Reviewed and approved the changes to the 2026 Directors' Remuneration policy
- Engaged extensively with shareholders in advance of and following the 2025 AGM to understand the views of shareholders on the proposed changes to the 2026 Directors' Remuneration Policy (further detail on this is set out on page 125).
- Reviewed and considered all feedback received from shareholder engagement exercises as part of the Committee's discussions and considered ongoing shareholder engagement strategy.
- Received updates on Pearson's financial performance and progress against strategic measures. Noted and reviewed the status of in-flight incentives.
- Received updates on pay and conditions across Pearson, and took these into account when determining executive remuneration.
- Noted updates on corporate governance, including a review of the 2025 AGM remuneration reporting season, and anticipated areas of focus in 2026.
- Reviewed Pearson's UK gender and ethnicity pay gap disclosures and noted actions to address the respective gaps.
- Noted the activity of the Standing Committee on operating Pearson's equity-based reward programmes and noted Pearson's use of equity for employee share plans.
- Evaluated the Remuneration Committee's effectiveness and reviewed the Committee's Terms of Reference.

Committee performance review

The Committee undertakes an annual process to review its performance and effectiveness. For 2025, the Committee performance review was conducted by way of a tailored questionnaire. The process sought views on an anonymous basis from Committee members, the Chief Executive and Chair of the Board, together with other key contributors to the Committee, including the Chief Financial Officer, Chief Human Resources Officer, SVP Reward and external adviser. Topics covered in the performance review included the effectiveness of the Committee, the Committee's oversight of key areas within its remit, the quality of papers and meeting discussions and the relationships between the Committee and management.

Overall, the Committee was considered to be operating effectively, particularly in relation to the Committee's delivery of its objectives, with appropriate meeting focus, papers produced to a good standard and high-quality participation and discussion. The composition of the Committee is appropriate and includes the necessary skills. The review recognised the positive relationship with Alvarez & Marsal that continues to evolve well, the thorough and thoughtful service they provide, and the Chair's leadership in fostering this relationship. There was acknowledgement of the continued focus needed on shareholder engagement to further articulate the pay-for-performance alignment between executive remuneration and shareholders. In 2026, the Committee will continue to focus on ensuring the composition of the Committee remains appropriate.

Voting on remuneration resolutions

The following table summarises votes cast for remuneration resolutions:

	Votes cast for	% of votes cast for	Votes cast against	% of votes cast against	Votes withheld
Annual Report on Remuneration (2025 AGM)	485,861,331	92.43%	39,779,388	7.57%	253,482
Directors' Remuneration Policy (2023 AGM)	299,899,081	53.63%	259,251,476	46.37%	223,851

2026 Directors' remuneration policy

The Remuneration Committee presents the 2026 Directors' remuneration policy (2026 policy), which will be put to shareholders for approval at the AGM to be held on 1 May 2026. Subject to shareholder approval, the effective date of this policy will be 1 May 2026. However, it is proposed, subject to approval at the AGM, that changes to Executive Director incentives be made effective from the start of the 2026 performance periods. The intention of the Committee is that the policy will remain in place for three years from the date of its approval.

Review of the Directors' remuneration policy

In determining the 2026 policy, the Committee followed a robust process which included discussions on the content of the policy at Remuneration Committee meetings throughout 2025 and in early 2026. The Committee considered the input of management and its independent advisors, while taking steps to ensure any conflicts of interest were appropriately managed. The Committee also sought the views of Pearson's major shareholders and their advisors, considering all feedback received during the extensive shareholder engagement exercise when finalising the 2026 policy. Further information on the Committee's decision-making process is set out in the remuneration report.

Changes to policy

The key changes to this 2026 policy compared to the 2023 policy are summarised below:

- Decrease in Retirement Benefits for the Chief Executive to align with US 401k pension contributions and limits set by the IRS. For 2026, the pension value will be £18,000 (c.2% of salary).
- Increase in the maximum opportunity under the Long-Term Incentive Plan to 850% of salary.
- Increase in shareholding guidelines for the Chief Executive to 850% of salary.
- Introduced a non-executive director shareholding guideline of 100% of their basic fee.

Other minor changes have been made to the drafting of the policy to simplify and aid its operation and to increase clarity.

Policy table for Executive Directors

Total remuneration is made up of fixed and performance-linked elements, with each element supporting different strategic objectives. Remuneration is normally reviewed annually in the context of business performance and conditions prevailing, taking into account pay levels for similar positions in comparable companies as well as internal ratios.

Base salary

Purpose and link to strategy: Helps to recruit, reward and retain; reflects level, role, skills, experience, the competitive market and individual contribution.

Operation	Opportunity	Performance conditions and period
Base salaries are set to provide the appropriate rate of remuneration for the job, taking into account relevant recruitment markets, business sectors and geographic regions. Base salaries are normally reviewed annually taking into account: general economic and market conditions; the level of increases made across the company as a whole; particular circumstances such as changes in role, responsibilities or organisation; the remuneration and level of increases for executives in similar positions in comparable companies in Pearson's talent markets which may include the UK, US and internationally; and individual performance.	While there is no maximum salary level or maximum increase that may be offered, salary increases will normally be in line with typical increases awarded to other employees in the Group. However, increases may be above this level, for example, in circumstances including but not limited to: • Where a new Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role then larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience. • Where an Executive Director has been promoted or has had a change in responsibilities. • Where there has been a significant change in market practice or where there has been a significant change in the size and/or scope of the business	None, although performance of both the company and the individual are taken into account when determining an appropriate level of base salary increase each year.

Allowance and Benefits

Purpose and link to strategy: Helps to recruit, reward and retain; reflects local competitive market.

Operation	Opportunity	Performance conditions and period
Allowances and benefits comprise cash allowances and non-cash benefits which may include: • travel-related benefits (such as car allowance, company car and private use of a driver) • health-related benefits (such as healthcare, health assessment and gym subsidy) and • risk benefits (such as additional life cover and long-term disability insurance that are not covered by the company's retirement plans). Executive Directors are also eligible to participate in savings-related share acquisition programmes, which are not subject to any performance conditions, on the same terms and to the same value as other employees. Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing expatriate/relocation benefits may be provided (e.g., housing, schooling, etc.). Where necessary any benefits may be grossed up for taxes. The Committee may introduce other benefits if it is considered appropriate to do so, taking into account the individual circumstances, the country of residence of a Director, the benefits available to all employees and the wider external market.	The cost of the provision of allowances and benefits varies from year to year depending on the cost to Pearson and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided, to ensure that it remains appropriate.	Not applicable

Retirement Benefits

Purpose and link to strategy: Helps to recruit, reward and retain; recognise long-term commitment to the company.

Operation	Opportunity	Performance conditions and period
Employees in the UK are eligible to join the Money Purchase 2003 section of the Pearson Pension Plan. Executive Directors are eligible to join this plan or receive a cash allowance of equivalent or lower value as determined by the Committee. If any Executive Director is from, or works, outside the UK, the Committee retains a discretion to put in place retirement benefit arrangements for that Director in line with local market practice including defined benefit pension arrangements operated by Pearson locally. The maximum value of such arrangement will reflect local market practice at the relevant time.	The Chief Executive will be entitled to a fixed cash allowance in line with US 401k pension contributions and limits set by the IRS. For 2026 this fixed cash allowance will be £18,000. The Chief Financial Officer may receive a pension (or cash allowance) of up to 16% of base salary in line with the maximum pension provision for UK employees of a similar age.	Not applicable

Annual Incentive Plan

Purpose and link to strategy: Helps to recruit, reward and retain; motivate the achievement of annual business goals and strategic objectives; provide a focus on key financial and non-financial metrics; reward individual contribution to the success of the company; align to strategy execution priorities.

Operation	Opportunity	Performance conditions and period
Measures and performance targets are typically set by the Committee at the start of the year with payment usually made after year end following the Committee's assessment of performance relative to targets. Annual incentive plans are discretionary. The Committee reserves the right to adjust payments up or down if it believes that the outcome does not reflect underlying financial or non-financial performance or if such other exceptional factors warrant doing so. Where an Executive Director has not met their shareholding guideline, normally a third of any payment would be deferred into Pearson shares for a period of two years. Participants may receive additional shares representing the gross value of dividends that would have been paid on shares that vest during the vesting period. The Committee may apply malus and/or clawback for a period of five years in circumstances of financial misstatement, individual misconduct or reputational damage to the company. This five-year period is appropriate as it aligns with the vesting period of incentives and reflects the time during which risks or exposure may materialise.	Annual incentives will not exceed 300% of base salary. For 2026, the individual maximum incentive opportunity that will apply for the Chief Executive Officer is 300% of base salary and for the Chief Financial Officer is 200% of base salary.[1]	The Committee has the discretion to select the performance measures and relative weightings from year to year to ensure continuing alignment with strategy and to ensure targets are sufficiently stretching. The Committee sets performance targets for each measure annually. Annual incentives will normally be based on financial and strategic performance targets. Financial metrics will normally account for at least 75% of the total annual opportunity with the remaining portion normally being based on strategic and/or performance against personal objectives. The Committee would intend to consult with shareholders in advance if there was to be a significant change in the weighting of financial and strategic measures. The plan is designed to incentivise and reward underlying performance. The proportion of the award that is payable for threshold performance may be up to 25% of the maximum opportunity. 50% of the maximum opportunity is payable for on-target levels of performance. Actual results may be adjusted to remove the effect of foreign exchange and portfolio changes (acquisitions and disposals) and other relevant factors that the Committee considers do not reflect the underlying performance of the business in the performance year. Details of performance measures, weightings and targets will be disclosed in the annual remuneration report for the relevant financial year if and to the extent that the Committee deems them not to be commercially sensitive. The performance period is one year.

1. As outlined on page 118, Sally Johnson will not be eligible for the 2026 AIP.

Long-term Incentive Plan

Purpose and link to strategy: Helps to recruit, reward and retain; drive long-term earnings, share price growth and value creation; align the interests of executives and shareholders; encourage long-term shareholding and commitment to the company.

Operation	Opportunity	Performance conditions and period
Awards of shares are made on an annual basis, which vest on a sliding scale based on performance against stretching performance targets measured at the end of the three-year performance period. Awards are normally subject to a post-vesting holding period (on an after tax basis) for two years following the end of the performance period. Participants may receive additional shares representing the gross value of dividends that would have been paid on shares that vest during the performance period. The Committee reserves the right to adjust the vesting outcome up or down before they are released if it believes that this does not reflect underlying financial or non-financial performance or if such other exceptional factors warrant doing so. In making such adjustments, the Committee is guided by the principle of aligning shareholder and management interests. The Committee may apply malus and/or clawback for a period of five years from grant in circumstances of financial misstatement, individual misconduct or reputational damage to the company. This five-year period is appropriate as it aligns with the vesting period of incentives and reflects the time during which risks or exposure may materialise.	The maximum award is 850% of base salary in respect of a financial year. For 2026, the Chief Executive Officer's award will be made at 850% of base salary and the Chief Financial Officer's award at 300% of base salary.[1]	The Committee will determine the performance measures, weightings and targets governing an award of shares prior to grant to ensure continuing alignment with strategy and to ensure that targets are sufficiently stretching. The Committee establishes a threshold below which no payout is achieved and a maximum at or above which the award pays out in full. The proportion of the award that vests at threshold may be up to 20% of the maximum opportunity. Awards will normally be subject to the achievement of financial targets (e.g. an earnings measure and a return measure) and shareholder returns (e.g. total shareholder return). The Committee may determine that different measures or weightings may apply for future awards; however, the Committee would intend to consult with shareholders in advance if there was to be a significant change in the weighting of measures or the performance measures used. The performance period is three years.

Shareholder guidelines

Purpose and link to strategy: Align the interests of Executives and shareholders and encourage long-term shareholding and commitment to the company.

Operation	Opportunity	Performance conditions and period
Executive Directors are expected to build up a shareholding in the company. Executive Directors are expected to reach the guideline within five years from the date of appointment. Post-employment shareholding: Executive Directors are expected to retain their shareholding guideline (or actual holding if lower) for two years following stepping down as an Executive Director. This provision does not apply to any shares purchased by the Executive Director.	The target holding is aligned to the prevailing level of LTIP award for an Executive Director. For 2026, this will be 850% of base salary for the Chief Executive and 300% of base salary for the Chief Financial Officer.	Not applicable

1. As outlined on page 118, Sally Johnson will not be eligible for the 2026 LTIP award.

Directors' Remuneration Committee report *continued*

Notes to the policy table

Selection of performance measures and target setting

In the selection and weighting of performance measures for the annual and long-term incentive awards, the Committee takes into account Pearson's strategic objectives and short and long-term business priorities.

Annual incentive plan	For 2026, the Committee identified sales, adjusted operating profit, free cash flow and key strategic measures as being relevant measures of Pearson's performance against its shorter-term strategic objectives and business priorities. Further details on how these performance measures align to Pearson's strategy are set out in the remuneration report.
Long-term incentive plan	For 2026 LTIP awards, the Committee has judged the following to be most closely matched to sustained delivery of strategy and alignment with shareholders' interests: • Adjusted earnings (40%) rewards the delivery of the desired outcomes from our strategic growth objectives and is imperative if the company is to improve our total shareholder return and our return on capital. • Relative total shareholder return (40%) is used as the Committee believes, in line with many of our shareholders, that part of Executive Directors' rewards should be linked to long-term performance relative to comparable global companies. • Return on capital (20%) is a measure of how efficiently Pearson generates returns from its asset base and is considered a fair and robust assessment of management's performance given the current structure of the business.

Performance targets are set to provide a careful balance between upside opportunity and downside risk and are normally set in accordance with the company's operating and strategic plans, while also considering analyst consensus to reflect market expectations.

Pre-existing commitments

The Committee reserves the right to make remuneration payments and payments for loss of office (which includes exercising related discretions) that are not in line with this policy if the terms of the payment were agreed:

- before the policy came into effect, if the payment was agreed or made in line with the policy in force at the time or was otherwise approved by shareholders; and
- at a time when the recipient was not subject to the policy, provided the Committee does not consider the payment to have been made in consideration of the recipient becoming subject to the policy.

For these purposes 'payment' means any payment that would otherwise be subject to the policy and, in relation to a share award, will not be considered to have been 'agreed' any later than the date of grant.

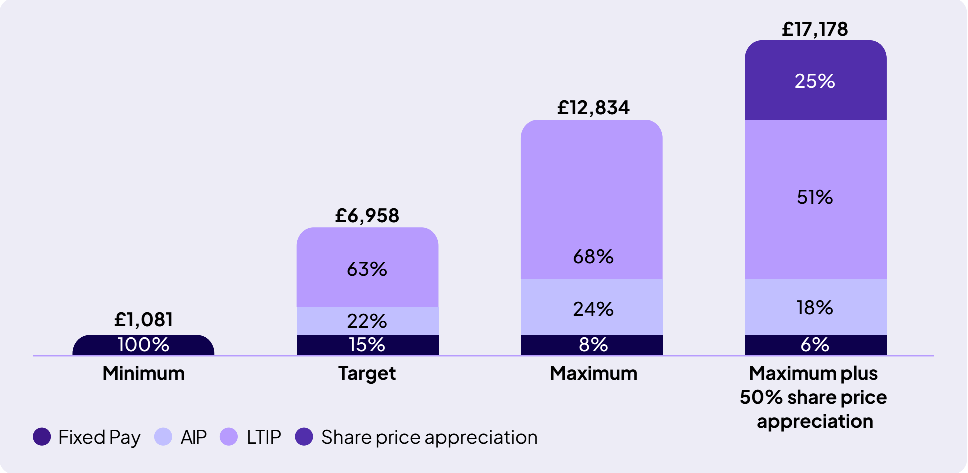
Remuneration policy for other employees

Pearson has a set of remuneration principles that govern pay for the whole organisation, although how these principles are applied varies by business need, level and geography as required. The key difference in remuneration for Executive Directors compared to the approach to remuneration across the workforce is that remuneration for Executive Directors is more heavily weighted towards variable pay and linked to the delivery of Pearson's strategic objectives and short and long-term business priorities.

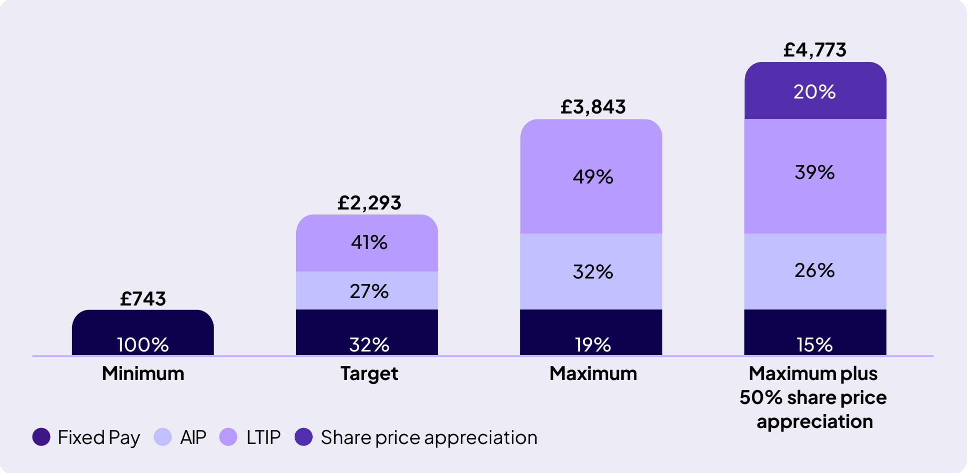
Further details on remuneration across the workforce at Pearson are set out in the remuneration report on page 133.

The charts below illustrate what each Executive Director could expect to receive under the 2026 Policy in different performance scenarios. The relative weighting of fixed and performance-related remuneration and the absolute size of the remuneration packages for the Chief Executive and the Chief Financial Officer is shown. Consistent with its policy, the Committee places considerable emphasis on the performance-linked elements (the annual and long-term incentives) and will continue to review the mix of fixed and performance-linked remuneration on an annual basis.

Chief Executive £000



Chief Financial Officer £000



Performance scenario	Elements of remuneration and assumptions
Maximum plus 50% share price appreciation	• Fixed pay • Maximum individual annual incentive (300% of base salary for Chief Executive and 200% of salary for Chief Financial Officer) • Maximum value of 2026 LTIP award (850% for Chief Executive and 300% of salary for Chief Financial Officer) with 50% share price growth assumed
Maximum	• Fixed pay • Maximum individual annual incentive (300% of base salary for Chief Executive and 200% of salary for Chief Financial Officer) • Maximum value of 2026 LTIP award (850% for Chief Executive and 300% of salary for Chief Financial Officer) with no share price growth assumed
Target	• Fixed pay • 50% of the maximum individual annual incentive • 50% of the maximum value of 2026 long-term incentive award with no share price growth assumed
Minimum	• Fixed pay only

Note 1: Fixed pay includes 2026 base salary (£1,022,000 for the Chief Executive and £620,000 for the Chief Financial Officer), allowances and benefits (calculated as the actual amounts incurred in the 2025 financial year) and retirement benefits (for the Chief Executive is fixed for 2026 at £18,000 and for the Chief Financial Officer at 16% of their base salary).

Note 2: The Chief Financial Officer performance scenarios is illustrative and based on what Sally Johnson's arrangements would have been if she remained eligible for 2026 AIP and 2026 LTIP award.

Note 3: The value of long-term incentives does not take into account dividend awards that are payable on the release of LTIP shares.

Recruitment

The Committee expects any new Executive Directors to be engaged on the same terms and to be awarded variable remuneration within the same normal limits and subject to the same conditions as for the current Executive Directors outlined in the policy.

The maximum level of variable remuneration which may be awarded (excluding any 'buyout' awards) in respect of recruitment is in line with the maximum limits under the annual and long-term incentive described in the policy table above.

In setting the basic salary for any new Executive Director, the Committee will apply a level appropriate to recruit a suitable candidate, having regard to the factors set out in the policy table.

The Committee recognises that it cannot always predict accurately the circumstances in which any new Directors may be recruited. The Committee may determine that it is in the interests of the company and shareholders to secure the services of a particular individual which may require the Committee to take account of the terms of that individual's existing employment and/or their personal circumstances. The Committee may do this in the following circumstances:

- Where an individual is relocating in order to take up the role, in which case the company may provide certain benefits such as reasonable relocation expenses, accommodation and assistance with visa applications or other immigration issues and ongoing arrangements such as tax equalisation, annual flights home, schooling and housing allowance.
- Where an individual is required to forego compensation to take up the appointment or forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account all relevant factors including where applicable the form of compensation or awards, expected value and vesting time-frame of forfeited opportunities. The Committee would require reasonable evidence of the nature and value of any foregone or forfeited amounts and would, to the extent practicable, ensure any compensation was provided on a like-for-like basis and was no more valuable than the foregone or forfeited amounts.
- Where an individual incurs legal or other professional fees in connection with their appointment as an Executive Director, the Committee retains the discretion to compensate for these.

In making any decision on any aspect of the remuneration package for a new recruit, the Committee would balance shareholder expectations, current best practice and the requirements of any new recruit and would strive not to pay more than is necessary to achieve the recruitment. The Committee would disclose full details of the terms of the package of any new recruit in the next annual remuneration report.

Where an existing employee of the company is promoted to the Board, the company may honour all existing contractual commitments including any outstanding share awards and benefits, including retirement benefits.

Pearson expects any new Chair or Non-Executive Director to be engaged on terms that are consistent with the general remuneration principles outlined in the relevant sections of this Policy.

Service contracts and termination provisions

In accordance with long established policy, all Executive Directors have service agreements under which, other than by termination in accordance with the terms of these agreements, employment continues indefinitely.

There are no special provisions for notice or non-share-based compensation in the event of a change of control of Pearson.

The Chair and other Non-Executive Directors serve under letters of appointment.

It is the company's policy that the company may terminate the Chair's letter of appointment and the Executive Directors' service agreements by giving no more than 12 months' notice.

Other Non-Executive Directors letters of appointment do not contain provision for notice periods or compensation if their appointments are terminated.

Payment in lieu of notice

As an alternative, for Executive Directors the company may at its discretion pay in lieu of that notice. Payment in lieu of notice may be made in equal monthly instalments from the date of termination to the end of any unexpired notice period. Payment in lieu of notice in instalments may also be subject to mitigation and reduced taking into account earnings from alternative employment.

For Executive Directors, payment in lieu of notice comprises 100% of the annual salary at the date of termination and the annual cost to the company of providing pension and all other benefits. For the Chair, payment in lieu of notice comprises 100% of the annual fees at the date of termination.

The company may, depending on the circumstances of the termination, determine that it will not pay the Director in lieu of notice and may instead terminate a Director's contract in breach and make a damages payment, taking into account as appropriate the Director's ability to mitigate his or her loss.

The company may also pay an amount considered to be reasonable by the Remuneration Committee in respect of fees for legal and tax advice and outplacement support for the departing Director. The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith, in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment.

Share awards

On cessation of employment, treatment of unvested shares awards will be determined based on the rules of Pearson's share plans.

In respect of unvested deferred annual incentive awards, these will ordinarily subsist, except in circumstances where an individual is summarily dismissed. Awards would ordinarily vest on the original vesting date or be released in line with normal time horizons unless determined otherwise by the Committee.

In respect of unvested long-term incentive awards, unless otherwise provided for under the rules of Pearson's discretionary share plans, Executive Directors' entitlements would lapse automatically. In the case of death, injury, disability, ill-health or redundancy (as determined by the Committee), where a participant's employing business ceases to be part of Pearson, or any other reason if the Committee so decides in its absolute discretion:

- awards will stay in force as if the participant had not ceased employment and shall ordinarily vest on the original vesting date/ be released in line with normal time horizons subject to performance conditions.
- the number of shares that are released shall be pro-rated for the period of the participant's service in the vesting period (although the Committee may in its absolute discretion waive or vary the pro-rating).

In determining whether and how to exercise its discretion under Pearson's discretionary share plans, the Committee will have regard to all relevant circumstances distinguishing between different types of leaver, the circumstances at the time the award was originally made, the Director's performance and the circumstances in which the Director left employment.

The rules of Pearson's discretionary share plans also make provision for the treatment of awards in respect of corporate activity, including a change of control of Pearson. The Committee would act in accordance with the terms of the awards in these circumstances, which includes terms as to the assessment of performance conditions and time apportionment.

Annual bonus

On cessation of employment, Executive Directors may, at the Committee's discretion, retain entitlement to a pro rata annual incentive for their period of service in the financial year prior to their leaving date. Such payout will normally be calculated in good faith on the same terms and paid at the same time as for continuing Executive Directors.

Other elements of remuneration

Eligibility for allowances and benefits including retirement benefits (other than pension payments in connection with subsequent retirement) normally ceases on retirement or on the termination of employment for any other reason.

The termination provisions described above may be varied to the extent necessary to comply with applicable laws, including taxation laws in the United States.

Individual service agreements and letters of appointment

Details of each individual's arrangement are outlined in the table below. Employment agreements for other employees are determined according to local labour law and market practice.

Position	Date of letter / agreement	Notice period	Compensation on termination of employment by the company without notice or cause
Chair	Omid Kordestani, 16 December 2021	12 months from the Director; 12 months from the company	Payment in lieu of notice of 100% of annual fees at the date of termination
Executive Directors	Omar Abbosh, 19 September 2023 Sally Johnson, 15 January 2020	6 months from the Director; 12 months from the company	Payment in lieu of notice of 100% of annual salary at the date of termination and the annual cost of pension and all other benefits

Note 1: Under payment in lieu of notice, the annual cost of pension for Executive Directors is normally calculated as the sum, where applicable, of: an amount equal to the company's cost of providing the Executive's pension under the pension plan based on the Future Service Company Contribution Rate for the relevant section of the pension plan as stated in the most recent actuarial valuation (as at the date of termination of employment) as limited by the earnings cap, and any cash allowance in lieu of pension or to take account of the fact that pension benefits and life assurance cover are restricted by the earnings cap.

Executive Directors' non-Executive Directorships

The Committee's policy is that Executive Directors may, by agreement with the Board, serve as non-executives of other companies and retain any fees payable for their services.

Consideration of employment conditions across Pearson

Under the Committee's charter and terms of reference, the Committee's remit includes determining remuneration for the Chief Executive, other Executive Directors and other members of the Pearson Executive Management team. In addition, the Committee's remit includes oversight of certain remuneration matters below this level and review of remuneration policies and practices across the broader employee population.

When determining remuneration for Executive Directors and other members of the Pearson Executive Management team, the Committee considers reports from the Chief Executive and Chief Human Resources Officer on pay and conditions for the broader employee population, including information on the recruitment and retention of talent, general pay trends in the market and the level of pay increases and incentives across the company as a whole. This helps to ensure that remuneration for senior management is considered in the context of the wider organisation.

There are a number of established channels for consulting with employees and employee representative bodies – including trade unions and works councils in some jurisdictions – about the company's strategy, competitiveness and performance of the business and other matters affecting employees. The views of employees are also sought via the Employee Engagement Network, feedback from which is reported to the Board, and engagement surveys. These activities provide employees with the opportunity to express how they feel about working for Pearson, what they think about the work they do, the opportunities they have and the rewards (including pay and benefits) they get.

The Committee has not consulted directly with employees on the development of the Directors' remuneration policy.

Consideration of shareholder views

The company consults regularly with shareholders on all matters affecting its strategy and business operations. This includes executive remuneration. Over the last year, whilst developing the 2026 Policy and considering its implementation, the Remuneration Committee has engaged extensively with shareholders to ensure remuneration for Executive Directors is set appropriately, rewards for performance and aligns management with the shareholder experience.

This engagement exercise included writing to and meeting with many of Pearson's shareholders and their advisors, to seek their input on the proposed changes to the policy. We would like to thank our shareholders for the time they have spent with us in this regard. All feedback received, which reflected a significant range of opinions, was duly considered by the Remuneration Committee as it finalised the 2026 Policy. Further details on the shareholder engagement exercise can be found on pages 125.

The Committee continues to monitor and respond to best practice guidelines published by shareholders and their representative bodies. Pearson remains committed to an open and transparent dialogue with its shareholders.

Policy table for Chair's and Non-Executive Directors' remuneration

The table below summarises the policy with respect to remuneration of the Chair and Non-Executive Directors.

Chair and Non-Executive Director remuneration

Purpose and link to strategy: To attract and retain high-calibre individuals, with appropriate experience or industry-relevant skills, by offering market competitive fee levels.

Operation	Opportunity	Performance conditions and period
The Chair and Deputy Chair are paid a single fee for all of their responsibilities. The Chair and Deputy Chair fee is set at a level that is competitive considering similar positions in comparable companies. The Non-Executive Directors are paid a basic fee. The Committee Chairs, members of the main Board Committees and, if relevant, the Senior Independent Director are paid an additional fee to reflect their extra responsibilities. Fees for Non-Executive Directors are determined by the full Board having regard to market practice. Additional fees or other payments may be paid to reflect additional responsibilities, roles or contribution, as appropriate. The Chair, Deputy Chair and Non-Executive Directors are not eligible to participate in any annual or long-term incentive, nor are they entitled to any retirement or other employee benefits. Selected benefits may be introduced, if considered appropriate. The company reimburses travel and other business expenses and any tax incurred thereon, if applicable. Non-Executive Directors are encouraged to build up and retain Pearson shares equivalent to 100% of their basic fee (i.e., single fee for the Chair and Deputy Chair). Non-Executive Directors' are encouraged to reach the guideline within five years from the later of the date this policy is effective or the date of their appointment.	Fee levels are reviewed on a periodic basis.	None

The Directors' Remuneration Report has been approved by the Board on 12 March 2026 and signed on its behalf by:

Sherry Coutu, CBE
Chair of Remuneration Committee